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FISCAL NOTE

BILL NO. SB 338

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

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

Department Affected: Administration  
 BRU: Retirement and Benefits  
 Component: Retirement and Benefits  
 COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0
FUND SOURCE:						

FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER						
FUND SOURCE	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS

FULL-TIME:	0	0	0	0	0	0
PART-TIME:	0	0	0	0	0	0
TEMPORARY:	0	0	0	0	0	0

Estimate of current year impact: \$0

ANALYSIS: (attach a separate page if necessary.)

Since the full actuarial cost of this service is to be paid by the member, there is no anticipated measurable cost to Public Employees' Retirement System employers.

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

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

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

P.O. Box 533  
Kodiak, AK 99615  
September 23, 1991

Senator Jim Duncan  
Rm. 119, Capitol  
P.O. Box V  
Juneau, AK 99811

Dear Senator Duncan:

I am writing to you in an attempt to get legislation sponsored that would give State employees the option of crediting temporary service towards their retirement. We are interested in a bill that would have a zero cost impact on the State, where employees would have to pay into the retirement fund to claim temporary service or else receive a reduced retirement benefit to make up for unpaid temporary service.

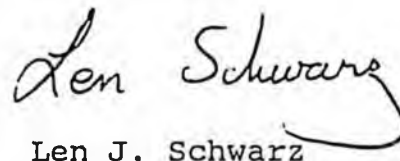
A group of Fish and Game employees attempted to get this type of legislation sponsored through our union (A.S.E.A.), but found the union unresponsive. The union was not opposed to this type of legislation, but a bill was never introduced due to a combination of being understaffed, disorganized and/or apathetic.

We circulated a petition throughout local Fish and Game offices asking A.S.E.A. to sponsor appropriate legislation, a copy of which is enclosed. This is not a complete list of interested people. However, eleven field offices were contacted, and 100 individuals signed the petition. The responses from Sitka, Dillingham and Nome were misplaced. )

I will keep this request short and ask if you are interested in sponsoring this type of legislation. I would like to discuss with you or one of your assistants any aspects of the history of temporary service or potential problems with this type of legislation if you are interested.

Thank you for your consideration.

Sincerely,



Len J. Schwarz

Enclosure

REPORT OF THE  
BLUE RIBBON COMMISSION ON THE  
STATE PERSONNEL ACT  
TO THE  
4TH ALASKA STATE LEGISLATURE  
FIRST SESSION

SENATOR BILL RAY  
Chairman

JUNEAU, ALASKA  
March 27, 1979

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system

tion of a new program could be avoided if the legislature requested that departments present P402's for all positions created by a new program at the same time that the budget for the program was being considered.

### 3. Project Employees

It is difficult to plan for permanent positions in programs funded through federal grants whose receipt is not guaranteed from year to year. Program managers are not authorized to fill those positions until after funding is definite. This leads to the employment of temporaries in those positions. An alternative would be to create a new category for project employees. The employees would understand that their employment would be dependent upon continued receipt of funds for the project.

### 4. Benefits for Temporary Employment

✶ Of the benefits provided to permanent employees by the state, temporary employees in the classified service are entitled to receive only holiday pay and unemployment insurance. Temporaries are not eligible for court leave, administrative leave, personal leave, or retirement benefits. Even if a temporary employee is subsequently placed in a permanent position, he or she does not receive retroactive credit towards either retirement or, in most cases, seniority.

Temporary employment does not entitle employees to be placed on promotional registers. The state's merit system provides a policy favoring filling positions by promotions. This would appear in some cases to penalize temporary employees who may have

worked for a substantial period of time for the state.

If temporary employees did, in fact, work only for a short time in one position, then it might be inappropriate for the state to provide leave benefits. Temporaries would then be hired only where there were deadlines that could not otherwise be met, and if they were out on leave, the department would have to pay not only their salary, but also the salary of a second replacement temporary.

Because the state does not have to pay for as many fringe benefits to temporaries as it does for permanent employees, it is cheaper for departments to hire temporaries. Program managers may therefore leave permanent positions vacant and hire temporaries instead so as to be able to increase the staff available to work on a project. For the same reason, departments may use temporary employees instead of permanent seasonal employees for recurrent seasonal needs. Some departments have a substantial number of such employees and would probably need a supplemental appropriation to fund benefits if they made use of the permanent seasonal category.

The Local No. 71 collective bargaining agreement addresses the lack of benefits provided to temporary employees. Members who are working as temporaries receive a wage supplement of \$1.32 per hour for the first 120 days of work in a temporary position. After the 120 days, they shift from the entry level wage step into a higher level wage step, and they continue to receive the supplement.

##### 5. Vacant Permanent Positions

The legislature reviews the number of vacant PCN's when it

POSITION PAPER  
DEPARTMENT OF ADMINISTRATION

Contact: Gary Bader

Bill Number: SB 338

Phone #: 465-4470

Bill Title: An act relating to credited service that Pers members can claim for temporary service.

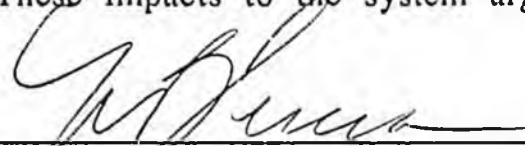
This bill would allow a member to claim their temporary service as either "credited" service which only increases their actual benefit amount, or "membership" service which enables the member to reach minimum requirements to qualify for a benefit, in addition to increasing the benefit.

This proposal would establish a new type of service. The Public Employees' Retirement System (PERS) presently recognizes only service earned through employment in a covered position for which contributions are made at the time that the service is earned or other service for work performed outside of the system for which the members can claim and pay for at their discretion. Currently, vesting thresholds, age based retirement thresholds, or service based retirement thresholds, are met by the age of the member or the number of years that the member worked in a permanent position covered under the system.

This bill would impact all employees eligible for "30 and out" and "20 and out" retirements who may have worked as temporaries. The proposed legislation enables the granting of an employee benefit retroactively without any apparent benefit to the participating employer.

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.

These impacts to the system argue against granting this additional option.

  
\_\_\_\_\_  
Nancy Bear Usera  
Commissioner

2-4-92  
\_\_\_\_\_  
Date

TESTIMONY OF  
ALASKA PUBLIC EMPLOYEES ASSOCIATION/AFT, AFL-CIO  
ALASKA STATE EMPLOYEES ASSOCIATION/AFSCME LOCAL 52, AFL-CIO  
INLAND BOATMEN'S UNION OF THE PACIFIC, ALASKA REGION, AFL-CIO  
PUBLIC EMPLOYEES LOCAL 71, AFL-CIO  
ALASKA STATE AFL-CIO  
ON SENATE BILL 338  
BEFORE THE SENATE STATE AFFAIRS COMMITTEE  
FEBRUARY 14, 1992

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

WE WOULD LIKE TO BEGIN BY THANKING CHAIRMAN RODEY FOR ALLOWING US TO PRESENT THIS TESTIMONY IN SUPPORT OF SENATE BILL 338, PROVIDING PUBLIC EMPLOYEE RETIREMENT SYSTEM CREDIT FOR THOSE STATE EMPLOYEES WHO WERE FORMERLY CLASSED AS "TEMPORARY" EMPLOYEES.

WE WOULD ALSO LIKE TO THANK THE BILL'S SPONSOR, SEN. JIM DUNCAN, FOR INTRODUCING THIS BILL ON BEHALF OF THE STATE'S WORKING MEN AND WOMEN.

FROM OUR COLLECTIVE PERSPECTIVE, SENATE BILL 338 SEEKS TO CORRECT AN INEQUITY BY ALLOWING THOSE STATE AND LEGISLATIVE EMPLOYEES WHO HAVE WORKED AS TEMPORARY EMPLOYEES TO GAIN RETIREMENT CREDIT FOR THEIR TIME AS "TEMPORARIES." THE BILL REQUIRES THE EMPLOYEE TO BEAR THE FULL ACTUARIAL COST OF "BUYING" BACK INTO THE PUBLIC EMPLOYEES RETIREMENT SYSTEM, THEREBY REMOVING THE FINANCIAL BURDEN FROM THE STATE.

TO PUT OUR SUPPORT FOR S.B. 338 IN PERSPECTIVE, A BRIEF HISTORY IS NECESSARY.

UNTIL THE EARLY 1980s, THE EMPLOYEES NOW CLASSED BY THE STATE AS "SEASONALS" WERE CLASSED AS "TEMPORARIES." PRIOR TO THE CHANGE IN NOMENCLATURE, TEMPORARY EMPLOYEES RECEIVED MINIMAL MEDICAL BENEFITS, NO SICK LEAVE, NO ANNUAL LEAVE, AND NO CREDIT TOWARDS RETIREMENT.

WHEN THE "SEASONAL" CLASSIFICATION REPLACED THE "TEMPORARY" CLASSIFICATION, SEASONAL EMPLOYEES WERE GUARANTEED ALL BENEFITS OF PERMANENT EMPLOYEES, INCLUDING SERVICE CREDIT TOWARD EVENTUAL

RETIREMENT.

AT THE SAME TIME, THE STATE ALLOWED THE OLD TEMPORARY EMPLOYEES TO PURCHASE THEIR TEMPORARY TIME TOWARD CALCULATION OF THEIR RETIREMENT BENEFITS, HOWEVER, THE STATE DID NOT ALLOW THIS TIME TO BE CREDITED TOWARD YEARS OF SERVICE.

THIS IS THE INEQUITY REMEDIED BY SENATE BILL 338. TEMPORARY AND SEASONAL EMPLOYEES FULFILLED THE SAME ROLES FOR THE STATE, BUT THE NEW CLASS "SEASONAL" WAS SOMEHOW DEEMED SUPERIOR TO THE OLD "TEMPORARY" CLASS, EVEN THOSE THESE WERE THE SAME PEOPLE DOING THE SAME JOB.

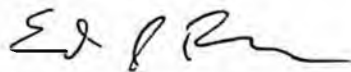
WE ARE AWARE THAT THE ADMINISTRATION'S SPOKESMAN FOR THIS BILL CLAIMED THERE WAS NO INEQUITY AND THAT THE BUY-BACK PROVISIONS WOULD BE TOO EXPENSIVE FOR AN EMPLOYEE TO PARTICIPATE. WE HAVE POINTED OUT THE INEQUITY AND, AS FOR THE COST TO THE EMPLOYEE, SURELY THAT DECISION IS THE EMPLOYEE'S, NOT THE ADMINISTRATION'S.

FOR ALL OF THESE REASONS, WE STRONGLY URGE YOU TO SUPPORT SENATE BILL 338 AND ASK THAT YOU GIVE IT A "DO PASS" RECOMMENDATION.

THANKS VERY MUCH FOR TAKING THE TIME TO CONSIDER OUR POSITION ON THIS VERY FINE PIECE OF LEGISLATION.



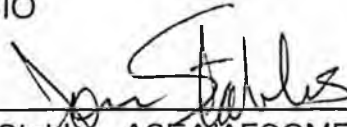
Bruce Ludwig, APEA/AFT, AFL-CIO



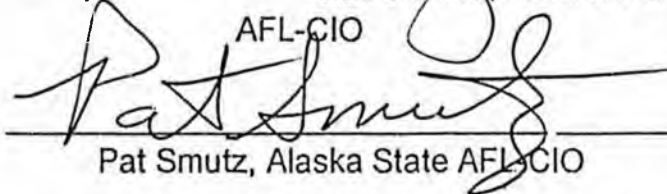
Ed Flanagan, Public Employees Local 71, AFL-CIO



Frank Price, IBUP, Alaska, AFL-CIO



Jon Stables, ASEA/AFSCME Local 52, AFL-CIO



Pat Smutz, Alaska State AFL-CIO



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
committee name

committee on SB 338, dated 2-14-92  
bill/subject

This would help most ALL OF US IN  
Forestry AND other STATE JOBS where the  
MAJORITY OF THE WORK FORCE IS SEASONAL  
workers. AS YOU KNOW SEASONAL WORKERS  
TAKE 10-15 year's TO reach retirement AND  
DO to the long hours AND harsh nature OF  
these work most OF them NEVER reach retirement.  
AND ANYTHING that will speed up the process  
is A big plus FOR ALL STATE employees.

Signed: [Signature]  
Testifier

Forestry / ASFA  
Representing (Optional)

PO Box 60 Delta Tel. AK. 99737  
Address

895-4170  
Phone No.

Alan C. Havens (State of Alaska work history)  
 P.O. Box 2383  
 Palmer, Alaska 99645

Employment Dates	Department	Position	Status
05/26/66-08/31/66	ADF&G	Protection Aide I	TE/FT
05/25/67-08/15/67	ADF&G	Protection Asst I	TE/FT
05/16/68-10/04/68	ADF&G	Protection Asst I	TE/FT
06/12/69-09/19/69	ADF&G	Protection Asst I	TE/FT
05/01/70-09/11/70	ADF&G	Protection Asst I	TE/FT
04/14/71-09/08/71	ADF&G	Protection Asst I	TE/FT
05/12/72-11/02/72	ADF&G	F&G Technician III	TE/FT
05/25/73-08/17/73	ADF&G	F&G Technician III	TE/FT
06/24/74-09/16/74	ADF&G	F&G Technician III	TE/FT
05/27/75-09/03/75	ADF&G	F&G Technician III	TE/FT
05/03/76-12/31/76	ADF&G	Fishery Biologist I	TE/FT
04/01/77-07/27/77	ADF&G	Fishery Biologist I	TE/FT
08/01/77-04/16/78	ADF&G	Fishery Biologist I	PE/FT
04/17/78-04/30/81	ADF&G	Fishery Biologist II	PE/FT
05/01/81- Present	ADF&G	Fishery Biologist III	PE/FT

TEMPORARY TIME:  
 No Service credit, no  
 benefits, yet doing  
 same work as

PERMANENT EMPLOYMENT:  
 Service credit, all  
 benefits.

During the years of full-time temporary service with the Department of Fish and Game I worked in the field, took the same risks, and often had the same responsibilities as permanent full-time employees:

- 1) without the presence of a permanent Protection Officer I wrote citations for Alaska hunting, sport fishing, and/or commercial fishing violations on the Alaska Peninsula, Kodiak, Kenai Peninsula, and in southeastern Alaska;
- 2) in Kenai, during the absence of the permanent Protection Officer, I represented the State of Alaska (in court) versus individuals that had been issued notices of violation, read the citing officer's written statement, and recommended fines to the presiding magistrate;
- 3) in 1968 I took over as the Department of Fish and Game Protection Division deputized peace officer representative in Hoonah for 1 month after the permanent officer resigned; and
- 4) perhaps most important, I and other temporary employees were often the only representatives of the State of Alaska with which thousands of visitors to Alaska had any verbal contact for getting directions to fishing and hunting areas, learning regulations, and just general conversation about Alaska and its history.

2/5/92 Testimony to Senate State Affairs Committee  
 Submitted in support of SB 338



# 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 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.

Thank you for scheduling a hearing for SB 338, 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.

Senate Bill 338 will allow employees with unclaimed temporary service time to choose whether to claim their past service for retirement credit for the purposes of calculating benefits only, or towards twenty or thirty and out retirement when appropriate. Presently, such service can only be used towards calculation of benefits, not as years of service credit for normal retirement. The employee will be required to pay the full actuarial cost of the option they choose.

This bill will also allow individuals with service as a temporary legislative employee to claim that service at any time, provided the individual pays the full actuarial cost of the credited service claimed. Present law requires that such service has been claimed prior to July 1, 1980.

I urge your support for this legislation.

Attachments

SPONSOR SUMMARY

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

SB 338

WALTER J. HICKEL, GOVERNOR

P.O. BOX C  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

January 22, 1992

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

Dear Senator Duncan:

In your letter of December 3 to Gary Bader, you asked for comments on a draft bill which would allow a member to claim their temporary service as either "credited" service which only increases their actual benefit amount, or "membership" service which enables the member to reach minimum requirements to qualify for a benefit, in addition to increasing the benefit.

This proposal would establish a new type of service. The Public Employees' Retirement System (PERS) presently recognizes only service earned through employment in a covered position for which contributions are made at the time that the service is earned or other service for work performed outside of the system for which the members can claim and pay for at their discretion. Currently, vesting thresholds, age based retirement thresholds, or service based retirement thresholds, are met by either the age of the member or the number of years that the member worked in a permanent position covered under the system.

This bill would impact all employees eligible for "30 and out" and "20 and out" retirements who may have worked as temporaries. The proposed legislation enables the granting of an employee benefit retroactively without any apparent benefit to the participating employer.

Although employees would be required to pay the full actuarial cost of their additional service, this legislation would generate other 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.

USERA to DUNCAN  
SB-338 Commentary

Senator Duncan

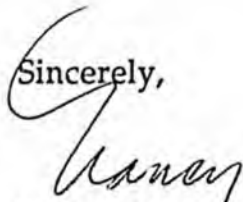
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January 22, 1992

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.

Accordingly, I believe the additional dollar costs and impacts to the system argue against granting this additional option.

Sincerely,



Nancy Bear Usera  
Commissioner

NBU/drz

cc: Paul Fuhs  
Legislative Liaison  
Office of the Governor

Gary M. Bader  
Director  
Division of Retirement and Benefits

*Sorry for the  
delay in responding -  
We're working on our  
tracking system*

*N.*