

HB

206

Alaska State Legislature



Official Business

House Majority Leader

State Capitol
Juneau, AK 99801-1182
(907) 465-3718

Sponsors Statement

for

HB 206 PERS For Village Public Safety Officers

Throughout the State the **Village Public Safety Officer Program** has provided a very important means of maintaining peace and harmony in the villages. Most of these individuals were not covered by a retirement program. Now some of these former officers are working for other organizations that are covered by the State PERS program. The work experience these individuals obtained by participating in this program has proven to be an invaluable asset in their present endeavors.

This bill would allow them to obtain retirement credit for the service rendered under the VPSO program. The eligible participant could receive credit for up to 5 years of service in the VPSO. Once their service had been verified, an indebtedness would be determined, and the vested employee would have to arrange to buy this time back into the State PERS system. The provisions of this bill will help in the recruiting and the retention of participants of the VPSO program in the villages. Turnover and a lack of qualified applicants has been a historic problem for the VPSO program.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 485-3867 or 465-2450
FAX (907) 485-2029
Mall Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 21, 1997

SUBJECT: Sectional Summary of HB 206. (Credit in PERS for village public safety officers)

TO: Representative Brian Porter
Attn: Joel Lounsbury

FROM: Teresa B. Cramer *JBC*
Legislative Counsel

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

Section 1 permits an employee who is a vested member of the Public Employees' Retirement System (PERS) to receive up to five years' credit for employment as a village public safety officer (VPSO). (Under AS 39.35.680(40), a vested member is defined as one who meets the five-year requirement to qualify for a retirement benefit.) Under subsection (b), the member is required to contribute the full actuarial cost of providing benefits based on VPSO employment. Under subsection (c), the credited service granted for VPSO employment may not be used to satisfy the credited service requirements for normal retirement. (Under AS 39.35.370(a)(2), a member of PERS with at least 20 years of credited service as a fire fighter or peace officer is eligible for a normal retirement. Under paragraph (3) of that subsection, an employee with at least 30 years of credited service can take a normal retirement.)

TC:jdr
97-207.jdr

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 206

Revision Date: _____
 Title: "An Act relating to credited service in the public employees retirement system."
 Sponsor: Representative Porter
 Requestor: (H) FIN

Department Affected: Administration
 BRU: Centralized Administrative Services
 Component: Retirement and Benefits
 COMPONENT SERIAL NO. 2271

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
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 EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1037 GF/Mental Health	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY98) : \$ 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

ANALYSIS: (Attach a separate page if necessary.)

This bill is estimated to have an unmeasurable impact in the PERS funding ratio. There is an increase to the unfunded liability of the PERS of approximately \$450,000. This would result in an employer contribution increase of approximately \$40,000 per year, unmeasurable as a percent of payroll.

(continued on next page)

Prepared by: Guy Bell
 Division: Retirement and Benefits

Phone: 465-4460
 Date: _____

Approved by Commissioner: Mark Boyer
 Agency: Department of Administration

2/11/98
 Date: _____

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**FISCAL NOTE
STATE OF ALASKA**

1998 LEGISLATIVE SESSION

BILL NO. HB 206

ANALYSIS: (continued)

This bill would also, for the first time, allow employees to claim credited service for non government employment. This would set a precedent and open the door for other non government forms of service.

Another point is that many VPSO's receive retirement as part of their employment. If past enacted legislation is an indicator, then the legislature does not support "double dipping" on retirement benefits.

If enacted this bill would have no effect on the PERS average employer contribution rate or the funding ratio.

PUBLIC SAFETY EMPLOYEES ASSOCIATION

4300 Boniface Parkway, #116
Anchorage, AK 99504-4387
(907)337-1979 FAX:(907)337-1753

Honorable Representative Brian Porter
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

February 13, 1998

Dear Representative Porter:

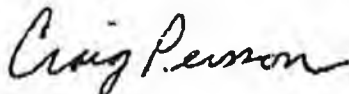
House Bill 206, PERS credit for VPSO's, was recently heard in the House Finance Committee. Before passage of the bill there were several amendments attached to the bill. Amendment number three may deny VPSO's credited service for their time served as VPSO's if they receive any retirement benefits from those years service as a VPSO.

VPSO's work for the regional non-profit native corporations. Most of these non-profit corporations participate in a limited profit sharing pension plan. This Plan is not a defined benefit, but rather a plan like a 401(k) where upon termination the employee can take a lump sum or roll the benefit into an IRA. The retirement benefits for most of these employees is accrued at the rate of only about five to seven percent of their annual earnings with no employee contribution. If the average VPSO made around \$25,000 a year then in five years he/she would have accrued about \$6250 in principal. This principal amount plus accrued interest would be their total benefit. Furthermore, there is a vesting period of at least 3 years for most non-profits.

Under amendment number three the House Finance committee has just penalized VPSO's for accruing a very paltry retirement. This, in effect, kills the intent of the bill.

This is unacceptable and needs to be fixed before the bill reaches the Senate. One way to fix the amendment is to replace the wording "retirement benefits" with the words "defined retirement benefits". This amendment needs to be legally researched. If you have any questions please do not hesitate to call me at 456-4167 or 474-2555(Work)

Sincerely,



Craig Persson
PSEA Legislative Liaison

END

John Terrel
P.O. Box 245
Naknek, Alaska 99633
(907) 246-4222

February 6, 1998

Representative Brian Porter
State Capitol, Room 214
Juneau, Alaska 99801

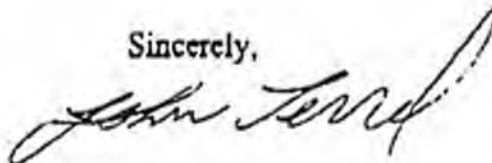
Dear Representative Porter:

This is to let you know that I support your efforts with House Bill 206. It is my understanding that this bill allows time spent as a Village Public Safety Officer (VPSO) to be entered into the PERS retirement system if the VPSO leaves the program but continues as a law enforcement officer. I was a VPSO for over two years and was in the First VPSO/Municipal Police Transition Academy. I became one of the first VPSO Sergeants in the program. When I became a municipal police officer and found out that time spent as a VPSO was not counted in PERS I was angry and very disappointed. I have now been a Police Officer for the Bristol Bay Borough Police Department for over eight years.

I owe the VPSO program a lot for allowing me to become a Municipal Police Officer, but VPSO's are treated as step children as it is. Not allowing this time on PERS is adding insult to injury. This Bill would be a good incentive to keep people in the VPSO program, instead of quitting to find a job with real benefits.

Thank you very much for this thoughtful and much needed bill.

Sincerely,



John Terrel

Representative Brian Porter
Alaska Legislature
FAX #465-3834

February 6, 1998

RE: HB206

Representative Porter,

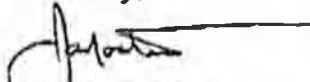
It is my understanding that HB206 is going before the legislature next week. I wanted to take a moment to express my support for this bill.

This bill provides an incentive for Village Public Safety Officers to remain serving their villages and also encourages them to later to seek employment with departments that are under the PERS system. This is a WIN WIN, for both the VPSO, the village, and future employers because it allows the VPSO's to serve with out feeling like they are "spinning their wheels" when it comes to retirement.

I, myself started as a VPSO. This bill will benefit me personally very little since I was looking toward my future when I was making employment decisions, and stayed as a VPSO a short time before moving onto another agency that offered a good retirement plan (the Troopers). I feel if this bill would have been in place back then, I could have stayed much longer.

Thank you for hearing me, and I hope that this bill passes.

Sincerely,



Joseph A. Masters

**PUBLIC SAFETY EMPLOYEES ASSOCIATION
"REPRESENTING ALASKA'S FINEST"**

4300 Boriface Parkway, #116
Anchorage, AK 99504-4387
(907)337-1979 FAX:(907)337-1753

Representative Bryan Porter
State Capitol
Juneau, AK 99801-1182

April 15, 1997

Dear Representative Porter:

On behalf of the Public Safety Employees Association I would like to personally thank you for sponsoring House Bill 206.

PSEA fully supports HB206. This bill allows Village Public Safety Officers(VPSO's) to buy up to five years of credited PERS retirement time for that time served as a VPSO.

As you already know VPSO's are not paid a lot and receive very minimal retirement benefits through the Native Regional Corporations. HB206 provides a greater incentive for VPSO's to stay at the job and then, if opportunities exist, to become a state or city law enforcement officer.

We also believe that VPSO's can make excellent future state or municipal law enforcement officers. Some of the best training for any Alaska State Trooper is time spent in villages as a VPSO.

Again, I would like to thank you for taking your time to put this piece of legislation together. If you have any further questions please do not hesitate to call me.

Sincerely,



Keith Perrin
PSEA President

TANANA CHIEFS CONFERENCE, INC.

122 First Avenue, Suite 600
Fairbanks, Alaska 99701-4897
Tele: 907/452-8251x3236 & Fax: 907/459-3851

April 21, 1997

Brian Porter
Rm: 216, State Capital
Juneau, Alaska 99801
Tele: 907/465-4930
Fax: 907/465-3834

Dear Representative Porter:

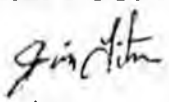
This letter is in regards to House Bill 206. I am very troubled by the House Finance Committee's drastic cuts to services in Rural Alaska. The areas of concern that Tanana Chiefs Conference would like to see considered by the Senate Finance Committee during their deliberations over the operating budget.

(VPSO) Village Public Safety Officer.

The Village Public Safety Officer has provided law enforcement service in rural Alaska for nearly (20) years, and within those twenty years there has been a drastic change in Rural Alaska, towards declining incidents; drowning, fire, alcohol related incidents. The VPSO provide a broad range of public safety services in rural Alaska, including but not limited to health and safety situations. With the existing retirement plan, and to implement our VPSO's into the State Pers, it would enable our program to recruit qualified, dedicated Police Officers. Although we do receive good qualified VPSO's, but they don't stay long, because of the low pay and not much of a retirement system, along with a heavy work load. With that, I encourage you and your staff to fully support House Bill 206. This will ensure that they will continue to play a crucial role in protecting the life, health and safety needs of our rural residents.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.

Jim D. Titus 
VPSO Coordinator