

HB

170

Alaska State Legislature

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Representative Mike Kelly

House District 7

SPONSOR STATEMENT

HB 170

(24-LS04431A)

"An Act relating to the qualifications of public members of the Public Employees' Retirement Board and the Alaska Teachers' Retirement Board."

HB 170 is one of several components required to address the PERS/TRS unfunded liability crisis. Although this bill does not provide supplemental funding for the systems, and does not make structural changes in the retirement systems themselves, it does make changes to the respective retirement system boards.

When reviewing the past performance of the retirement systems, focusing attention on the decisions that have increased liabilities, it is clear that board decisions generally and the actions of any one board specifically have not been the primary cause of our sizeable unfunded liability. Even so, the size of the unfunded liability suggests that we adopt changes to the membership and qualifications of members of these boards in order to inject non-beneficiary perspectives in management and appeal decisions.

In order to minimize the organizational disruption resulting from changes to the boards, the essential structures and appointment processes have been virtually untouched. It is the goal of HB 170 to create boards with a majority of members having no immediate personal interest in the outcome of decisions made by the boards. This change will provide greater objectivity in the appeal and general policy decisions of each board. Further, the additional requirement that two of the members possess "significant private sector experience in administration, financing, accounting, or economic development" is included to provide the boards with additional expertise when making managerial decisions that have the potential to significantly impact the soundness of the respective funds.

The Governor's authority to appoint members to both boards, the employee's ability to elect members to the PERS board, and the statewide teacher organization's ability to make recommendations to the TRS board are intentionally unchanged. The sponsor of this bill believes these processes protect the interests of the various constituencies served by these boards.

These changes are timely, necessary, and reasonable and will provide one component of an overhaul of our existing retirement systems to protect their long-term health and help provide Alaska's public employee's and teacher's benefits. Please support HB ~~170~~.

170

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~~Go down~~
Hypocrite
G...
24-LS0448A

HOUSE BILL NO. 170

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE KELLY

Introduced: 2/23/05
Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the qualifications of public members of the Public Employees'
2 Retirement Board and the Alaska Teachers' Retirement Board."

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

4 * Section 1. AS 14.25.035(a) is amended to read:

5 (a) There is established the Alaska Teachers' Retirement Board as follows:

6 (1) the governor shall appoint five members for overlapping three-year
7 terms; [ONE MEMBER MUST BE A RESIDENT WHO IS RECEIVING
8 RETIREMENT BENEFITS UNDER THIS CHAPTER;] statewide teacher
9 organizations may submit to the governor a list of recommended nominees to serve on
10 the board; of the five members appointed by the governor under this paragraph,

11 (A) three of the five shall be persons who are not and have
12 never been employed by an employer participating in a retirement
13 program under this chapter. AS 14.40, AS 22.25, AS 26.65, AS 39.35, or
14 former AS 39.37; and

which
(a) or (1)

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participate

(B) at least two of the five shall have significant private sector experience in administration, financing, accounting, or economic development;

(2) the governor shall appoint two physicians authorized to practice medicine in the state to serve as members of the board and two physicians authorized to practice medicine in the state to serve as alternate members to the physician members of the board; the physicians are members of the board only for the purpose of hearing appeals to determine medical eligibility for disability benefits under AS 14.25.130; the Public Employees' Retirement Board and the Teachers' Retirement Board may submit to the governor a list of recommended physicians to serve on the board; if the administrator, after making a reasonable effort to secure the participation of two physicians to serve on a disability appeal, is unable to do so, the board may hear the appeal with the participation of only one physician or alternate, in which case, for purposes of a quorum, the board shall be considered to have only one physician as a member; physician members and alternates serve at the pleasure of the governor.

* Sec. 2. AS 39.35.030(b) is amended to read: **PERS**

(b) Three public members are appointed by the governor to serve at the pleasure of the governor for six-year staggered terms. [ONE OF THE PUBLIC MEMBERS MUST BE OR HAVE BEEN EMPLOYED BY AN EMPLOYER OTHER THAN THE STATE OF ALASKA.] The governor shall fill a vacancy in an unexpired appointive term by appointment for the remainder of the term. **The three public members appointed by the governor under this subsection shall be persons who are not and have never been employed by an employer participating in a retirement program under AS 14.25, AS 14.40, AS 22.25, AS 26.05, this chapter, or former AS 39.37. At least two of the three public members shall have significant private sector experience in administration, financing, accounting, or economic development.**

all 3 never participated

* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISION. The term of a public member of the Alaska Teachers' Retirement Board or the Public Employees' Retirement Board who has been

1 appointed by the governor before the effective date of this Act is not affected by this Act.

5 — 3 never members
~~2 doctors~~
2 CPA types

2 — doctors (Medical appeals only)

3 public all never members

Why would most serve on this board if?
never had a name will be involved.
What decisions would have been different than
the other board made.?

Pat Wellington
elected member of PERS board.
not in current mgmt.

disability appeals 90% of job

Set Employer contrib rate w/ input from
actuarial

health insurance -- Com. of Admin.
can make whatever changes necessary
no board or legislative approval

4 days

yes to employees.

Kevin

about 63% Univ - Munic - School dist
not structurally involved.

Son
Trivette

RPA - opposes exclusion of participating plan
?? elected 2 PERS - potential to reduce current benefits.

Attorney for Board and ASFIB

PUBLIC EMPLOYEES' RETIREMENT BOARD

(as of June 30, 2004)



George Sullivan, Chair

Term Expires: June 30, 2006

George Sullivan grew up in Alaska. After graduation from Valdez High School, he joined the Army during WWII and served in the Aleutians. George represented the Anchorage area in the legislature in the mid 50's and was mayor of Anchorage from 1967 to 1982. He has always been active in the community and continues to give leadership to a number of organizations in Alaska, including The Anchorage Senior Center, Boys and Girls Club, Enstar Gas Board, Pioneers of Alaska, and the Veterans of Foreign Wars. George lives in Anchorage with his wife, Margaret. They divide their retirement days between a very appreciative community and the families of their 9 children, which include 15 grandchildren and 1 great-grandchild.



Alyce Hanley, Vice Chair

Term Expires: June 20, 2008

Alyce Hanley has lived in Anchorage since 1971. She graduated from high school in Pawtucket, Rhode Island and completed her nurse's training at the New England Deaconess Hospital School of Nursing in Boston, Mass. She was elected to the Anchorage School Board in 1981 and to the Alaska House of Representatives in 1984. After serving three terms, she chose not to run for re-election. In 1993, Mrs. Hanley was appointed to serve as a Commissioner with the Alaska Public Utilities Commission. She retired from that position in April 1999.

Alyce enjoys family activities with her five sons, their wives and seven grandchildren, all of whom live in the Anchorage area.



Bronk Jorgensen

Term Expires: June 20, 2010

Bronk Jorgensen was born in Jackson Hole, Wyoming. He became an Alaskan resident in 1978, before he was one year old. Bronk attended Tok School, the University of Alaska Fairbanks and attended the University of Pittsburgh, Semester at Sea program, graduating with a degree in Business Administration.

Bronk lives in Tok and is the owner/manager of All Alaska Gifts and Crafts and Jorgensen Realty. He is also a member of the Tok and State of Alaska Chambers of Commerce and was the 2002 recipient of the Chuck West New Pioneer Award from the Alaska Travel Industry Association.

Bronk enjoys Alaska's hunting, fishing and outdoor activities.



Frank Narusch

Term Expires: April 24, 2006

Frank Narusch has been an Alaskan resident since 1952. Raised in the coal mining camp of Suntrana on the Healy River, he boarded away to attend high school at Monroe High School in Fairbanks and Copper Valley School in Glennallen. While attending Seattle University, he worked summers commercial fishing in Cordova, coal mining in Suntrana, and surveying and inspecting projects around Fairbanks and Valdez for the Department of Highways (now DOT&PF). After receiving a degree in civil engineering in 1966, he began his professional career with the Department of Highways. During his 31 years of State employment, he held positions as Construction Project Manager, Regional Materials Engineer, Contract Claims Engineer, and Professional Services Chief. While with the State, he was active with the Alaska Public Employees Association.

He enjoys weekly breakfast get-togethers with retired friends as well as summer travel, camping, and exploring back roads around the State.



James "Pat" Wellington, Chair

Term Expires: April 5, 2008

Pat Wellington was born in Ketchikan, Alaska and graduated from Douglas High School. He served two years in the U.S. Army and started his law enforcement career with the Seward Police Department in late 1955. He served as Deputy U.S. Marshal, Alaska State Troopers; Chief of Police of Juneau; Deputy Commissioner and Commissioner of the Department of Public Safety; and retired in 1977 as Director of the Alaska State Troopers. Mr. Wellington is also a trustee of the Alaska State Pension Investment Board.

TEACHERS' RETIREMENT BOARD

(as of June 30, 2004)



Charlie Arteaga, Chair
Term Expires: January 31, 2005

Charlie Arteaga has been an Alaskan resident for 33 years. He resides in Ketchikan. He received his Bachelor's in Education at Arizona State University and his Masters in Counseling at the University of Oregon. He was an educator with the Ketchikan Gateway Borough School District until 1996.

Mr. Arteaga was appointed to the Teachers' Retirement Board by Governor Tony Knowles. He is now employed in other sectors of public service and tourism. He intends to remain an active Alaskan citizen.



Gayle W. Harbo, Vice Chair
Term Expires: June 30, 2005

Gayle Harbo arrived in Alaska in 1957, married Sam Harbo in 1958, and lived in Cold Bay, Juneau and Nome before settling in Fairbanks in 1962. She graduated from North Carolina State University in Raleigh with a BS in Mathematics and earned a Master of Arts in Teaching at the University of Alaska-Fairbanks. She taught at Lathrop High School for most of her twenty-five years in the Fairbanks District and served as coordinator of the school's Advanced Placement Program and on the District's Curriculum Committee. She worked on committees which wrote the evaluation documents used by the district and served on several budget committees. Since retiring in 1993, she has enjoyed traveling with her husband and assisting him with several building projects for each of their four children. She loves her home and garden and the opportunity to take care of any or all of their seven grandchildren.



Richard J. Solie, Sr.
Term Expires: January 31, 2007

Richard Solie has been an Alaska resident for 33 years. He received his Bachelor's degree from the University of Wisconsin, Superior, and his Ph.D. degree in Economics from the University of Tennessee. After seven years of teaching in the "Lower 48", he served as Professor of Economics, Head of the Department of Economics, and Acting Dean of the School of Management at the University of Alaska, Fairbanks during the period from 1970-1986. Following his retirement from UAF, he was self-employed in his own economic consulting firm. He and his wife, Elsie, live in Fairbanks along with their four children and ten grandchildren.



Robert G. Boko

Term Expires: June 30, 2005

Robert Boko was born and educated in Bridgeport, Connecticut. He later moved to Washington State where he received a BA in Music & Music Education from Western Washington University. After volunteering for the draft, serving in the Korean war and receiving the Bronze Star Medal with the 7th Infantry Division, he returned to the U.S. and taught instrumental music in Seattle in 1954. He later earned a Master of Arts degree from Teachers College Columbia University in New York City. In 1956, Robert took a position in Kodiak teaching music to grades 7 through 12, then moved to Fairbanks in 1959. During his time in Fairbanks, Robert began an All-State Band, Orchestra and Choir. Today this program is one of the most successful events for students throughout the State. He has been a teacher and administrator in the Fairbanks North Star Borough School District. Upon retiring from the district, he worked as an adjunct staff member at UAF, supervising student teachers throughout the State. Robert has been a member of the Fairbanks School board and a board member for Mount Edgecumbe High School in Sitka. Over the past seven years, Robert has been working with students in festival and clinic settings in Western Alaska, South Central & the Interior. For the past six years, he has been a councilman for the City of Fairbanks. In his spare time, Robert is the music director & conductor of the Fairbanks Community Band in addition to serving on several local boards.



Dick Schulz

Term Expires: January 31, 2006

Dick Shultz moved to Alaska in 1970 from Anselmo, a small town in central Nebraska. He settled in Mentasta Lake, a remote native village southwest of Tok where he taught kindergarten through the eighth grade. Dick relocated to Northway and taught there for five years after which his career took him to Delta-Greely as a school guidance counselor. In 1978, Dick returned to rural teaching in Nabesna until 1980, when he returned to the Delta-Greely School District as the assistant superintendent.

Dick left his career in education in 1982 when he was elected to the House of Representatives for District 17. He served in the legislature for ten years, eight as a representative and two as a senator until he retired from public service in 1992. Dick and his wife live in a rustic setting near Tok, where he enjoys life as an avid outdoorsman.

Dick was appointed to serve on the Teachers' Retirement Board by Governor Murkowski and he is looking forward to serving. He says, "I have always been concerned about maintaining the integrity of the fund to insure future retirees that their system will be able to provide stable retirement benefits."

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 170
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
 Title: An Act relating to the qualifications RDU: Executive Operations
of public members of the PERS and TERS Boards Component: Executive Office
 Sponsor: Representative Kelly
 Requester: House State Affairs Committee Component No.: 6

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation has no fiscal impact on the Office of the Governor.

Prepared by: Gail Fenumai, Asst. Administrative Director
 Division: Division of Administrative Services, Office of the Governor
 Approved by: Linda J. Perez, Administrative Director
 Agency: Division of Administrative Services, Office of the Governor

Phone: 465-3895
 Date/Time: 3/21/05 10:56 AM
 Date: 3/21/2005

2 factors more important than

number of admin. response
to safety needs of, or that is.

90% FERS time is duty w/ disability

Sec. 2 - APRIS

- FERS - 3 public ^{rules} ^{appeals} ^{2 elected}

TRS - 5 appointed

1 one need to be
assessments w/system

"Good Corporate
Governance"

- Next need: find out
what board is doing

Call someone on the board

FERS/TRS - Has funds
and they should

- Board

- current Employees

- New Employees

→ Move All II

rule 1

→ current Board rule of
only one rule

fine to each (full time)

two positions 4.5

→ reduced 1st 3rd

two outstanding

