

Leg. Finance - House & Senate Finance Comte Files (1975-76) 348

SSCSHB 63 cont., SSSHB 64, CSSSHB 64




**ALASKA  
INTERNATIONAL  
CONSTRUCTION, INC.**

P.O. Box 1410  
Fairbanks, Alaska 99707  
(907) 452-1271 or 456-6846  
Telex: 090-35435

Page 5

I sincerely support and recommend to this committee that the proposed legislation be favorably recommended out of the Commerce Committee for further and hopefully favorable action by the State Senate.

Respectfully submitted,

  
Lon R. McDermott

By way of identification for the record I am James M. Dodson Jr.  
Executive Director of the Alaska Air Carriers Association. I will be  
very brief. At our justly concluded convention here the last week  
in February, our full membership voted unanimously on the floor,  
after considerable disgust during the board and the membership  
meetings, to support this concept of the Department of Transportation for  
the State of Alaska.

This is the present bill before us. We found that this concept, of  
this organization, probably will serve us, the end user of aviation  
facilities in general, primarily to a good degree. We, as you know  
have had problems with the proposals in the past and find that this  
concept of organization is probably in the interests of the state.  
We can support it and we word for passage. We have heard that this  
House Bill 63 has come out of the committee substitute for the  
committee substitute be adopted. I will point out just for the  
record also who the Alaska Air Carriers Association is representing.  
They represent primarily what is commonly known as the Air Taxi  
Operators, Contract Carriers, Helicopters and smaller operators.  
We are not speaking for the five operators of the large jet  
equipment, they are not our members.

There is one question that I have in regarding this committee  
substitute in one place and this is more of a question to anyone  
who can answer it than a comment from us because I don't know how  
to take it. I don't believe that this was in the bill that came down  
from the Governor's office originally. On Sec. 10.15.205, approval  
required for airport construction:

- A. No person may construct, reconstruct, relocate or extend an airport, airstrip or private air facility without first obtaining the written approval of the Commissioner of Transportation as provided by regulation.

The original wordage as you will see there included in there within two miles of a Federal Lane Highway or proposed Federal Lane Highway - What I would really like to know is why we are deleting this and requiring approval by the Commissioner of Transportation for all airstrip construction and I am wondering also if someone could answer this? We are getting into a hypothetical case, of myself for instance who may want to construct a small airstrip on my homestead totally on my own private land is going to have to get the approval of the Commissioner of Transportation to put in that airstrip-Idon't believe that that is necessarilly proper perhaps I'm wrong and you were talking about something else.

Senator Kertulla Commissioner Harris do you wish to --

Comm. Harris I don't have the section in mind right at this time but there is a section in the bill that uses the old language that is existing here today. This section proposes to strike. It is that pertaining amendment section. If I might go on

Senator Kertulla Go back and see if he does fore-close the question.

James M. Dodson If I am speaking correctly that is Sec. 19 which is on page 14,  
Sec. 19.20.090 Highway Construction Near Airports

No person may construct, reconstruct, relocate or extend a Federal Lane Highway within two miles of an airport, airstrip or public air facility without first obtaining the written approval of the Commissioner of Transportation.

James M. Dodson Perhaps I am there. It seems inconsistent to me to take out this language and then still include it here under the highway center. This is merely a technical thing. It does bring up when you look at it like that a question that I just wanted to bring up. However, in conclusion the Alaska Air Carriers Association does support this bill. We urge its adoption and its approval and we know that we could probably have a much better situation than our transportation facility needs and currently exists/

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C - JUNEAU 99811

*D.O.T.*  
JAY S. HAMMOND, GOVERNOR

March 16, 1976

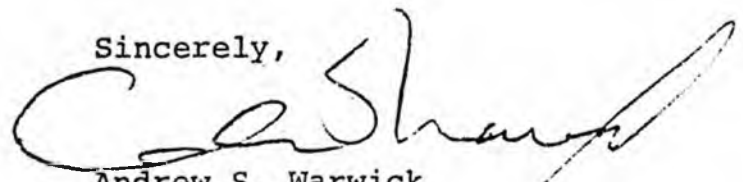
Honorable Jalmar M. Kerttula  
Chairman, Senate Commerce Committee  
Alaska State Legislature  
Pouch V - State Capitol  
Juneau, Alaska 99811

Dear Senator Kerttula:

Please find attached the fiscal note for Senate Committee Substitute for Committee Substitute for House Bill 63 which creates a Department of Transportation. This fiscal note was prepared by the Department of Administration in cooperation with the Departments of Public Works and Highways.

Please do not hesitate to call if I can be of any further assistance in this matter.

Sincerely,



Andrew S. Warwick  
Commissioner

ASW/mjc  
Attachment

3-18-76

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. SCS CS HB 63  
 Title: Department of Transportation  
 Requested by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Administration Program: Budget & Management

II. FISCAL DETAIL

All Transportation BRU's plus seven General

Budget Request Unit(s) Affected: Government BRU's

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	/	/ /	/ /	/ /	/ /	/ /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Analysis on separate attachment.

IV. ATTACHMENTS

V. DATE: 3/15/76 PREPARED BY: [Signature]  
 COMMISSIONER OF ADMINISTRATION

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

### III. ANALYSIS

The fiscal detail indicated above is based on an incremental analysis for administration, maintenance and operation, planning, design, and construction activities but does not attempt to net out any costs associated with possible delays in these activities that might occur due to reorganization and employee resistance. It seems probable that some difficulties will occur due to unclear delineation of responsibility, altered SOP's, and employee resistance to change. The most probabilistic occurrence would be sporadic delays in construction of transportation projects. This fiscal note provides for all activities in the existing Department of Public Works and the Department of Highways except for the building maintenance function in the Division of Buildings.

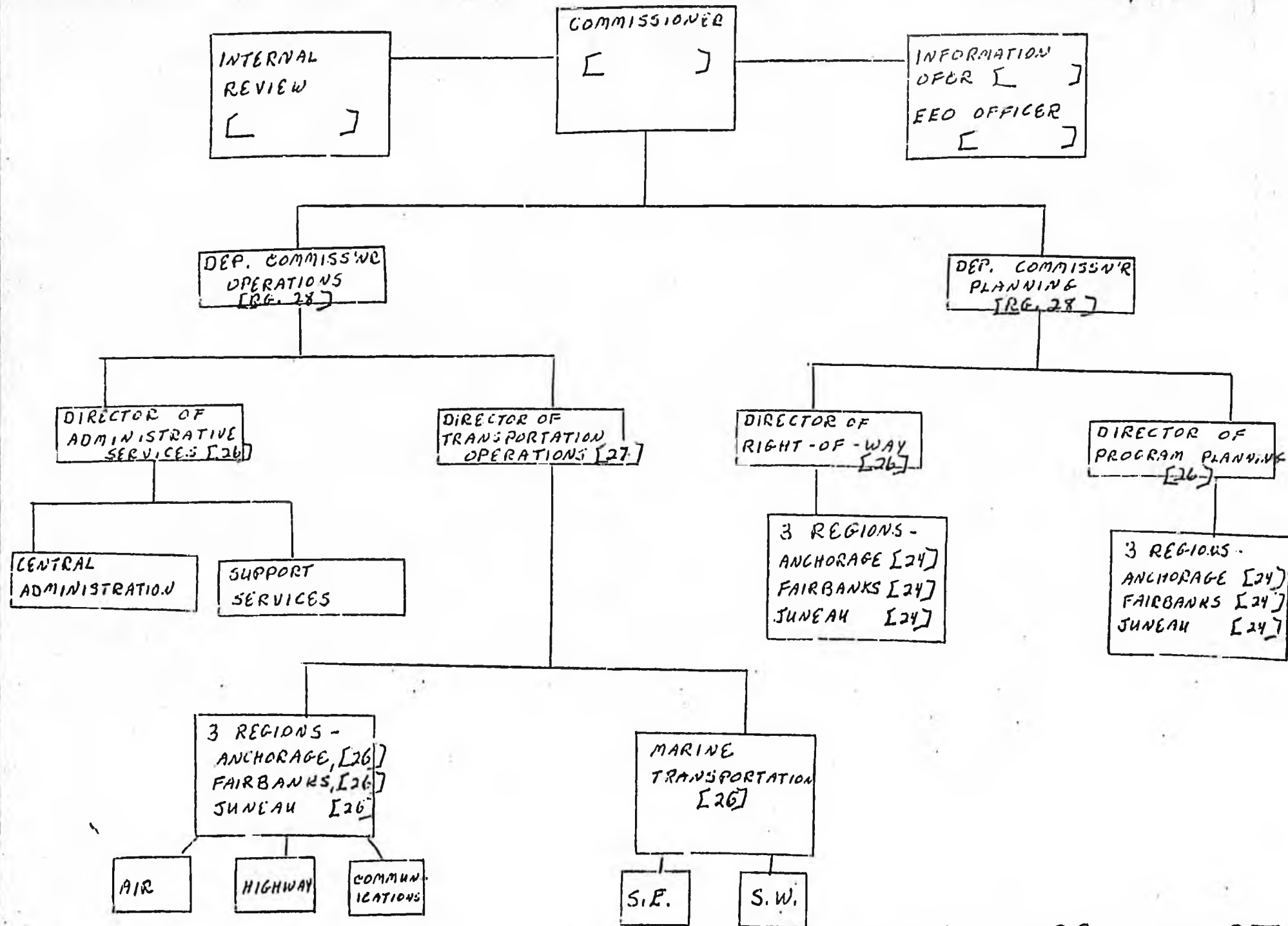
It is assumed that establishment of a Department of Transportation would result in better transportation planning and hence, a more efficient use of State resources (funds) for transportation purposes. Long-term savings should be expected to accrue due to commitment of funds to an optimal transportation mode for a given situation (heretofore unheard-of) and a life cycle cost methodology that would lower maintenance and operations costs as well as user costs and costs associated with degradation of the quality of life. The concept of division of responsibilities --DOT with planning, maintenance, and operation with Department of Public Works having design and construction -- provides a system of checks and balances that will not only insure a closer adherence to the various published transportation construction programs but should also abolish the proverbial buck-passing that occurs when a facility fails. Although it appears certain that these effects will result in substantial long-term savings, there is insufficient experience with the proposal to make it possible to quantitatively estimate the value of these benefits.

Several substantial assumptions were made in the above fiscal detail:

1. That work loads will not change appreciably for either the budgeted administrative, maintenance and operations personnel or for the non-budgeted capital improvement positions. This assumption is necessary in order to make comparisons between the existing and proposed organizations.
2. That without increased work loads, the only increases in number of positions that could be justified would be for new duties, increased emphasis on certain duties, or alleged duplication of effort caused by the split Department of Transportation concept. Since it appears clear that the intent of this bill is to enhance the planning effort in the transportation sector, it would be logical to expect some increase in positions in this area. However, since there are already approximately two hundred existing positions in the two departments that can be identified within the broad area of transportation planning, it seems unreasonable to expect increases in the number of positions for this purpose. There will have to be an increased number of positions for the internal audit function for both departments. However, this number is relatively small and can probably be supported by reclassifying some existing operating positions whose function or responsibility has been deleted by the reorganization. The only other increases that appear warranted are

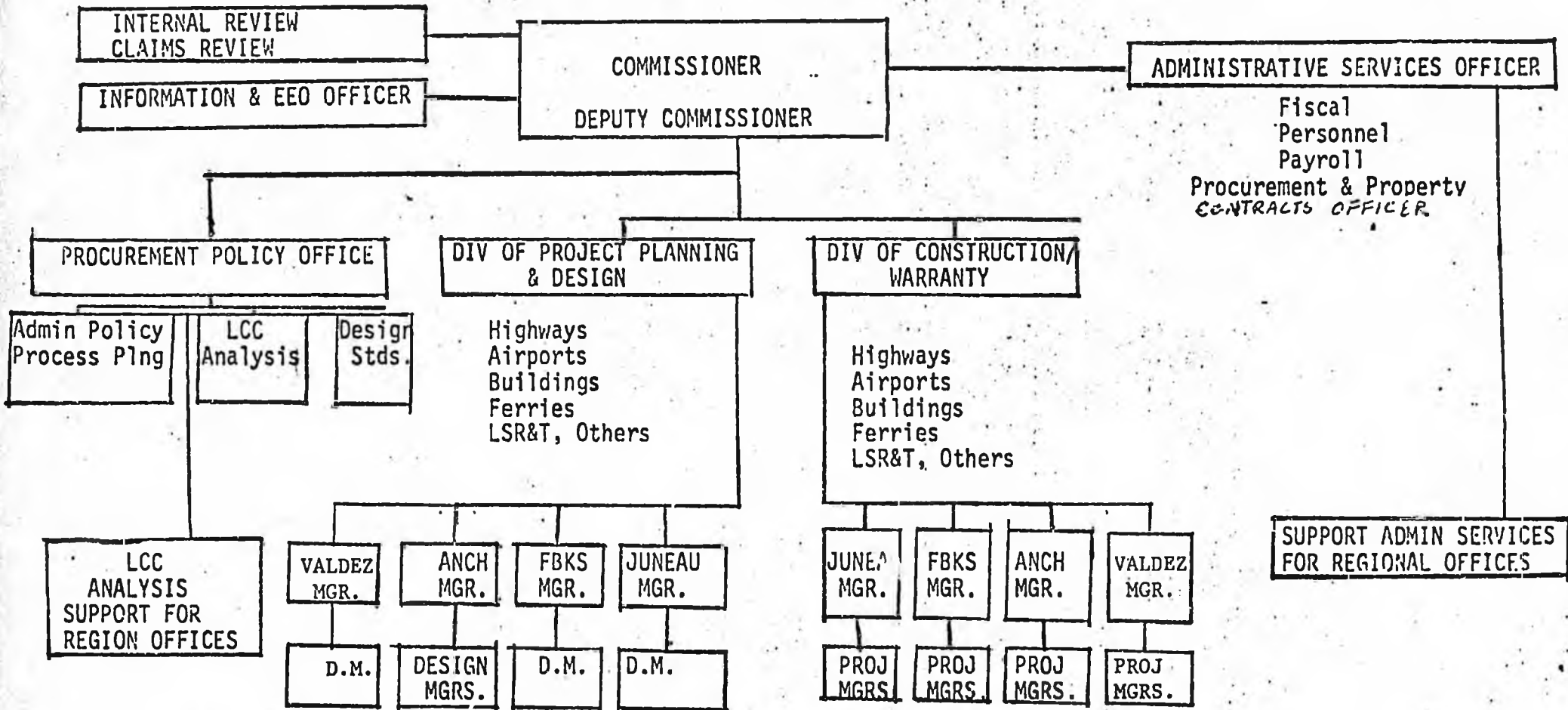
also small: a few addition CIP positions will probably be needed in design review and in planning coordination between the two departments. However, with the substantial number of CIP positions that are either sporadically unfilled or constantly vacant, it would appear that the latter small increase in staffing requirements could be handled without establishing additional new positions.

3. That reclassification of positions that are either transferred to new sections or given new duties will not require additional State funds — that is, that costs incurred due to upward reclassifications will equal savings resulting from downward reclassifications.
4. That net effect of various PCN transfers will be zero. Although a few individual positions will inevitably be transferred to new locations it is felt that positions with similar duties and pay ranges will be available, either as transferred positions from another location or existing positions, so that the actual number of employees that will have to physically change duty stations will be negligible. Hence, no funds have been requested to pay employee relocation expense.
5. That no additional administration and support positions will be necessary with the transfer of the Building Maintenance BRU to the Department of Administration.



D.O.T. ORG. CHART

DEPARTMENT OF PUBLIC WORKS  
ORGANIZATIONAL CHART



# MEMORANDUM

## State of Alaska

TO: Honorable Jay S. Hammond  
Governor

DATE: January 29, 1975

FILE NO:

TELEPHONE NO:

FROM: Donali Harris, Commissioner  
Department of Public Works

SUBJECT: Department of Transportation

Reference is made to Mr. Preston's memorandum of January 23 outlining the recommendations of the DOT working group on establishment of this Department. I have recommended that the design and construction functions of all transportation facilities be established under a Department of Public Works with planning, maintenance and operation assigned to the new Department of Transportation.

Mr. Preston has fairly described the principal weaknesses of this concept. This arrangement would make communication and coordination between related functions more difficult since it would cross departmental as opposed to divisional lines.

My principal reason for recommending this division of authority is that it results in better balance between major state departments. The most frequently heard criticism of the DOT concept is the magnitude of its area of responsibility and authority and tendency toward inefficiency and unresponsiveness inherent in such a concentration of power.

I know of no way to quantitatively compare the inefficiencies which would result from my proposal vs. the consolidated DOT concept, but it is my belief that the former represents the lesser of evils.

This then becomes a rather negative approach and raises the question as to whether there is some other alternative to solving past problems that minimizes the risk of creating new ones of equal or greater magnitude. I think there may be.

We are in agreement on the following:

1. Intermodal transportation plan is mandatory.
2. Economy and efficiency of operation is a desirable goal.
3. Effected departments could stand some improvements.

Perhaps the principal objectives of a DOT can be achieved by simply strengthening and expanding the planning function in the Division of Planning under the Governor, maintaining Public Works and Highways more or less in their present form with added emphasis on inter departmental cooperation and coordination in areas of overlapping function.

The trend among the states towards DOTs says nothing about what is right for Alaska. Highways dominates the transportation picture to a far greater extent "outside" than here. Many states do not have marine transportation. Some do not even have an aeronautics or aviation organization within their state government. In no other state does air transportation assume such relative importance. Most states own and operate few if any airports. Therefore, the establishment of DOTs in other states, in addition to achieving coordinated planning, typically represents the logical alternative to maintaining equivalent departments for grossly disproportionate programs. That is not the case here. Transportation modes presently within Public Works are of sufficient importance to require substantial, continuous programs making the maintenance of the separate specialized staffing practical and efficient. If the work force is specialized in a certain mode and tailored to the work load, no efficiency will be gained by consolidation with other modes.

In assessing the potential benefits of DOT consolidation, the differences between the various modes becomes a limiting factor that needs to be recognized. The most important differences include:

1. Distinct and different federal grant programs. Even though FAA and FHWA are within the same federal DOT, there is no commonality in grant policies and procedures, design and construction specifications, etc. The paper work is a significant part of project development and requirements change continuously. Inefficiency would result in trying to stay abreast of both programs.
2. Marine Transportation and Aviation encompass an operational or management function while Highways does not. For example, Airports take on many of the aspects of small cities including utility systems, leasing, land use control, off-site zoning, fire suppression, security, etc. Over two-thirds of the active out-grants are at airports other than Anchorage and Fairbanks so this characteristic is not limited to only large airports. This generates a need for day to day administrative, fiscal and engineering support of the management function in addition to routine maintenance which does not lend itself to the functional organization contemplated within a DOT. "Outside" DOTs do not have this problem because they do not typically own or operate airports or ferry systems.

A measure of the effectiveness or responsiveness of an organizational structure is its ability to handle routine communications with other departments or the public. The bulk of inquiries directed to Public Works concern a single facility; a given dock, building, airport, etc. Such inquiries frequently cut across several areas of responsibility within a division and a timely, comprehensive response requires a coordinated effort. For example, a typical letter on an airport might complain about ruts on the runway, inquire into a lease and check on the status of a new lighting system. A response requires coordination between maintenance and operations, leasing and engineering. When these functions are all under one roof in the same division, the situation is manageable. If compiling a response required coordination between functional divisions or even

departments, it becomes a problem. Such inquiries number in the hundreds, and organization along modal lines is more able to be responsive.

These are just a few of the considerations which raise doubts as to the viability of a DOT organized along functional lines. The experience of others has limited value in passing judgment on this. If organization along functional lines is impractical, a DOT essentially becomes a means of gaining better planning at the expense of the addition of another layer of administration and a larger, less efficient less responsive governmental unit.

We suggest that the transfers and assignments agreed upon by a consensus go ahead at this time and that the DOT formulation be considered on a step-by-step basis with at least one year of continued operation of the Department of Highways and the Department of Public Works.

MEMORANDUM

State of Alaska

TO: Jay S. Hammond  
Governor

DATE: January 28, 1975

FILE NO:

FROM: Avrum M. Cross  
Attorney General by:  
Ray C. Preston *RC*  
Assistant Attorney General

TELEPHONE NO:

SUBJECT: Recommendations of the  
Department of Transportation  
Task Force

This memorandum is to advise of the final conclusions and legislative recommendations of the department of transportation working group chaired by Commissioner Parker. These recommendations have been reached through a succession of five meetings of the group, study of a number of draft bill proposals, and DOT bills of prior years. An outline description follows of the substance of the bill which would embody these recommendations. While there has been a solid consensus established on most issues, however, there are two important issues where in one a strong dissent exists and in the other simply a lack of consensus. These two issues will be treated first.

(1) DESIGN AND CONSTRUCTION FUNCTIONS

At the outset and throughout the several meetings of this study group. There has been an issue as to whether the design and construction functions of transportation facilities should be separated out of the new department and placed in the department of public works. Here the functional concept is that basic study, planning, and preliminary design would take place within the new department but that final design engineering and then construction itself would be the responsibility of the department of public works. Maintenance and operations of completed and existing facilities however, would again be with the new department.

On this issue, the working group has reached a consensus and recommends that the design and construction functions should not be segregated and placed within public works. The essential rationale against such a segregation follows. However, it should be noted that a strong dissent to this recommendation has been made by the Commissioner and Deputy Commissioner of public works. Attached hereto are arguments of public works in support of placing the design and construction functions within that department.

One of the most cogent reasons against such a separation is that it is inconsistent with the basic reasons for creating a new department in the first place. Where the justification and aim of a new department is toward better coordinated and more efficient transportation planning and construction, it would appear that legislating consolidation while separating out the design and construction functions is somewhat in the nature of sleight-of-hand. Further, it also appears that the design process is so closely connected with the planning process, and the construction phase with the design

function, that whatever inefficiencies may have existed in the past through segregation by transportation modes would be replaced by an intermodal concept which may not fit together in the end. Design and construction engineers should have a continuing dialogue with initial planners and with maintenance and operations personnel. They do in fact depend on each other. Severing the design and construction functions can only hinder the dialogue. Still further, it would appear that a certain amount of duplicious effort could not be avoided if the very middle of the whole process was separated into another department.

The same essential point might be amplified by considering some of the present touchstones of the transportation process. Environmental, economic and social considerations are now locked into the very beginning of planning any significant addition or alteration of the existing transportation system. Opportunity for scrutiny by the general public and interested persons is not only encouraged but required. Particular and important considerations which spring from these sources and which underly a final planning scheme should not be lost in design and construction engineering. Yet, a separation of those functions would invite a loss of such important factors in the actual construction of a facility. Specifications often are changed during the construction phase. Such changes often arise from changed conditions or unforeseen engineering factors. Yet, they should only be allowed with the same considerations in mind which brought about the final design which went to bid. Otherwise the process as a whole will fail. Thus, it is submitted that the design and construction functions are so integrally related to other identifiable parts of the whole that state interests would not be well served by artificial segregation into a separate department.

## (2) THE ALASKA TRANSPORTATION COMMISSION.

No consensus was reached by the working group as to whether the Alaska Transportation Commission should be shifted in any form into the new department. Presently, the ATC is organizationally within the department of commerce. Its function is essentially the economic regulation of the transportation carriers within the state. The ATC is responsible for issuing certificates of public convenience and necessity to both air and surface transporters and in establishing tariffs for the carriers.

A number of alternative courses are involved and were considered however in studying the issue:

- (a) transferring the ATC intact into the new department without any other statutory change;
- (b) establishing the ATC as an independent body apart from any department,
- (c) leaving the ATC alone insofar as its organizational placement within the executive;

- (d) any one of the above three while re-examining and possibly reforming the structure of the ATC, its powers and duties.

The ATC itself was consulted on these issues. Chairman Robert Rucker of the commission participated in one of the group's working sessions and presented the attached memorandum. The greatest preference of the commission members would be to establish the commission as an independent body apart from any department. <sup>1/</sup>

At issue during study of the question was whether the functions of the ATC are related to the presently conceived functions of the new department. If indeed there is a functional relationship, then the rationale in favor of creating a department of transportation would entail inclusion of the ATC.

### (3) RECOMMENDATIONS OF THE DOT WORKING GROUP

Taking DOT bills of prior sessions as a beginning point, the working group has now examined several drafts of its own and recommends the following provisions:

#### (a) Powers and Duties

The powers and duties sections would be similar to prior bills with the powers section drafted with an eye toward breadth and flexibility so as not to hamper the department in performing its functions.

#### (b) Organization

Like prior DOT bills what is now recommended may initially be described as a merger of the department of highways with the divisions of aviation and marine transportation of the department of public works. Unlike prior DOT bills, however, and unlike the bill already introduced by Senator Kertulla, it is recommended that divisional organization of the department be completely at the discretion of the commissioner with the approval of the governor. Especially since the power of reorganization of this kind is already constitutionally within the executive, it appears behooving not to attempt to anticipate internal organizational

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<sup>1/</sup> During Chairman Rucker's appearance, the issue was also raised and discussed of possibly merging the ATC with the Public Utilities Commission.

considerations which may follow initial creation of the department.

(c) State Transportation Plan

Adopting most of what in prior bills was labeled a "master" transportation plan, the group recommends inclusion of a mandate toward developing a "comprehensive intermodal long-range transportation plan for the state." The plan would be revised periodically and the department would be required to hold public hearings in developing the plan.

(d) Public Hearings

It is the consensus of the working group that the new department be required to provide opportunity for public hearings at two points in time "when a new highway or other major new state transportation facility is proposed," viz, at the point that a proposal becomes a proposal so that citizens of affected communities are informed as early as possible, and later, when its merits and alternatives are fully developed, but before any final decision is made. Hearings would be required in affected communities upon written request of twenty or more persons. "Affected community" is defined as "a community in which a facility would actually be located, directly served by the facility, or whose boundaries are within fifty miles of the proposed facility." Further this provision of the bill would also be drafted so as to greatly encourage involvement of the local governing body. Here, the local government would be given special opportunity to participate in the hearings and even become the forum for the hearings.

(e) Limitations on Transportation Facilities

Again adopting essentially the same provision which has appeared in prior DOT bills and which already exists as a limiting factor in all federal-aid projects, the working group recommends a mandate that no highway or other transportation facility may be built upon a legally established wildlife or waterfowl refuge, historical site, forest, wetland, wilderness area, public park or critical habitat area unless "(1) there is no feasible and prudent alternative to the use of such land as determined by the commissioner, and (2) the corridor or facility is planned and constructed so as to minimize harm to the land."

(f) Other

Other parts of the bill are merely technical and do not require special consideration.

Jay S. Hammond  
Governor

January 23, 1975  
page -5-

(4) COMPARISON WITH SB 9 (Kertulla)

SB 9 is virtually identical to what has previously been introduced as DOT bills. The largest differences between it and that now recommended is that it would establish departmental divisions based on transportation modes (aviation, highways, and marine transportation), does not contain any provision for public hearings, and would transfer the ATC intact into the new department without any other structural changes.

Attachments  
c.c. Walter B Parker and  
members of the DOT  
working group

RCP:go

COMMENTS ON ALASKA TRANSPORTATION COMMISSION'S ROLE  
IN NEW EXECUTIVE MAKEUP CONTAINING A  
DEPARTMENT OF TRANSPORTATION

Problem areas and inefficiencies in present structure with Alaska Transportation Commission operating within the Department of Commerce.

1. In the past, most correspondence received in Governor's office was relayed through Commerce to the Commission for answering. Red tape delay sometimes one to two weeks.
2. Personnel matters - Certain positions must be hired through Commerce. Much delay, some cases two months.
3. Adopting regulations - AS 42.07 clearly gives the Commission the statutory authority to do so. In the past, it has been a battle royal to go through the Department of Commerce. Finally had to get assistance from Attorney General's office.
4. Budgetary matters - Probably the area of most inefficiency. Presently, Commission budget requests have to be part of Commerce Department overall budget. Never really have opportunity to explore long range savings through short term expenditures.
5. Added expense of many trips to Juneau which would not be necessary. Example: First review budget with Commerce, then a couple of weeks later, another trip to review with Governor's Budget Review Committee.

Dozens of telephone calls on matters that really shouldn't concern the Commerce Department if we were independent regulatory agency.

6. Much confusion to the public. We get many calls and visits from people who think we are the Department of Commerce. Very exasperating to them when we try to explain that Commerce is in Juneau when we are listed as within the Department of Commerce. Would probably be much worse if we were within the Department of Transportation.
7. Legal opinions have had to be routed through the Department of Commerce. Many times are very important and once was delayed thirty (30) days.

8. More red tape in travel authorization. Example: It was determined on Saturday by Governor's and Attorney General's offices that the Commission be present at hearing before the CAB. Had to secure Commerce Department approval for the trip and was delayed one-half day locating proper authorization.

Pros and Cons with the Alaska Transportation Commission being shifted intact to operate within the Department of Transportation

1. Cons - Same general duplication and budget problems as being within Commerce.
2. Pros - Probably would have closer working relationship with Divisions of Airports and Aviation, which is needed.
3. Confusion to the public will probably exist for awhile in any event. Most people don't know what the Commission does anyway.

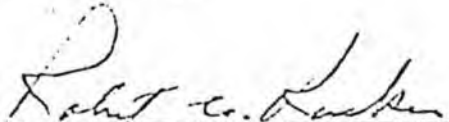
Advantages of being independent agency under Section 26 or 22 of State Constitution.

1. Eliminate one general layer of government for more efficient service to the public.
2. Present budget needs directly to Governor's Budget Review Committee and the Legislature.
3. Would be functioning directly beneath Governor's office and be more responsive to the Legislature.
4. Much closer cooperation with Governor's office in state matters before the federal agencies such as the CAB and ICC. More and more rate increases and route problems are arising which deserve a unified swift response on the part of the state.
5. Legislative proposals and testimony before the Legislature can be better coordinated with the Governor's office.

Internal structuring areas that should be considered.

1. Clearer statutory distinction of duties between the staff and the Commission, particularly when the staff appears before the Commission as a party in a proceeding.
2. In-house counsel badly needed. Part of one Assistant Attorney General simply is not sufficient to meet legal requirements of the Commission.
3. Relationship of Chairman to other Commissioners. Same pay, much more responsibility. Chairman responsible for budget and administrative duties. Nothing spelled out in AS 42.07 as to assignment of work or dockets. Can be a problem.
4. Possibility of changing statute to reflect that not more than two (2) Commissioners can be of same political party. Similar to CAB, ICC and other states. This tends to further remove politics from the regulatory function.
5. Removal of a Commissioner - I feel removal should be in the same manner as appointment and confirmation.
6. AS 42.07.021(a) presently states that, "A commissioner shall continue to hold office until his successor is appointed and qualified." (emphasis added) What does qualified mean?

Prepared by:

  
Robert C. Rucker, Chairman  
Alaska Transportation Commission

INSTITUTE OF SOCIAL, ECONOMIC  
AND GOVERNMENT RESEARCH



UNIVERSITY OF ALASKA  
FAIRBANKS, ALASKA 99701

September 5, 1975

*Sent to  
Sen. Kuttala*

*DOT*

*DOT*

The Honorable John Sackett  
State Senator  
527 3rd Avenue  
Fairbanks, Alaska 99701

Dear Senator Sackett:

Attached is a copy of an article by D. Joseph Smith on state departments of transportation. In that you sponsored legislation concerned with this subject, I believe that the article may be of interest to you.

Mr. Smith is employed by the California legislature and is very knowledgeable about DOT's, having monitored their creation while employed with the U.S. DOT. Alaska, more than any other state, needs coordinated planning which takes advantage of the economics of scale for different technologies. This is because of Alaska's reliance upon so many different modes for primary transport in the different regions of the state. An Alaska Department of Transportation would address this need.

Respectfully,

Lloyd N. Pernel  
Associate Professor of  
Transportation & Public Works

LMP/dml

Enclosure

by D. Joseph Smith\*

# State Transportation in Transition

IT IS QUITE APPARENT that in government, industry, and society in general, many of the institutions that served this Nation well enough in the past do not meet the needs of today. Transportation, because of its strong association with technological advancement and with the everyday needs of a changing society, has had to be particularly sensitive in recent years to the call for institutional change. In a super-industrial society such as the United States:

Our choice of technologies (such as those involved in transportation), in short, will decisively shape the cultural styles of the future. . . . This is why technological questions can no longer be answered in technological terms alone. They are political questions. . . . This is why we cannot continue to make technological decisions in the old way. We cannot permit them to be made haphazardly, independently of one another. We cannot permit them to be dictated by short-run economic considerations alone. We cannot permit them to be made in a policy vacuum. And we cannot casually delegate responsibility for such decisions to businessmen, scientists, engineers, or administrators who are unaware of the profound consequences of their own actions.<sup>1</sup>

There has been a tendency in an industrialized nation to "functionalize" and "specialize" most everything. In the case of transportation, development has often been broken down

into individual modes, isolated from one another. This practice was uncommonly successful, as an example, when this Nation was "getting out of the mud" in the early stages of the highway program or needed to stimulate the aviation mode to develop its full service potential. In the 1970s and beyond, however, public agencies at all levels will increasingly need to adopt broader, more flexible methods of operation. Public transportation agencies are no exception.

The purpose of this article is to describe some of the underlying forces that are causing the state transportation establishment to undergo some basic institutional changes, keying on some of the changes occurring in this area. It is suggested that these institutional changes are very timely in relation to the increasingly perceived need to get a handle on the future growth and development of our natural and man-made environment. This is especially true when one considers the constraints imposed by our limited financial resources and our limited natural resources such as oil and land.

## RATIONALE FOR CHANGE

One of the most pervasive factors causing institutional change in transportation is the tide of urbanization that continues to sweep the population to residences in or near urban areas. In the census of 1970, 73.5 percent of the population was found to be living in urban areas. This rise in urbanization is generally associated in Western nations with an increasing

\*Mr. Smith is currently Principal Consultant to the Assembly Committee on Transportation, California State Legislature. Previously, he was Assistant for Program Management, Office of the Deputy Under Secretary, U.S. Department of Transportation.

<sup>1</sup>Alvin Toffler, *Future Shock* (New York: Bantam Books, 1971), pp. 436-37.

in industrialization, which in turn necessitates a sizeable service population of commercial and governmental interests. This advanced employment mix increasingly demands a transportation system that includes jet air travel, improved mass transportation service, and a safe, efficient highway system.

More people concentrated in smaller geographic areas has meant that the complexity involved in providing transportation services has greatly increased; while the growth of the relative size of our urban areas (i.e., suburbanization) demands a tremendously increased need for more of all urban transportation services. Thus our American style of urbanization places a challenging and often conflicting set of demands on the field of transportation. These demands dictate that these new systems be adequately planned and developed as a coordinated system having as little detrimental effect as possible on the existing or planned urban fabric.

Strongly associated with the increase in the degree of urbanization has been the impact over the last decade of the one man, one vote ruling of the U.S. Supreme Court. In transportation, the phenomena of reapportionment and state government reorganization have developed support and action for improved comprehensive planning and development of the state transportation system brought about by greater representation of urban areas in the Legislatures.

One of the issues that has caused elected officials to be especially critical of traditional transportation policies has been the revolution of thought concerning the impact of transportation facilities on the environment. The environmental issue in transportation can be divided into two general categories: the long-range social, economic, aesthetic, and ecological concerns, and the immediate, short-range community disruption of relocated families and businesses. The long-range environmental concern has been supported through a framework of legislative actions such as the National Environmental Policy Act of 1969, Section 4 (f) of the Department of Transportation Act of 1966 and numerous other state, federal,

and local statutes. The administrative and judicial implementation of these laws has insured that implementing agencies must document environmental impact for public review. Short-range community disruption, on the other hand, has forced many elected officials to become directly involved in transportation decisions. With this involvement and the continuing impact of environmental legislation, state officials increasingly have realized the need for more responsive transportation institutions that have an ability and mandate to consider the broader implications of transportation investment.

As States study and consider actions on the alternatives to the traditional solutions toward providing transportation facilities in urban areas, they are finding the most promising are various forms of public or mass transportation. This intensified interest in public transit stems from two increasingly obvious realities. The first is that more highways do not always seem to be the long-run solution to urban traffic congestion. Indeed, new highway facilities sometimes generate more traffic and ultimately more congestion, especially where only a part of a planned freeway network has been implemented because of social, environmental, or economic constraints. Public transit is viewed as an alternate to the open-ended approach of building more highways, especially in urban areas where the financial, environmental, and social costs of new highways are becoming exceptionally high to individual communities and the States.

The second reality is the virtual financial collapse over the last two decades of the privately and publicly owned transit companies in this country, especially in communities of medium or small size. Largely because of the one-sided emphasis on highway investment, together with very little popular interest in public transit in the past, the local, state, and federal governments have had to financially help floundering transit companies or see this public service disappear at the same time that its potential for solving urban transportation problems is increasing.

The preoccupation of the federal and state

governments with the highway system and with air and water transportation has had a serious impact on almost all other modes of transportation in the last several decades. Examples included in the "other mode" category are bus transit, commuter rail (subway, streetcar, etc.), intercity rail transportation (freight and passenger service), intraurban freight transportation, transportation terminals or ports (freight and passenger), and such nontechnical transportation modes as walking and bicycling. The emphasis has not only led to overdevelopment of some transportation systems, but has meant a lack of research, development, and outdated regulation of the "other modes" so as to favor highway and air travel in the transportation marketplace. Thus, state action concerning these other modes has become necessary if the services they provide are to be continued.

Finally, the States have been redirecting their transportation policies and programs in response to the institutional momentum generated by the federal government. With the exception of Hawaii (1960) and New Jersey (1966), all state departments of transportation have been created since the passage of the U.S. Department of Transportation Act in 1966 and the flood of new federal transporta-

tion legislation since 1966. The table below shows the broad thrust of this reappraisal which now involves at least 37 States in one phase of action or another as of September 1974. Although the 27 States and Puerto Rico with established DOTs vary from loose coordinating structures to strong executive agencies with powerful financial tools, the States' response to federal initiatives in transportation is unmistakable.

The federal government views the improvement of state transportation capabilities favorably. The federal policy has generally been to encourage and assist, where requested, the States as they review existing transportation policies and programs. The U.S. DOT has avoided prescribing or promoting any particular type of organization or financial structure when advising the States on this subject. A prescriptive or promotional posture on the part of the U.S. DOT in this area would ignore the real differences between each State's needs in transportation.

#### THE STATES' RESPONSE: ORGANIZATION

With the exception of the recently established Missouri DOT, all State DOTs include the highway mode among their responsibilities. All States include their respective state aéro-

#### STATE DEPARTMENTS OF TRANSPORTATION

##### *DOT Established*

1. Arizona (1974)
2. California (1973)
3. Connecticut (1969)
4. Delaware (1970)
5. Florida (1967)
6. Georgia (1972)
7. Hawaii (1960)
8. Idaho (1974)
9. Illinois (1972)
10. Iowa (1974)
11. Kentucky (1973)
12. Maine (1972)
13. Maryland (1971)
14. Massachusetts (1971)
15. Michigan (1973)
16. Missouri (1974)
17. New Jersey (1966)
18. New York (1967)

19. North Carolina (1971)
20. Ohio (1972)
21. Oregon (1969)
22. Pennsylvania (1970)
23. Rhode Island (1970)
24. South Dakota (1973)
25. Tennessee (1972)
26. Virginia (1974)
27. Wisconsin (1967)
28. Puerto Rico (1973)

##### *DOT Legislation Recently Considered*

1. Alaska
2. Colorado
3. Nevada
4. Kansas
5. Minnesota

6. New Hampshire
7. Utah
8. Vermont
9. Washington
10. West Virginia

##### *DOT Feasibility Studies Completed*

1. Alaska
2. Colorado
3. Kansas
4. Louisiana
5. Minnesota
6. New Hampshire
7. Oklahoma
8. Utah
9. Vermont
10. Washington

nautics functions within the State DOT organization. All State DOTs have some responsibility in the area of mass transit, but the picture becomes quite blurred. Some State DOTs own and operate transit properties (Maryland and Rhode Island) while others are authorized only to plan or study mass transit with very limited funding and staffing. State DOTs active in this area generally help match federal transit grants, provide technical assistance to medium or small communities, and assess public transit needs for the Governor and the Legislature. Furthermore, about a dozen States have some responsibility in the area of port or marine transportation. Again, this responsibility ranges from state ownership and operation of port facilities (North Carolina, New York, and Maryland) to a rather general mandate to plan for or consider ports relative to the overall state transportation system.

It should be noted that New York is the first State to fully consolidate the development function in transportation (DOT) and the economic regulatory function in transportation (typically a Public Utilities Commission function) into one organization. Thus, regulatory decisions are in immediate and constant contact with the DOT's multimodal staff; or in other words, the regulatory side of the New York transportation program is set up to complement the development side of the program. After a couple of years of operation, this arrangement, while a large additional responsibility for New York's DOT to handle, has proven to be an important new tool in facilitating improved mass transit service and in meeting the crisis generated by the bankrupt Penn Central railroad.

A shake-up of transportation boards or commissions of various kinds has usually accompanied the establishment of State DOTs. Some of these bodies have retained important administrative responsibilities (Arizona, Georgia, and South Dakota). The trend in most States seems to be toward limiting the power of independent transportation bodies to advisory roles or sounding boards for new or controversial policies and projects. This trend

is consistent with the reorganization and modernization of state governments to make the process of governing more responsive and more clearly understood by the public. This trend also recognizes that the role of boards or commissions as blue-ribbon panels is no longer as necessary as it once was considering the high level of professionalism that the existing state transportation agencies have built up over the last 50 years.

There are three general types of organizational structures among existing State DOTs. The Connecticut DOT (the most typical) is similar to the federal DOT whereby general policy is made in the Office of the Commissioner, but the mass of planning and operations is carried out in line offices under the commissioner. Planning, research, and administration are line bureaus equal in status to modal bureaus.

Maryland is also organized with the modal administrations in separate line positions, but the difference is that the Office of the Secretary clearly consolidates all staff functions (planning, administration, etc.) above a modal identity. This type of organization allows operational functions to continue in separate modal offices while facilitating a single departmental posture when dealing with the public and elected officials. Under this approach everyone is working with one transportation plan, one transportation budget, and one set of transportation policies.

New York State has developed what is closest to the functional or low-modal approach to transportation organization. As in Maryland, the key administrative functions are in the office of the agency head while the Office of Planning and Development, Office of Operations, and Office of Transportation Regulatory Affairs are located in line positions. These offices are then divided into functional specialties. As an example, the Office of Operations is divided into functional categories dealing with construction, acquisition, maintenance, and traffic engineering and safety. The modal identity is maintained since specialists in highway design or waterway maintenance are located within multimodal

divisions dealing with design or maintenance. New York has also been somewhat successful in extending this functional organization to its district or regional transportation offices. It should be noted that New Jersey and Illinois have also adapted a functional approach to organization and many other State DOTs are noticeably evolving into functional organizations as they gain more operational experience.

#### FINANCING

There are presently three overall methods that have been developed to finance State DOT programs. Although these methods are often supplemented by various financial schemes, including bonding, they represent the main source of state transportation program funds.

The most typical method of funding state transportation is the "constitutionally or legislatively dedicated revenue method" whereby money collected concerning the use of a specific mode can only be used to fund the construction of that particular mode of transportation. Most States (including several States with DOTs) finance highway construction using this method and several States finance airport construction with a similarly dedicated revenue base.

The second method can be called the "general revenue method" whereby transportation user fees are taken into the state treasury like any other tax or fee and then budgeted for transportation development or any other purpose as determined by the Governor and the Legislature. Under this method (used by 21 States) transportation is viewed as one public service among all other public services and its importance is decided by elected officials on a regular basis. The diversion of transportation user fees and taxes for use on other than transportation uses varies from virtually no diversion to as much as one-third diversion.

A third method, although not typical, is the Maryland Transportation Trust Fund. Developed in conjunction with the creation of the Maryland DOT, this method allows all transportation user fees to be pooled into a single trust fund to be allocated using the following priorities:

1. The first 35 percent of certain highway user revenues automatically allocated to the Gas and Motor Vehicle Account, which is dedicated for highway use in local jurisdictions;

2. The remaining 65 percent of the highway user fees, 2 cents of the state gas tax, port docking fees, airport landing fees, toll fees, Baltimore transit revenues, and all other transportation revenue sources combined with three-fourths of one percent of the Maryland Corporate Income Tax to be dedicated to paying off the State DOT's consolidated transportation bonds. These bonds can be used to finance any type of transportation improvement; and

3. The remaining revenue available for transportation projects is proposed by the Governor and approved by the Legislature.

As more and more States become experienced in creating and administering comprehensive transportation programs, it is possible to perceive some general financial and organizational considerations that should be an important part of any deliberation concerning changes in state transportation programs.<sup>2</sup>

#### ACCOUNTABILITY

As discussed before, the States are moving away from "government by commissions or boards." Citizens are asking their elected officials to take charge of public affairs and make important resource and policy decisions themselves. The pressures and the complexity of modern government demand a professional responsiveness that many old state boards and commissions were never set up to accommodate.

Almost universally, State DOT officials feel that the best method in which to reflect the public interest in their activities is to be in a direct line of authority from the Governor while maintaining a close working relationship with the Legislature and locally elected offi-

<sup>2</sup>More detailed discussion about state transportation programs can be found in the following: *State Transportation Issues of the Seventies*, the Council of State Governments and U.S. Department of Transportation, Washington, D.C., August 1973. Summary of a conference cosponsored by the Council of State Governments and U.S. DOT, and hosted by the State of Maryland in September 1972 at Baltimore, Md.; *Statewide Transportation Planning*, Special Report 146, Transportation Research Board, Washington, D.C., 1974. Summary of a TRB Conference held in February 1974 in Williamsburg, Va.

cials. Under such a process, however organized, the lines of authority and therefore accountability are clear to citizens, elected officials, and State DOT personnel alike. This enables a more direct responsiveness concerning new or controversial transportation issues.

An example of this responsiveness to public needs arose during the recent Northeast rail crisis. When the impact of this crisis first became apparent to citizens and elected officials, some States in the region did not have the capability to react in a timely fashion because of a lack of legislative mandate and the necessary organizational framework. On the other hand, many of the State DOTs in the region were able to put resources and staff together to develop a state position regarding this vital transportation service almost immediately.

#### FLEXIBILITY

The ability to meet changing needs and priorities is stressed by State DOT officials when discussing how a State should go about reforming its transportation function. Flexibility is defined as the capability of a State DOT agency head to change his organizational or financial structure to accommodate in a timely fashion the increasing uncertainties of providing necessary transportation service.

The need for flexibility has been particularly critical in the last few years as States face abandonment of vital mass transit or railroad service, the energy crisis, and environmental problems. In addition, there are the regular demons of natural disasters, sudden industrial development, inevitable shifts in federal and state programs and priorities, and local demands for increased state funding that are more easily handled without an undue amount of red tape and time-consuming legislative delays if program flexibility is allowed.

Finally, flexibility will be helpful as States experience a general decline in the collection of gasoline taxes and other transportation user fees, combined with inflation. Public works projects are particularly hard hit by inflation because of the labor-intensive nature of such work and the importance of expensive oil in almost all facets of the industry. The eco-

omic situation is making it harder to pay for maintenance of existing facilities and is keeping many new, large projects on the shelf with little likelihood of relief from hard-pressed taxpayers. Under these conditions, it will be necessary for States to make very tough resource allocation decisions within each mode and between the modes of transportation.

To make these resource allocation decisions most efficiently, State DOT officials will need more flexibility. As an example of financial flexibility, in 1973 the Maryland DOT had difficulty spending funds to improve the Port of Baltimore because of environmental problems. Instead of the funds being dedicated to the port project, the DOT simply shifted the funds to a much-needed local roads program. This utilized the delayed project funds, delayed or canceled the need to float a separate bond issue for the roads, and speeded the road program ahead of the drastic cost of inflation. In 1975 the reverse is true: port projects will probably be utilizing excess highway and transit funds.

New York provides a good case study of the potential of flexibility in a state transportation bureaucracy. As the DOT concept evolved in New York and other States, it became clear that to go into new program areas would be costly and time consuming, especially in recruiting, training, and paying the salaries of new staff. One of the primary reasons New York adopted a functional organization was to better utilize existing state highway and other state transportation personnel.

Under the functional organization, talented individuals on the existing payroll could be retrained and reoriented into new and often upgraded positions dealing with airports, railroads, mass transit, or ports. This reorientation generally was accomplished without a great deal of time and cost. In addition, in a nonmodal atmosphere, new programmatic initiatives were more easily achieved without a great deal of the bureaucratic and political confrontation that often must take place in a status quo organizational situation. The organizational flexibility can be especially helpful as relatively unexpected crises arise.

**CONCLUSION**

State government is changing at a relatively rapid pace the institutions upon which it places the responsibility of providing citizens with transportation services. The reasons for this institutional change are as varied as the needs, traditions, and circumstances of each State.

Most important to our system of government is the fact that these institutions are changing to meet changing needs in an orderly fashion, without disrupting existing state transportation programs that continue to provide needed services to the people. The changes

have not been prescribed by the federal government or any other organization, but have been accomplished by each State relative to its current transportation needs.

As the public transportation establishment faces the energy, environmental, and financial crises, and crises yet unknown, the increased responsiveness and flexibility of the new and evolving state transportation agencies can only benefit the Nation. This is particularly true as we face the new breed of crises that demand conservation and/or increased efficiency relative to limited financial and natural resources.

# STATE GOVERNMENT

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## Contents

### Transportation

- State Transportation in Transition ..... *D. Joseph Smith* 67  
The States and New Mass Transit Aid ..... *George M. Smerk* 73

### State Legislative Composition

- Does Changing the Rules Change the Players? ..... *Carl D. Tubbesing* 79  
Preserving Our Heritage ..... *John C. West* 85  
Retirement System Consolidation ..... *Wesley Tschetter* 88  
State-Subsidized Child Care Services ..... *Jerome Evans* 93  
Human Services Integration ..... *George A. Bell and Dick Howard* 99  
Equal Rights Amendment  
Pro ..... *Elaine Gordon* 104  
Con ..... *Trudy Camping* 104  
Accountability and the Delivery of Welfare Checks ..... *Frank S. Beal* 109  
Congress. New Training Ground for Governors?  
..... *Paul L. Hain and Terry B. Smith* 114  
Fiscal Outlook in the States ..... *Selma J. Mushkin* 116  
Legislators and Criminal Justice Reform  
..... *Mike Kannensohn and Winifred Lyday* 122  
Legislative Budgetary Oversight in New York ..... *Eli B. Silverman* 128  
Toward Federal-State Partnerships in  
Science and Technology ..... *Daniel J. Elazar* 131



*Paul Albright*  
EDITOR

*Ralph J. Marcelli*  
ASSOCIATE EDITOR

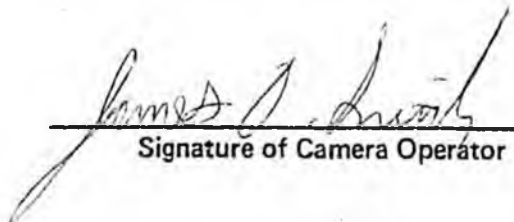
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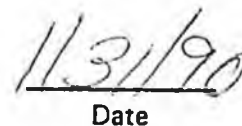


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Signature of Camera Operator

  
Date

COMMITTEE REPORT

3/28/75

HOUSE

Mr. Speaker:

Date March 28 1975

The Committee on FINANCE has had SSHB 64

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR SSHB 64 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

J. Duncan \_\_\_\_\_

W. J. ... \_\_\_\_\_

W. Buchholz \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Members NOT concurring in the Majority report:

D. ... recommends: No Rec.

... recommends: No Rec.

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

W. Buchholz Chairman

The Legislature of the State of Alaska  
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. Sponsor Substitute for House Bill 64 and Senate Bill 197

Title: An act relating to the Public Employees' Retirement System

Requested by: Sponsor Date: 2/14/75

Return Date Requested: ASAP

Agency: Administration - Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	-0-	8.3	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	12.0	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
100 Benefits	-0-	7,448.0	7,895.0	8,369.0	8,871.0	9,403.0
TOTAL	-0-	7,468.3	7,895.0	8,369.0	8,871.0	9,403.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	80%	-0-	5,974.6	6,316.0	6,695.2	7,096.8	7,522.4
FEDERAL FUNDS	17%	-0-	1,269.6	1,342.0	1,422.7	1,508.1	1,593.5
OTHER	3%	-0-	224.1	237.0	251.1	266.1	282.1

C. POSITIONS:

PERMANENT/TEMPORARY	0/0	0/0	0/0	0/0	0/0	0/0
MAN MONTHS (P./T.)	0/0	0/0	0/0	0/0	0/0	0/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. It is assumed that the State Payroll will increase at 6% per annum.
2. Estimated covered payroll for the State during FY 76 will be \$140,000,000.
3. Increase in contribution rate for the State = 5.32%.
4. The total contribution rate for the State will be 11.51%.
5. The additional costs to each participating political subdivision will be approximately 5.3% of their covered payroll.

IV. ATTACHMENTS

Appendix I

V. DATE: 3/24/75

PREPARED BY: Robert S. Gates

Robert S. Gates, Director  
Division of Retirement and Benefits  
Department of Administration

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

APPENDIX I

Sponsor Substitute for House Bill 64 and Senate Bill 197

The retroactive provisions would necessitate a recomputation of benefits for many persons already on retirement. In addition, adjustments would have to be made in the "retired reserve" accounts. To accomplish these tasks it would require the following additional personal services and computer modification costs.

1. One temporary position - Benefit Field Representative (Range 16) for a six month period:

Monthly Salary \$1,293 x 6 = \$7,758  
plus 7 1/4% benefits = 562

Total \$8,320

2. Modifications required to data processing systems = \$12,000

We would recommend that the effective dates of these bills be 7/1/75.

Introduced: 2/18/75  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOWMAN AND KELLEY

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the public employees' retirement system; and providing for an effective date."

7

8

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

9

\* Section 1. AS 39.35.160(a) is amended to read:

10

(a) While participating in the system ~~each~~ ~~employee~~ ~~and~~ ~~each~~ ~~peace~~ ~~officer~~ ~~and~~ ~~each~~ ~~fireman~~ shall contribute five ~~per~~ ~~cent~~ ~~and~~ ~~every~~ ~~other~~ ~~employee~~ shall contribute <sup>7%</sup> ~~one~~ ~~quarter~~ ~~per~~ ~~cent~~ ~~of~~ ~~his~~ ~~compensation~~ to the public employees' retirement system.

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REMOVE SECTION 2. AND RENUMBER OTHER SECTIONS ACCORDINGLY  
\* Sec. 2. AS 39.35.370(c) is amended to read:

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\* Sec. 3. AS 39.35.380(a) is amended to read:

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(a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is eligible for an early retirement pension on or after his 50th [55TH] birthday and after he completes five or more years of credited service. [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION

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employee's spouse as contingent beneficiary. If no spouse exists at the time of actual retirement, the pension shall be determined as if the spouse were the same age as the employee.

\* Sec. 7. AS 39.35.680(11) is amended to read:

(11) "normal retirement date" for an employee [A PEACE OFFICER OR A FIREMAN] means the first day of the month following either his 55th birthday and five [EIGHT] years of credited service or his 20th year of credited service, whichever is earlier [, AND FOR ANY OTHER EMPLOYEE IT MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH BIRTHDAY AND EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE, WHICHEVER IS EARLIER];

\* Sec. 8. This Act takes effect immediately in accordance with AS 01.10.070(c).

#

ARTICLE XXXVI

JOINT SUPPORT OF LEGISLATION

The Administration will support reasonable improvement in the Public Employees Retirement System.

From the General Government contract negotiated by the Alaska Public Employees Association and the State of Alaska - April 3, 1975.

April 11, 1975

House Finance Committee  
Hugh Malone, Chairman

Reference SSB64 amending the public employees' retirement system.

An analysis was made of those employees who are at age 55, or more, to determine the salary savings to the State, over a five year period, should these persons elect to retire. This was made in January, 1975.

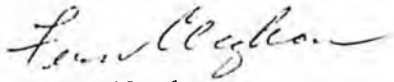
The Department of Highways, Central District, has 139 general government and 71 supervisors, and there are presently 27 people, or 12.9% who fall in the above category. Most of these are at Step E or beyond.

We find that the following salary savings would obtain, projected from 1975 through 1979:

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Total</u>
Incumbent Salaries	523,740	529,092	541,248	545,184	564,540	2,703,804
New Hires - Step A (1975)	435,312	442,608	469,488	486,708	504,564	2,338,680
Salary Savings	88,428	86,484	71,760	58,476	59,976	365,124

Attached are sheets detailing the projected salaries and savings.

Respectfully,



Fern Cleghorn  
General Government Unit  
Anchorage

Attachments: 2

Analysis  
Central District Highways, Employees

Current  
Positions  
Grade &  
Step

	1975		1976		1977		1978		1979	Totals
16F	1555	F	1555	J	1613	J	1613	K	1673	8009
8D	834	E	860	F	888	F	888	J	921	4391
8J	921	J	921	K	956	K	956	K	956	4710
25F	3016	F	3016	J	3128	J	3128	K	3246	15534
11K	1158	K	1158	K	1158	K	1158	M	1246	5878
20J	2165	J	2165	K	2246	K	2246	K	2246	11068
18B	1555	C	1613	D	1673	E	1736	F	1801	8378
20K	2246	K	2246	K	2246	K	2246	M	2418	11402
16J	1613	J	1613	K	1673	K	1673	K	1673	8245
10J	1045	J	1045	K	1085	K	1085	K	1085	5345
16F	1555	F	1555	J	1616	J	1613	K	1673	8009
11E	1041	F	1075	F	1116	J	1116	J	1116	5423
11D	1008	E	1041	F	1075	F	1075	J	1116	5315
19F	1939	F	1939	J	2011	J	2011	K	2087	9987
22D	2246	E	2331	F	2418	F	2418	J	2508	11921
20C	1869	D	1939	E	2011	F	2087	F	2087	9993
19J	2011	J	2011	K	2087	K	2087	K	2087	10283
18K	1939	K	1939	K	1939	K	1939	M	2087	9843
18K	1939	K	1939	K	1939	K	1939	M	2087	9843
16K	1673	K	1673	K	1673	K	1673	M	1801	8493
14K	1445	K	1445	K	1445	K	1445	M	1555	7335
18K	1939	K	1939	K	1939	K	1939	M	2087	9843
16K	1673	K	1673	K	1673	K	1673	M	1801	8493
16E	1499	F	1555	F	1555	J	1613	J	1613	7835
16C	1392	D	1445	E	1499	F	1555	F	1555	7446
14S	1392	J	1392	K	1445	K	1445	K	1445	7119
11C	977	D	1008	E	1041	F	1075	F	1075	5176

43,645.

44,091.

45,104.

45,432.

47,045.

225,317.

2,703,804.

Projected Cost  
New Hires - 1975-79

Range & Step	1975	1976	1977	1978	1979	Total
16A	1293	1342	1392	1445	1499	6,970
8A	760	796	808	834	860	4,058
8A	760	796	808	834	860	4,058
25A	2508	2603	2700	2802	2907	13,520
11A	916	961	977	1008	1041	4,903
20A	1736	1801	1869	1939	2011	9,356
18A	1499	1555	1613	1673	1736	8,076
20A	1736	1801	1869	1939	2011	9,356
16A	1293	1342	1392	1445	1499	6,971
10A	860	902	916	945	977	4,600
16A	1293	1342	1392	1445	1499	6,971
11A	916	961	977	1008	1041	4,903
11A	916	961	977	1008	1041	4,903
19A	1613	1673	1736	1801	1869	8,692
22A	2011	2087	2165	2246	2331	10,840
20A	1736	1939	2011	2087	2165	9,938
19A	1613	1673	1736	1801	1869	8,692
18A	1499	1555	1613	1673	1736	8,076
16A	1293	1342	1392	1445	1499	6,971
14A	1116	1158	1201	1246	1293	6,014
18A	1499	1555	1613	1673	1736	8,076
16A	1293	1342	1392	1445	1499	6,971
16A	1293	1342	1392	1445	1499	6,971
16A	1293	1342	1392	1445	1499	6,971
14A	1116	1158	1201	1246	1293	6,014
18A	1499	1555	1613	1673	1736	8,076
16A	1293	1342	1392	1445	1499	6,971
16A	1293	1342	1392	1445	1499	6,971
16A	1293	1342	1392	1445	1499	6,971
14A	1116	1158	1201	1246	1293	6,014
11A	916	961	977	1008	1041	4,903

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Monthly Cost	36,276	36,884	39,124	40,559	42,047	194,890
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Total - 5 Years

2,338,680

OVERVIEW OF THE ESSENTIAL POINTS

of the

GENERAL GOVERNMENT UNIT CONTRACT

1. WAGES - 1st Year of Contract

A. Retroactive Payment

1. 19.92% of gross wages paid during pay period of 1/16/75 through 2/15/75
2. Plus - 9% of gross wages paid during pay period of 2/16/75 through 3/15/75
3. Plus - 9% of gross wages paid during pay period of 3/16/75 through 4/15/75

B. In addition, the basic salary schedule will be increased by 9% effective April 16, 1975.

C. Cost of Living - If the cost of living increases more than 9% during 1975, a retroactive adjustment will be made at the end of the first year to compensate for the cost-of-living rise in excess of 9%.

12/21  
2. WAGES - 2nd Year of Contract

A. There will be a maximum increase in the basic salary schedule of 9%.

B. If the cost-of-living index rises less than 9% during 1975, the percentage increase in the basic salary schedule for 1975 will be the same as the actual percentage rise in the cost-of-living index for 1975.

C. If the cost-of-living index for 1976 rises more than the percentage increase made to the basic salary schedule at the beginning of 1976, a retroactive adjustment will be made at the end of the second year to compensate for the rise in excess of the percentage increase made to the basic salary schedule at the beginning of 1976.

3. OTHER ESSENTIALS

A. \$40 per day for short or late pay checks

B. The right to honor APEA picket lines

C. A foolproof method of collecting dues and agency fees

D. Increased step for Valdez and Fairbanks

E. An improved grievance procedure

- F. Paid holidays for temporaries
- G. Administration's support of reasonable improvements in Public Employees Retirement System
- H. APEA can order reclassification studies
- I. Annual and sick leave improvements
- J. Legal assistance
- K. Improved travel and per diem allowances
- L. Improvements in probation rules
- M. Improvements in recall pay, and rules
- N. 100% of medical cost in excess of \$5,000 - up to \$50,000
- O. Study of Social Security system as it affects state employees
- P. Cost-of-living survey for Alaska

CONTRACT BARGAINING COMMITTEE RECOMMENDATION

In accordance with Section 3, part 14 (B) of the By-Laws of the Alaska Public Employees Association, the Contract Bargaining Committee does now offer its opinion of the tentative agreement between the State of Alaska and the General Government Bargaining Unit.

We, the duly authorized negotiators for the General Government Bargaining Unit of the Alaska Public Employees Association, do hereby recommend, without reservation, approval of the proposed General Government Unit contract.

Benny Jackson

William H. ...

David Miles 4-1-75

March 17, 1975

The Honorable Willard L. Bowman  
 Pouch V  
 State Capitol  
 Juneau, Alaska 99811

Dear Representative Bowman:

The information contained in this letter will provide you with our analysis of the impact of the sponsor substitute for House Bill 64. Also you will find the incremental cost breakdown of the three major provisions in this piece of legislation.

Section 1. AS 39.35.160 (a) amendments in this section would increase the employee contribution rate to 5 1/4% for all participating employees including peace officers and firemen. An increase of 1/4% of 1% for peace officers and firemen and a 1% increase for all other employees will have the effect of reducing the overall cost of this bill by .80%.

Section 2. AS 39.35.370 (c) this amendment would provide a uniform benefit formula for all members of the Retirement System. This uniform formula (2% for the first 10 years and 2 1/2% for all years over 10) would also be applied to those persons already receiving retirement. In addition there would be an 80% maximum placed on the retirement benefit compared to the average monthly salary at the time of retirement. The cost of this provision would be 1.50% of an estimated \$140 million payroll for fiscal year 75. This cost assumes a 5 1/4% employee contribution rate and would be a total cost to the State of \$2,100,000 in FY 76.  
 2,122,000

Section 3. AS 39.35.380 (a) this section would provide for an early retirement for all employees at age 50 or regular retirement at age 55. The cost of this provision would be 1.00% of an estimated \$140 million payroll in FY 75. The dollar cost would be approximately \$1,512,000.

Section 4. AS 39.35.380 (d) this new subsection would specify that persons already receiving retirement benefits would have their benefits recalculated according to the provisions of this act. There would be no retroactive benefit payments made.

Section 5. AS 39.35.430 (a) this amendment would provide a minimum benefit for those terminating before July 1, 1975 next (b) this provision would provide for an employee to receive either the minimum benefit or the benefits calculated under Section 370 C whichever was greater.

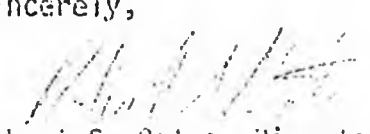
March 17, 1975

Section 6. AS 39.25.410 (d) this provision would take a person off of disability retirement at the new normal retirement age of 55 rather than age 60.

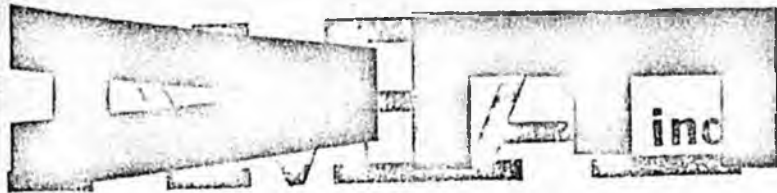
Section 7. AS 39.35.600 (11) this amendment would change the definition of normal retirement age for all employees to 55 with 5 years of creditable service. The reduction from 8 to 5 years is correcting a previous inconsistency in the statutes. Also this would provide that all employees could retire at any age with 20 years or more of service. The cost of the "20 years and out" provision would be 2.54% of an estimated \$140 million payroll FY 76. The dollar cost would be \$3,556,000 in FY 76.

I hope that providing you with a cost breakdown for each major component will be the information you need. Please let me know if I can be of any further assistance.

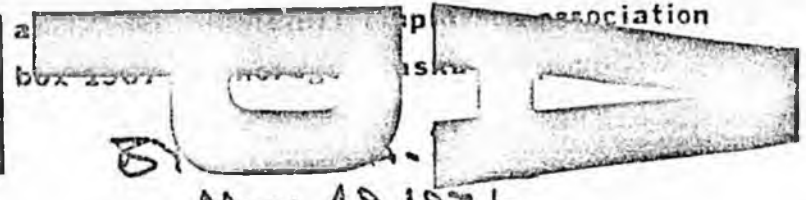
Sincerely,

  
Robert S. Gates, Director  
Division of Retirement & Benefits

RSG/jb



SINCE 1971



MAY 19, 1975

### 1. 5 1/4% CONTRIBUTION:

20 YEAR — 2.54%	\$ 3.556	} \$5.068
AGE 55 & 50 — 1.08%	- 1.512	
2 1/2% FACTOR — 1.50%	- 2.100	
TOTAL STATE — 5.12%	\$ 7.168	} \$3.612
+ 1% EMPLOYEE .80%	1.120	
5.72	\$ 8.288	

### 2. GOV.'S PROPOSAL

AGE 55 — 1.24%	\$ 1.736
HEALTH.	620
	<u>2,356</u>

### 3. # 241 @ 7% CONTRIBUTION

TOTAL STATE SHARE — 3.54%	\$ 4,976.
w/o 2 1/2% — (1.50%)	(2,100)
2.04%	<u>\$ 2,876</u>

EMPLOYEES COST 7% (4.25)	
2.75% — 2.75%	\$ 4,850

NOTE: EMPLOYEES SHARE HAS A 80% EFFECT ON ACCURIES



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 28, 1975

The Honorable Hugh Malone  
Chairman, House Finance Committee  
Alaska State Legislature  
Pouch V - State Capitol  
Juneau, Alaska 99811

Dear Representative Malone:

Under the collective bargaining agreement negotiations recently completed between the APEA and the State, this Administration agreed to support reasonable improvements to the State Employees' retirement program. Expanded retirement benefits were not included in the Administration's budget due to the fact that introduction of the budget preceded those negotiations. However, had the reverse been the case, it is likely that the budget would not have included any specific recommendations for changes in retirement benefits. The reason is that there are numerous retirement benefit proposals, almost all of which are worthwhile and advisable if the State possessed infinite resources, but very few of which can be afforded when the State is in the severe financial crisis that, unfortunately, it is. Under these circumstances, I feel that the Legislature, which has the responsibility of appropriating funds, should balance the advantages of the various benefit packages with the limited funds available for that purpose.

You have inquired as to what I believe constitutes a reasonable improvement to the State Employees' retirement program. What is reasonable must be resolved primarily in light of the State's grave financial circumstances.

My concern is to benefit as broad a base of employees as possible and to provide some assistance to existing retirees within the limits of existing financial constraints.

The Honorable  
Hugh Malone

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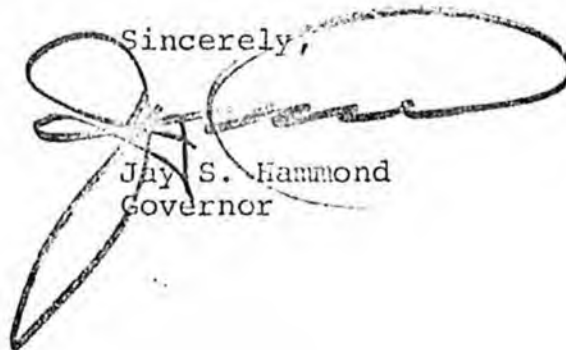
April 28, 1975

With these in mind, I would recommend that you consider the reasonableness of the following:

1. The normal retirement age be lowered to age 55. This provision would require a 1.24 per cent increase on the employer's contribution rate or \$1,736,000 for Fiscal Year 1976.
2. Legislation to provide major medical insurance to all persons retired under both the Public Employees and the Teachers' Retirement System. (H.B. 363). The cost of providing such coverage under the Public Employees' Retirement System for Fiscal Year 1976 would be \$620,000. The cost of providing the coverage in Fiscal Year 1976 for the Teachers' Retirement System would be \$454,000. In this case, retired persons in both systems have to be combined in order to develop a reasonable medical insurance rate. Passage of this coverage for either system by itself would require a different cost estimate.

The combined cost of lowering the normal retirement age to 55 and providing major medical insurance to existing retirees would cost approximately \$2,810,000 for Fiscal Year 1976. Should you desire any additional information concerning this subject, either I or my staff will be happy to respond.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Jay S. Hammond', is written over the typed name and title.

Jay S. Hammond  
Governor

Original sponsor: Bowman and Kelley

Offered: 6/1/75  
For today's calendar

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement  
7 system; and providing for an effective date."

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute seven [FOUR AND ONE-QUARTER] per cent of his compensation to  
13 the public employees' retirement system.

14 \* Sec. 2. AS 39.35.380(a) is amended to read:

15 (a) An employee [, OTHER THAN ^ PEACE OFFICER OR FIREMAN,] is  
16 eligible for an early retirement pension on or after his 50th [55TH]  
17 birthday and after he completes five or more years of credited service.  
18 [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION  
19 ON OR AFTER HIS 50TH BIRTHDAY AND AFTER HE COMPLETES FIVE OR MORE YEARS  
20 OF CREDITED SERVICE AS A PEACE OFFICER OR FIREMAN.]

21 \* Sec. 3. AS 39.35.380 is amended by adding a new subsection to read:

22 (d) An employee who previously retired under (a) of this section  
23 shall be paid benefits computed under sec. 370(c) of this chapter from  
24 the effective date of this Act.

25 \* Sec. 4. AS 39.35.485 is amended to read:

26 Sec. 39.35.485. MINIMUM BENEFIT. (a) An employee whose termina-  
27 tion occurred before July 1, 1975 [1972] and who is eligible for a  
28 benefit calculated in accordance with sec. 370(c) of this chapter is  
29 entitled to a benefit of at least \$13.25 a month for each year of

1 credited service, not including adjustments made under secs. 380, 410,  
2 450, 475 and 480 of this chapter.

3 (b) An employee who retired under this section before the  
4 effective date of this Act shall be paid a benefit amount computed  
5 under sec. 370(c) of this chapter or under this section, whichever is  
6 greater.

7 \* Sec. 5. AS 39.35.410(d) is amended to read:

8 (d) The monthly amount of an occupational disability pension for  
9 a peace officer or a fireman shall be two-thirds of his gross monthly  
10 compensation at the time of his disability. For any other employee  
11 it shall be determined in accordance with sec. 370(c) of this chapter,  
12 considering (1) the employee's compensation before his termination of  
13 employment, and (2) either the credited service that would have been  
14 accumulated if the employee's employment had continued until his 55th  
15 [60TH] birthday after his disability or his actual credited service  
16 before his disability, whichever is greater; except that the amount so  
17 determined shall be reduced by assuming that a joint and survivor option  
18 of 75 per cent became immediately effective upon retirement, with the  
19 employee's spouse as contingent beneficiary. If no spouse exists at  
20 the time of actual retirement, the pension shall be determined as if  
21 the spouse were the same age as the employee.

22 \* Sec. 6. AS 39.35.680(11) is amended to read:

23 (11) "normal retirement date" for an employee [A PEACE OFFI-  
24 CER OR A FIREMAN] means the first day of the month following either his  
25 55th birthday and five [EIGHT] years of credited service or his 20th  
26 year of credited service, whichever is earlier [, AND FOR ANY OTHER  
27 EMPLOYEE IT MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH  
28 BIRTHDAY AND EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF  
29 CREDITED SERVICE, WHICHEVER IS EARLIER];

1 \* Sec 7. This Act takes effect immediately in accordance with AS 01.10.-  
2 070(c).

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Introduced: 1/24/75  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY BOWMAN

2 HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement  
7 system."

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system an employee [EACH PEACE  
11 OFFICER AND EACH FIREMAN] shall contribute five per cent [AND EVERY  
12 OTHER EMPLOYEE SHALL CONTRIBUTE FOUR AND ONE-QUARTER PER CENT] of  
13 his compensation to the public employees' retirement system.

14 \* Sec. 2. AS 39.35.370(c) is amended to read:

15 (c) The monthly amount of the normal retirement pension for an  
16 employee [A PEACE OFFICER OR A FIREMAN] is two per cent of his average  
17 monthly compensation at his highest earning rate times his years of  
18 credited service up through 10 years, plus two and one-half per cent of  
19 his average monthly compensation at his highest earning rate times his  
20 years of service over 10 years. [FOR EVERY OTHER EMPLOYEE AND RETIRED  
21 EMPLOYEE IT IS TWO PER CENT OF HIS AVERAGE MONTHLY COMPENSATION TIMES  
22 HIS YEARS OF SERVICE.] However, the monthly amount of the normal retire-  
23 ment pension may not exceed 80 per cent of the average monthly compensa-  
24 tion received by the employee at his highest earning rate.

25 \* Sec. 3. AS 39.35.380(a) is amended to read:

26 (a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is  
27 eligible for an early retirement pension on or after his 50th [55TH]  
28 birthday and after he completes five or more years of credited service.  
29 [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION ON OR

1 AFTER HIS 50TH BIRTHDAY AND AFTER HE COMPLETES FIVE OR MORE YEARS OF  
2 CREDITED SERVICE AS A PEACE OFFICER OR FIREMAN.]

3 \* Sec. 4. AS 39.35.680(11) is amended to read:

4 (11) "normal retirement date" for an employee [A PEACE OFFICER  
5 OR A FIREMAN] means the first day of the month following either his 55th  
6 birthday and eight years of credited services or his 20th year of  
7 credited service, [WHICHEVER IS EARLIER, AND FOR ANY OTHER EMPLOYEE IT  
8 MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH BIRTHDAY AND  
9 EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE,]  
10 whichever is earlier;

Introduced: 2/18/75  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOWMAN AND KELLEY

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement  
7 system; and providing for an effective date."

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system an employee [EACH PEACE  
11 OFFICER AND EACH FIREMAN] shall contribute five [PER CENT AND EVERY  
12 OTHER EMPLOYEE SHALL CONTRIBUTE FOUR] and one-quarter per cent of his  
13 compensation to the public employees' retirement system.

14 \* Sec. 2. AS 39.35.370(c) is amended to read:

15 (c) The monthly amount of the normal retirement pension for an  
16 employee and a retired employee [A PEACE OFFICER OR A FIREMAN] is two  
17 per cent of his average monthly compensation times his years of  
18 credited service up through 10 years, plus two and one-half per cent of  
19 his average monthly compensation times his years of service over 10  
20 years. However, the monthly amount of the normal retirement pension  
21 may not exceed 80 per cent of the average monthly compensation upon  
22 which the benefit is calculated [FOR EVERY OTHER EMPLOYEE AND RETIRED  
23 EMPLOYEE IT IS TWO PER CENT OF HIS AVERAGE MONTHLY COMPENSATION TIMES  
24 HIS YEARS OF SERVICE].

25 \* Sec. 3. AS 39.35.380(a) is amended to read:

26 (a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is  
27 eligible for an early retirement pension on or after his 50th [55TH]  
28 birthday and after he completes five or more years of credited service.  
29 [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION

1 ON OR AFTER HIS 50TH BIRTHDAY AND AFTER HE COMPLETES FIVE OR MORE YEARS  
2 OF CREDITED SERVICE AS A PEACE OFFICER OR FIREMAN.]

3 \* Sec. 4. AS 39.35.380 is amended by adding a new subsection to read:

4 (d) An employee who previously retired under (a) of this section  
5 shall be paid benefits computed under sec. 370(c) of this chapter from  
6 the effective date of this Act.

7 \* Sec. 5. AS 39.35.485 is amended to read:

8 Sec. 39.35.485. MINIMUM BENEFIT. (a) An employee whose termina-  
9 tion occurred before July 1, 1975 [1972] and who is eligible for a  
10 benefit calculated in accordance with sec. 370(c) of this chapter is  
11 entitled to a benefit of at least \$13.25 a month for each year of  
12 credited service, not including adjustments made under secs. 380, 410,  
13 450, 475 and 480 of this chapter.

14 (b) An employee who retired under this section before the  
15 effective date of this Act shall be paid a benefit amount computed  
16 under sec. 370(c) of this chapter or under this section, whichever is  
17 greater.

18 \* Sec. 6. AS 39.35.410(d) is amended to read:

19 (d) The monthly amount of an occupational disability pension for  
20 a peace officer or a fireman shall be two-thirds of his gross monthly  
21 compensation at the time of his disability. For any other employee  
22 it shall be determined in accordance with sec. 370(c) of this chapter,  
23 considering (1) the employee's compensation before his termination of  
24 employment, and (2) either the credited service that would have been  
25 accumulated if the employee's employment had continued until his 55th  
26 [60TH] birthday after his disability or his actual credited service  
27 before his disability, whichever is greater; except that the amount so  
28 determined shall be reduced by assuming that a joint and survivor option  
29 of 75 per cent became immediately effective upon retirement, with the

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employee's spouse as contingent beneficiary. If no spouse exists at the time of actual retirement, the pension shall be determined as if the spouse were the same age as the employee.

\* Sec. 7. AS 39.35.680(11) is amended to read:

(11) "normal retirement date" for an employee [A PEACE OFFICER OR A FIREMAN] means the first day of the month following either his 55th birthday and five [EIGHT] years of credited service or his 20th year of credited service, whichever is earlier [, AND FOR ANY OTHER EMPLOYEE IT MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH BIRTHDAY AND EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE, WHICHEVER IS EARLIER];

\* Sec. 8. This Act takes effect immediately in accordance with AS 01.10.070(c).

#

The Legislature of the State of Alaska  
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CS for Sponsor Substitute for HB 64  
 Title: An Act relating to the Public Employees' Retirement System  
 Requested by: House Finance Committee Date: May 31, 1976  
 Return Date Requested: ASAP  
 Agency: Administration-Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	-0-	8.3				
200 TRAVEL	-0-	-0-				
300 CONTRACTUAL	-0-	12.0				
400 COMMODITIES	-0-	-0-				
500 EQUIPMENT	-0-	-0-				
600 LAND & STRUCTURES	-0-	-0-				
700 GRANTS, CLAIMS, ETC.	-0-	-0-				
BENEFITS	-0-	3,108.0				
TOTAL		3,128.3				

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	2,486.4				
FEDERAL FUNDS	-0-	528.4				
OTHER	-0-	93.2				
PERS		20.3				

C. POSITIONS:

PERMANENT/TEMPORARY	0/0	0/1	/	/	/	/
MAN MONTHS (P./T.)	0/0	0/6	/	/	/	/

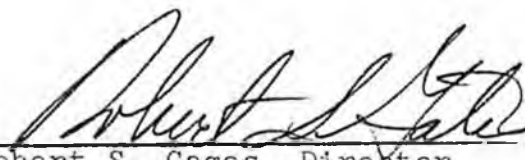
III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. It is assumed that the State Payroll will increase at 6% per annum.
2. Estimated covered payroll for the State during FY 76 will be \$140,000-000.
3. Increase in contribution rate for the State = 2.22%.
4. Employee contribution rate for non-peace officers and fireman will increase from 4.25% to 7.0%.
5. The additional costs to each participating political subdivision will be approximately 2.2% of their covered payroll.

IV. ATTACHMENTS APPENDIX I

V. DATE: 5/31/75

PREPARED BY:

  
 Robert S. Gages, Director  
 Division of Retirement  
 Department of Administration

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

APPENDIX I

CS Sponsor Substitute for House Bill 64

The retroactive provisions would necessitate a recomputation of benefits for many persons already on retirement. In addition, adjustments would have to be made in the "retired reserve" accounts. To accomplish these tasks it would require the following additional personal services and computer modification costs.

1. One temporary position - Benefit Field Representative  
(Range 16) for a six month period:

Monthly Salary \$1,293 x 6 = \$7,758  
plus 7 1/4% benefits = 562

Total \$8,320

2. Modifications required to  
data processing systems = \$12,000

We would recommend that the effective date of these bill be 7/1/75.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James J. Smith  
Signature of Camera Operator

11/31/90  
Date

COMMITTEE REPORT

2/6/76

SENATE

Mr. President:

Date 2/24/76

The Committee on FINANCE has had CS SS HB 64  
relating to public employees retirement system  
under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- ( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH <sup>Senate</sup> CS FOR CS SSB64 AND THAT

Senate CS FOR CS SSB64 DO PASS

- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- ( ) "other"

Members signing the Majority report:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

Jim [unclear] recommends: do not pass

[unclear] recommends: do not pass

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ Chairman

The Legislature of the State of Alaska  
FISCAL NOTE  
Second Session - Eighth Legislature

I. REQUEST

Bill Identification: SCS CSSH B 64  
Title: An act relating to the Public Employees' Retirement System  
Requested by: Senate Finance Date: February 6, 1976  
Return Date Requested: February 9, 1976  
Agency: Administration - Retirement Program: PERS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	5.0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
100 BENEFITS	0	2,322.0	2,600.6	2,912.7	3,262.2	3,653.7
TOTAL	0	2,327.0	2,600.6	2,912.7	3,262.2	3,653.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND	80%	0	1,857.6	0	0	0	0
FEDERAL FUNDS	17%	0	394.7	Increased 12% per year			
OTHER	3%	0	69.7	0	0	0	0
PERS		0	5.0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. It is assumed that State Payroll will increase at 12% per annum.
2. Estimated State Payroll for FY 77 is \$180,000,000.
3. Increased employer contribution rate is 1.29%.
4. The employer rate for each participating political subdivision will be increased by 1.29%.
5. The estimated cost of modifying the PERS data processing system will be \$5,000. (one time only)

IV. ATTACHMENTS

V. DATE: 02/09/76

PREPARED BY: Robert S. Gates

Robert S. Gates, Director  
Division of Retirement & Benefits

Original: Legislative Finance 1  
cc: Budget and Management 2  
Prime Sponsor (First Legislator Named)  
SENATE FINANCE COMMITTEE (FINNELL)  
OFFICE OF THE COMMISSIONER 1  
REPRESENTATIVE GELLET 1

Original sponsors: Bowman and Kelley

Offered: 2/6/76  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement  
7 system; and providing for an effective date."

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute six [FOUR AND ONE-QUARTER] per cent of his compensation to  
13 the public employees' retirement system.

14 \* Sec. 2. AS 39.35.680(11) is amended to read:

15 (11) "normal retirement date" for an employee [A PEACE OFFICER  
16 OR A FIREMAN] means the first day of the month following either his 55th  
17 birthday and five years of credited service or his 20th year of credited  
18 service, whichever is earlier [. FOR ANY OTHER EMPLOYEE IT MEANS THE  
19 FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 55TH BIRTHDAY AND FIVE YEARS  
20 OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE, WHICHEVER IS  
21 EARLIER];

22 \* Sec. 3. This Act takes effect July 1, 1976.  
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# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS PUBLIC EMPLOYEES' &  
TEACHERS' RETIREMENT SYSTEMS, HEALTH INSURANCE, DEFERRED  
COMPENSATION, GOVERNMENT SOCIAL SECURITY PROGRAM

POUCH CR - JUREAU 99811  
PHONE (907) 465-4410

January 29, 1976

The Honorable John Huber  
Chairman  
Senate State Affairs Committee  
Pouch V  
Juneau, Alaska 99801

Dear Senator Huber:

During your committee hearing on January 27, 1976 you requested that I provide you with cost data relating to options of several major provisions contained in Senate Bill 197 and SCS CSSSIB 54. The provisions for which employer costs have been developed by our actuary are:

1. Normal retirement after 25 years of service without an age requirement.
2. Normal retirement after 20 years of service without an age requirement.
3. Increasing the benefit formula after 10 years of service from 2% to 2 1/2%.

The cost to the employer is expressed as a percentage to be applied to the covered payroll which is estimated to be \$180,000,000 for FY 1977. This estimated payroll is for the state only and the same percentage would be applied to the payrolls of other participating employers. Example - for every 1% increase in state contributions it will cost (1.00 x 180,000,000) or \$1,800,000 in additional contributions for FY77. In each succeeding year it will require state contributions of the percentage increase times the actual covered payroll in that year.

The following cost data shown in Tables I and II must be used if only one of the two major provisions are incorporated into a bill. If both major provisions are considered the data provided in Table III must be used.

TABLE I

This assumes that the present benefit formula remains unchanged at 2% for all years of service.

	<u>Employee Contribution Rates</u>				
	<u>4.25%</u>	<u>4.65%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
25 years and out (Employer cost)	.70%	.43%	.19%	(.50)	(1.17)
20 years and out (Employers cost)	2.30%	2.06%	1.84%	1.23%	.61%

TABLE II

This assumes that the present normal retirement provisions remain in effect i.e., 5 or more years of service at age 55, or 30 years of service without an age requirement.

	<u>Employee Contribution Rate</u>				
	<u>4.25%</u>	<u>4.65%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
Benefit formula is 2% for first 10 years of service and 2 1/2% for years thereafter (Employer cost)	2.30%	2.00%	1.74%	.99%	.24%

TABLE III

The employer costs shown are based on the assumption that both the earlier retirement and the increased benefit formula provisions are adopted.

	<u>Employee Contribution Rate</u>				
	<u>4.25%</u>	<u>4.65%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>
25 years and out (Employer cost)	3.00%	2.73%	2.49%	1.80%	1.13%
20 years and out (Employer cost)	4.40%	4.16%	3.94%	3.33%	2.71%

Senator Huber

-3-

January 29, 1976

I will be happy to discuss this information with you at your convenience. Please contact me if you desire any additional information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert S. Gates".

Robert S. Gates, Director  
Division of Retirement & Benefits

RSG/jal

Original sponsors: Bowman and Kelley

Offered: 2/6/76  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement  
7 system; and providing for an effective date."

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

9 \* Section 1. AS 39.35.160(a) is amended to read:

10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute six [FOUR AND ONE-QUARTER] per cent of his compensation to  
13 the public employees' retirement system.

14 \* Sec. 2. AS 39.35.680(11) is amended to read:

15 (11) "normal retirement date" for an employee [A PEACE OFFICER  
16 OR A FIREMAN] means the first day of the month following either his 55th  
17 birthday and five years of credited service or his 20th year of credited  
18 service, whichever is earlier [. FOR ANY OTHER EMPLOYEE IT MEANS THE  
19 FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 55TH BIRTHDAY AND FIVE YEARS  
20 OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE, WHICHEVER IS  
21 EARLIER];

22 \* Sec. 3. This Act takes effect July 1, 1976.  
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Original sponsor: Bowman and Kelley

Offered: 6/1/75  
For today's calendar

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 NINTH LEGISLATURE - FIRST SESSION

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10 (a) While participating in the system each peace officer and each  
11 fireman shall contribute five per cent and every other employee shall  
12 contribute seven [FOUR AND ONE-QUARTER] per cent of his compensation to  
13 the public employees' retirement system.

14 \* Sec. 2. AS 39.35.380(a) is amended to read:

15 (a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is  
16 eligible for an early retirement pension on or after his 50th [55TH]  
17 birthday and after he completes five or more years of credited service.  
18 [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION  
19 ON OR AFTER HIS 50TH BIRTHDAY AND AFTER HE COMPLETES FIVE OR MORE YEARS  
20 OF CREDITED SERVICE AS A PEACE OFFICER OR FIREMAN.]

21 \* Sec. 3. AS 39.35.380 is amended by adding a new subsection to read:

22 (d) An employee who previously retired under (a) of this section  
23 shall be paid benefits computed under sec. 370(c) of this chapter from  
24 the effective date of this Act.

25 \* Sec. 4. AS 39.35.485 is amended to read:

26 Sec. 39.35.485. MINIMUM BENEFIT. (a) An employee whose termina-  
27 tion occurred before July 1, 1975 [1972] and who is eligible for a  
28 benefit calculated in accordance with sec. 370(c) of this chapter is  
29 entitled to a benefit of at least \$13.25 a month for each year of

1 credited service, not including adjustments made under secs. 380, 410,  
2 450, 475 and 480 of this chapter.

3 (b) An employee who retired under this section before the  
4 effective date of this Act shall be paid a benefit amount computed  
5 under sec. 370(c) of this chapter or under this section, whichever is  
6 greater.

7 \* Sec. 5. AS 39.35.410(d) is amended to read:

8 (d) The monthly amount of an occupational disability pension for  
9 a peace officer or a fireman shall be two-thirds of his gross monthly  
10 compensation at the time of his disability. For any other employee  
11 it shall be determined in accordance with sec. 370(c) of this chapter,  
12 considering (1) the employee's compensation before his termination of  
13 employment, and (2) either the credited service that would have been  
14 accumulated if the employee's employment had continued until his 55th  
15 [60TH] birthday after his disability or his actual credited service  
16 before his disability, whichever is greater; except that the amount so  
17 determined shall be reduced by assuming that a joint and survivor option  
18 of 75 per cent became immediately effective upon retirement, with the  
19 employee's spouse as contingent beneficiary. If no spouse exists at  
20 the time of actual retirement, the pension shall be determined as if  
21 the spouse were the same age as the employee.

22 \* Sec. 6. AS 39.35.680(11) is amended to read:

23 (11) "normal retirement date" for an employee [A PEACE OFFI-  
24 CER OR A FIREMAN] means the first day of the month following either his  
25 55th birthday and five [EIGHT] years of credited service or his 20th  
26 year of credited service, whichever is earlier [, AND FOR ANY OTHER  
27 EMPLOYEE IT MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH  
28 BIRTHDAY AND EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF  
29 CREDITED SERVICE, WHICHEVER IS EARLIER];

1 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-  
2 070(c).

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Introduced: 2/18/75  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOWMAN AND KELLEY

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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10 (a) While participating in the system an employee [EACH PEACE  
11 OFFICER AND EACH FIREMAN] shall contribute five [PER CENT AND EVERY  
12 OTHER EMPLOYEE SHALL CONTRIBUTE FOUR] and one-quarter per cent of his  
13 compensation to the public employees' retirement system.

14 \* Sec. 2. AS 39.35.370(c) is amended to read:

15 (c) The monthly amount of the normal retirement pension for an  
16 employee and a retired employee [A PEACE OFFICER OR A FIREMAN] is two  
17 per cent of his average monthly compensation times his years of  
18 credited service up through 10 years, plus two and one-half per cent of  
19 his average monthly compensation times his years of service over 10  
20 years. However, the monthly amount of the normal retirement pension  
21 may not exceed 80 per cent of the average monthly compensation upon  
22 which the benefit is calculated [FOR EVERY OTHER EMPLOYEE AND RETIRED  
23 EMPLOYEE IT IS TWO PER CENT OF HIS AVERAGE MONTHLY COMPENSATION TIMES  
24 HIS YEARS OF SERVICE].

25 \* Sec. 3. AS 39.35.380(a) is amended to read:

26 (a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is  
27 eligible for an early retirement pension on or after his 50th [55TH]  
28 birthday and after he completes five or more years of credited service.  
29 [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION

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3 \* Sec. 4. AS 39.35.380 is amended by adding a new subsection to read:

4 (d) An employee who previously retired under (a) of this section  
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6 the effective date of this Act.

7 \* Sec. 5. AS 39.35.485 is amended to read:

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9 tion occurred before July 1, 1975 [1972] and who is eligible for a  
10 benefit calculated in accordance with sec. 370(c) of this chapter is  
11 entitled to a benefit of at least \$13.25 a month for each year of  
12 credited service, not including adjustments made under secs. 380, 410,  
13 450, 475 and 480 of this chapter.

14 (b) An employee who retired under this section before the  
15 effective date of this Act shall be paid a benefit amount computed  
16 under sec. 370(c) of this chapter or under this section, whichever is  
17 greater.

18 \* Sec. 6. AS 39.35.410(d) is amended to read:

19 (d) The monthly amount of an occupational disability pension for  
20 a peace officer or a fireman shall be two-thirds of his gross monthly  
21 compensation at the time of his disability. For any other employee  
22 it shall be determined in accordance with sec. 370(c) of this chapter,  
23 considering (1) the employee's compensation before his termination of  
24 employment, and (2) either the credited service that would have been  
25 accumulated if the employee's employment had continued until his 55th  
26 [60TH] birthday after his disability or his actual credited service  
27 before his disability, whichever is greater; except that the amount so  
28 determined shall be reduced by assuming that a joint and survivor option  
29 of 75 per cent became immediately effective upon retirement, with the

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employee's spouse as contingent beneficiary. If no spouse exists at the time of actual retirement, the pension shall be determined as if the spouse were the same age as the employee.

\* Sec. 7. AS 39.35.680(11) is amended to read:

(11) "normal retirement date" for an employee [A PEACE OFFICER OR A FIREMAN] means the first day of the month following either his 55th birthday and five [EIGHT] years of credited service or his 20th year of credited service, whichever is earlier [, AND FOR ANY OTHER EMPLOYEE IT MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH BIRTHDAY AND EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE, WHICHEVER IS EARLIER];

\* Sec. 8. This Act takes effect immediately in accordance with AS 01.10.070(c).

#

Introduced: 2/18/75  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY BOWMAN AND KELLEY

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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13 compensation to the public employees' retirement system.

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17 per cent of his average monthly compensation times his years of  
18 credited service up through 10 years, plus two and one-half per cent of  
19 his average monthly compensation times his years of service over 10  
20 years. However, the monthly amount of the normal retirement pension  
21 may not exceed 80 per cent of the average monthly compensation upon  
22 which the benefit is calculated [FOR EVERY OTHER EMPLOYEE AND RETIRED  
23 EMPLOYEE IT IS TWO PER CENT OF HIS AVERAGE MONTHLY COMPENSATION TIMES  
24 HIS YEARS OF SERVICE].

25 \* Sec. 3. AS 39.35.380(a) is amended to read:

26 (a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is  
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8 Sec. 39.35.485. MINIMUM BENEFIT. (a) An employee whose termina-  
9 tion occurred before July 1, 1975 [1972] and who is eligible for a  
10 benefit calculated in accordance with sec. 370(c) of this chapter is  
11 entitled to a benefit of at least \$13.25 a month for each year of  
12 credited service, not including adjustments made under secs. 380, 410,  
13 450, 475 and 480 of this chapter.

14 (b) An employee who retired under this section before the  
15 effective date of this Act shall be paid a benefit amount computed  
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18 \* Sec. 6. AS 39.35.410(d) is amended to read:

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21 compensation at the time of his disability. For any other employee  
22 it shall be determined in accordance with sec. 370(c) of this chapter,  
23 considering (1) the employee's compensation before his termination of  
24 employment, and (2) either the credited service that would have been  
25 accumulated if the employee's employment had continued until his 55th  
26 [60TH] birthday after his disability or his actual credited service  
27 before his disability, whichever is greater; except that the amount so  
28 determined shall be reduced by assuming that a joint and survivor option  
29 of 75 per cent became immediately effective upon retirement, with the

1 employee's spouse as contingent beneficiary. If no spouse exists at  
2 the time of actual retirement, the pension shall be determined as if  
3 the spouse were the same age as the employee.

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7 55th birthday and five [EIGHT] years of credited service or his 20th  
8 year of credited service, whichever is earlier [, AND FOR ANY OTHER  
9 EMPLOYEE IT MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH  
10 BIRTHDAY AND EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF  
11 CREDITED SERVICE, WHICHEVER IS EARLIER];

12 \* Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-

13 070(c).  
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Introduced: 1/24/75  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY BOWMAN

2 HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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13 his compensation to the public employees' retirement system.

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17 monthly compensation at his highest earning rate times his years of  
18 credited service up through 10 years, plus two and one-half per cent of  
19 his average monthly compensation at his highest earning rate times his  
20 years of service over 10 years. [FOR EVERY OTHER EMPLOYEE AND RETIRED  
21 EMPLOYEE IT IS TWO PER CENT OF HIS AVERAGE MONTHLY COMPENSATION TIMES  
22 HIS YEARS OF SERVICE.] However, the monthly amount of the normal retire-  
23 ment pension may not exceed 80 per cent of the average monthly compensa-  
24 tion received by the employee at his highest earning rate.

25 \* Sec. 3. AS 39.35.380(a) is amended to read:

26 (a) An employee [, OTHER THAN A PEACE OFFICER OR FIREMAN,] is  
27 eligible for an early retirement pension on or after his 50th [55TH]  
28 birthday and after he completes five or more years of credited service.  
29 [A PEACE OFFICER OR FIREMAN IS ELIGIBLE FOR AN EARLY RETIREMENT PENSION ON OR

1 AFTER HIS 50TH BIRTHDAY AND AFTER HE COMPLETES FIVE OR MORE YEARS OF  
2 CREDITED SERVICE AS A PEACE OFFICER OR FIREMAN.]

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4 (11) "normal retirement date" for an employee [A PEACE OFFICER  
5 OR A FIREMAN] means the first day of the month following either his 55th  
6 birthday and eight years of credited services or his 20th year of  
7 credited service, [WHICHEVER IS EARLIER, AND FOR ANY OTHER EMPLOYEE IT  
8 MEANS THE FIRST DAY OF THE MONTH FOLLOWING EITHER HIS 60TH BIRTHDAY AND  
9 EIGHT YEARS OF CREDITED SERVICE OR HIS 30TH YEAR OF CREDITED SERVICE,]  
10 whichever is earlier;