

LEG. FINANCE - BILLS 1977 - 1978 643
CSHB 25 cont., thru HB 36

Original sponsors: Duncan and Miller

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 25

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to leave of state officers, state employees, and teachers; and providing for an effective date."

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

* Section 1. AS 39.20.200 is repealed and re-enacted to read:

Sec. 39.20.200. COMPUTATION OF PERSONAL LEAVE. Officers and employees of the state are entitled to personal leave with pay which accrues as follows:

(1) two days for each full monthly pay period in the case of officers and employees with less than two years of service;

(2) two and one-quarter days for each full monthly pay period in the case of officers and employees with two but less than five years of service;

(3) two and one-half days for each full monthly pay period in the case of officers and employees with five but less than 10 years of service;

(4) three days for each full monthly pay period in the case of officers and employees with 10 years or more of service.

* Sec. 2. AS 39.20.210 is amended to read:

Sec. 39.20.210. DETERMINING YEARS OF SERVICE. In determining years of service for the purpose of computing personal [ANNUAL] leave, all service with the Territory and State of Alaska is included. A change in the rate of accrual of personal [ANNUAL] leave by an officer or employee takes effect upon the beginning of the monthly pay period

following the monthly pay period in which the officer or employee completes the prescribed period of service.

* Sec. 3. AS 39.20.220 is amended to read:

Sec. 39.20.220. REQUIREMENT THAT EMPLOYMENT BE CONTINUOUS.

Notwithstanding sec. 200 of this chapter, an officer or employee is entitled to personal [ANNUAL] leave only after having been employed currently for a continuous period of 30 [90] days under one or more appointments without break in service. When an officer or employee completes a period of continuous employment of 30 [90] days, an amount of personal [ANNUAL] leave is credited to him equal to the amount which, but for this section, would have accrued under sec. 200 of this chapter during the period.

* Sec. 4. AS 39.20 is amended by adding a new section to read:

Sec. 39.20.225. USE OF PERSONAL LEAVE. (a) An officer or employee may take personal leave at any time business permits upon permission by the head of the department or agency for which he works.

(b) An officer or employee may take personal leave for medical reasons, regardless of whether business permits, upon permission by the head of the department or agency for which he works. A department or agency head shall grant personal leave for medical reasons if he is satisfied that the employee is absent for medical reasons. The taking of personal leave for medical reasons shall be reduced by the amount of wage continuation payments made under the Alaska Workmen's Compensation Act (AS 23.40). The following constitute "medical reasons" and are subject to the conditions noted.

(1) Medical disability of an officer or employee is a medical reason for taking personal leave. A department or agency head may require a doctor's certificate showing the disability if the absence exceeds three consecutive working days.

(2) Medical disability of a member of an officer's or employee's immediate family is a medical reason for taking personal leave if the disability is such that the attendance of the officer or employee is required. A department or agency head may require a doctor's certificate showing the disability if the absence exceeds three working days.

(3) A medical condition of an officer or employee which makes his presence at work a danger to the health of his fellow employees is a medical reason for taking personal leave. A department or agency head may require a doctor's certificate showing the condition if the absence exceeds three consecutive working days.

(4) Pregnancy and childbirth is a medical reason for a female officer or employee to take personal leave. A female officer or employee, otherwise qualified for a leave of absence, is entitled to take a maximum of nine weeks leave immediately preceding and following childbirth. If the officer's or employee's accrued personal leave is insufficient for this purpose, she is entitled to take leave without pay for the balance of the nine-week period.

(5) Death of a member of an officer's or employee's immediate family is a medical reason for taking personal leave. No more than five days of personal leave may be taken for this purpose.

(c) Each officer and employee shall, during each 12-month period, take at least five days of personal leave. If the officer or employee does not take at least five days of personal leave during a 12-month period, the difference between five days and the amount of personal leave he did take shall be cancelled without pay unless his department or agency head certifies in writing that he was denied the opportunity to take five days of personal leave during the 12-month period.

* Sec. 5. AS 39.20.240 is repealed and re-enacted to read:

1 Sec. 39.20.240. ACCUMULATION OF PERSONAL LEAVE. Except as
2 provided in sec. 225(c) of this chapter, personal leave which is not
3 taken by an officer or employee during a 12-month period accumulates
4 for use in succeeding 12-month periods.

5 * Sec. 6. AS 39.20.245 is amended to read:

6 Sec. 39.20.245. DONATION OF PERSONAL [ANNUAL] LEAVE. An officer
7 or [STATE] employee may donate one or more days of personal [ANNUAL]
8 leave a year to the memorial scholarship revolving loan fund, or to
9 a scholarship account in the fund, under AS 14.40.810 - 14.40.845.
10 The commissioner of administration shall pay to the account of the mem-
11 orial scholarship revolving loan fund, or to a scholarship account
12 in the fund, an amount equal to the value of the day or days of personal
13 [ANNUAL] leave contributed by the officer or employee.

14 * Sec. 7. AS 39.20.250(a) is amended to read:

15 (a) Terminal leave for unused personal [ANNUAL] leave shall be
16 allowed as a lump sum upon separation from service. The lump-sum
17 payment equals the compensation that the officer or employee would
18 have receive if he had remained in the service until the expiration
19 of the period of unused personal [ANNUAL] leave.

20 * Sec. 8. AS 39.20 is amended by adding new sections to read:

21 Sec. 39.20.255. CONVERSION OF ANNUAL LEAVE TO PERSONAL LEAVE.
22 An officer or employee who has accrued annual leave shall have that
23 annual leave transferred to his personal leave account.

24 Sec. 39.20.256. TRANSFER OF ACCRUED MEDICAL LEAVE TO MEDICAL
25 LEAVE BANK. (a) An officer or employee who has accrued medical leave
26 shall have that medical leave transferred to a medical leave bank.
27 Banked medical leave may be taken only in accordance with this section.

28 (b) An officer or employee may take up to 15 days of banked
29 medical leave under the same circumstances as he could take personal
30

leave for medical reasons under sec. 225(b) of this chapter.

(c) Once 15 days of banked medical leave have been exhausted, an officer or employee may not take any of the balance unless

(1) he has no accrued personal leave; or

(2) he has a medical disability exceeding seven working days in duration.

(d) In the situation described in (c) (1) of this section, an officer or employee may take banked medical leave under the same circumstances as he could take personal leave for medical reasons under sec. 225(b) of this chapter.

(e) In the situation described in (c) (2) of this section, an officer or employee may take only accrued personal leave until the earlier of the following occurs:

(1) his accrued personal leave is exhausted; or

(2) seven working days of the medical disability elapse after exhaustion of the 15 days of banked medical leave.

(f) Once the requirements of (e) of this section have been met, an officer or employee may take banked medical leave until the medical disability is terminated.

(g) When this section authorizes the taking of banked medical leave under the same circumstances as personal leave for medical reasons, a department or agency head may require a doctor's certificate to the extent provided in sec. 225(b) of this chapter. When leave is taken under (e) or (f) of this section, a department or agency head may require a doctor's certificate showing the disability.

(h) The taking of leave under this section shall be reduced by the amount of wage continuation payments made under the Alaska Workmen's Compensation Act (AS 23.40).

(i) Upon an officer's or employee's separation from state service,

his banked medical leave shall be cancelled without pay.

* Sec. 9. AS 39.20.300 is amended to read:

Sec. 39.20.300. PERSONAL AND BANKED MEDICAL [ANNUAL AND SICK] LEAVE TRANSFERS WITH OFFICER OR EMPLOYEE. When an officer or employee terminates employment with one department, office, institution or agency of the state government and is employed by another department office, institution, or agency of the state government without break in service, his accumulated personal leave and banked medical [ANNUAL AND SICK] leave transfers with him and shall be credited to him in the employing department, office, institution, or agency.

* Sec. 10. AS 39.20.310 is amended by adding a new paragraph to read:

(9) persons employed by the state who are covered by collective bargaining agreements as provided in AS 23.40.210.

* Sec. 11. AS 39.20.320 is amended to read:

Sec. 39.20.320. ADOPTION OF REGULATIONS [RULES]. The director of the division of personnel and labor relations in the Department of Administration shall prepare and submit regulations [RULES] necessary to carry out the intent of secs. 200 - 330 of this chapter. These regulations shall include provisions for crediting and, if necessary, converting accrued leave when an officer or employee transfers, without break in service, between a department or agency of the state government where he is subject to secs. 200 - 330 of this chapter and a department or agency of the state government where he is not subject to secs. 200 - 330 of this chapter. These regulations shall be submitted to the commissioner of administration within 60 days of the effective date of this Act [July 1, 1960]. The commissioner of administration shall review the regulations [RULES] and submit them to the personnel board. The regulations [RULES], or any part of the regulations [RULES], have the force and effect of

law 30 [60] days after they are submitted to the personnel board if not disapproved by the personnel board. Amendments to the regulations [RULES] shall be prepared and submitted in the same manner, and have the force and effect of law 30 days after they are submitted to the personnel board, if not disapproved by the personnel board. The regulations [RULES] adopted under secs. 200 - 330 of this chapter relate to the internal management of state agencies and their adoption is not subject to the provisions of the Administrative Procedure Act (AS 44.62).

* Sec. 12. AS 39.20.330. DEPARTMENTS TO KEEP LEAVE RECORDS. Each department, office, institution, or agency of the state government shall keep for its files a complete [ANNUAL AND SICK] leave record, covering each of its officers and employees, on forms prepared and supplied by the Department of Administration. These records are subject to annual audit and approval by the director of personnel of the Department of Administration.

* Sec. 13. AS 14.25 is amended by adding a new section to read:

Sec. 14.25.125. UNUSED SICK LEAVE CREDIT. (a) A teacher may elect to apply his unused sick leave in computing the total number of years of creditable service under sec. 120(c)(1) of this chapter. The additional year, or fraction of a year, of creditable service shall be computed by dividing the number of days of unused sick leave by 172.

(b) If the teacher elects to receive the credit, an additional contribution to the fund shall be paid by the teacher and his last employer. The additional contributions payable by the teacher and his employer shall be computed by multiplying the number of years of creditable service realized under (a) of this section times the base period contributions made under secs. 50 and 70 of this

1 chapter by the teacher and employer, respectively, for the last full
2 year of the teacher's employment.

3 (c) Applications for the unused sick leave credit must be
4 received by the administrator no later than 90 days after the date of
5 retirement.

6 (d) A teacher may not apply more than 172 days of unused sick
7 leave to compute creditable service under (a) of this section.

8 * Sec. 14. AS 39.20.230 and 39.20.260 are repealed.

9 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).

Combined SB 257,

SB 258

Original sponsors: Duncan and Miller

Offered: 3/2/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SCS CS FOR HOUSE BILL NO. 25-(Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to accrued medical ~~and annual~~ leave of
7 state employees ~~and~~ teachers.

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

9 * Section 1. AS 39.20.260(f) is amended to read:

10 (f) Upon his termination [SEPARATION] from state service, and
11 unless he reenters employment of the state within three years [SIX
12 MONTHS] of his termination, the unused medical leave of an officer or
13 employee is automatically canceled without pay for it for any purpose
14 except computation of service credit under AS 39.35.365. If an officer
15 or employee when terminated by the state reenters the state service
16 within three years [SIX MONTHS] after his termination, he is entitled to
17 full credit for [ONE-HALF OF] the medical leave he had accrued at the
18 time of his termination.

19 * Sec. 2. AS 39.35 is amended by adding a new section to read:

20 ARTICLE 5. SERVICE.

21 Sec. 39.35.365. ACCUMULATED ~~ANNUAL AND~~ MEDICAL LEAVE COMPUTED AS
22 SERVICE CREDIT. ~~(a) Upon retirement, an employee of the state shall~~
23 ~~have the option to receive service credit for his accumulated annual or~~
24 ~~personal leave if the employee did not receive cash payment for his~~
25 ~~accumulated annual or personal leave under AS 39.20.250(a).~~

26 (a) ~~(a)~~ An employee of the state who retires after July 1, 1978 may
27 receive service credit for the total number of days of unused medical
28 leave accrued under AS 39.20.260. The employee must apply to receive
29 service credit for unused medical leave within one year after

1 appointment to retirement. Unused medical leave shall be credited on a
2 day-for-day basis. No credit may be granted for fractional days of
3 unused medical leave. No employee contribution may be required for
4 credited unused medical leave.

5 (b) Benefits payable under (b) of this section accrue from the
6 first day of the month after which all of the following requirements are
7 met: (1) the employee meets the eligibility requirements of this
8 section; (2) the employee's written application for unused medical leave
9 is verified and received by the administrator; and (3) a period of time
10 has elapsed since the date of retirement equal to the amount of verified
11 unused medical leave. The benefits are payable the last day of the
12 month. If payment is delayed, a retroactive payment shall be made to
13 cover the period of deferment.

14 * Sec. 3. AS 39.20.260(d) is amended to read:

Rodney Bell BB 2/8/13

15 (d) When a member of an officer's or employee's immediate family
16 is afflicted with a medical disability requiring the attendance of the
17 officer or employee, or where his presence at his job would jeopardize
18 the health of his fellow employees, [AND EITHER OF THESE CONTINGENCIES
19 IS SUPPORTED BY A DOCTOR'S CERTIFICATE,] the officer or employee may,
20 with the consent of the employee's department or agency head, avail him-
21 self of medical leave with pay, within the limits prescribed by this
22 section, the same as if he were personally under a medical disability.
23 If the absence exceeds three working days, the department or agency head
24 may require a doctor's certificate showing the disability.

9 * Section ⁴ AS 14.25 is amended by adding a new section to read:

10 Sec. 14.25.125. UNUSED SICK LEAVE CREDIT. (a) A teacher may
11 elect to apply his unused sick leave in computing the total number of
12 years of creditable service under sec. 120(c)(1) of this chapter. The
13 additional years, or fraction of a year, of creditable service shall be
14 computed by dividing the number of days of unused sick leave by 172.

15 (b) If the teacher elects to receive the credit, an additional
16 contribution to the fund shall be paid by the teacher and his last em-
17 ployer. The additional contributions payable by the teacher and his
18 employer shall be computed by multiplying the number of years of credit-
19 able service realized under (a) of this section times the base period
20 contributions made under secs. 50 and 70 of this chapter by the teacher
21 and employer, respectively, for the last full year of the teacher's
22 employment.

23 (c) Applications for the unused sick leave credit must be received
24 by the administrator no less than 90 days ^{after} ~~before~~ the date of retirement.

25 (d) A teacher may not apply more than ¹⁷² ~~130~~ days of unused sick
26 leave to compute creditable service under (a) of this section.

27 * Sec. ⁷/₅ This Act takes effect ~~July 1, 1978~~: *immediately.*

*Put this in
BLS file*

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. CS for HR 25 (FIN.)
Title Accrued Medical and Annual Leave for State Employees (Service Credit)
Requested by _____ Date _____

II. FISCAL DETAIL
Agency Affected Administration - Division of Retirement and Benefits
Program Category Affected Retirement and Benefits (PERS)
Budget Request Unit(s) Affected Public Employees' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		20.6	22.7	25.0	27.5	30.2
200 TRAVEL						
300 CONTRACTUAL		20.0				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
100 BENEFITS		516.0	567.6	624.4	685.8	755.5
TOTAL	-0-	557.7	590.6	649.7	714.6	785.0

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	412.8	454.1	499.5	549.4	604.4
FEDERAL FUNDS	17%	87.7	95.5	103.2	115.8	130.4
OTHER (Specify)	3%	15.5	17.0	18.7	20.6	22.7
PERS		41.7	23.0	25.3	27.8	30.5

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

- III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
1. Estimate FY 79 state payroll to be \$215,000,000.
 2. Estimate total state payroll will increase at 10% annually.
 3. Estimate that the average state employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS. (Based upon statistical sample of approximately 450 vested state employees eligible for normal retirement. A 20% increase in unused sick balance was assumed after passage of this bill.)
 4. Increase in state contribution rate is .24%.
 5. Assures current retirees will not be affected by this bill.
 6. Administrative costs as attached.

IV. DATE 2/16/73 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement and Benefits
 PHONE 465-6400 06.217

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (Unit Legislator Named) Representative Bureau
 Office of the Governor (Keith Specking)

33-001 (Rev. 12/77)

APPENDIX I

CS for HB 25

1. Personnel Services -

To calculate contributions due to the system, input service credit data and handle correspondence will require:

One regular full-time employee - Benefit Technician (Range 12)
Salary and merit increases at 6% first year

FY 79 Monthly Salary	\$1,371 x 12	=	\$16,452
Plus benefits at 25.5%		=	\$ 4,195
	Total		<u>\$20,647</u>

2. Contractual -

Estimated costs for major data processing system modifications are \$20,000, onetime only.

3. Commodities -

\$300 per year

4. Equipment -

Desk, chair, calculator = \$ 800

5. These funds should be appropriated to the Division of Retirement and Benefits, Paul B. Arnoldt, Director, 465-4460.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. H2 828
 Title TRS Service Credit for Unused Sick Leave
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		20.6	22.7	25.0	27.5	30.2
200 TRAVEL						
300 CONTRACTUAL		40.0				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		299.6	329.6	362.5	399.8	439.7
100 BENEFITS		60.0	75.9	83.5	91.8	101.0
TOTAL	-0-	430.3	428.5	471.3	518.4	570.2

FUNDING (Thousands of Dollars)

GENERAL FUND		363.6	405.5	446.0	490.6	539.7
FEDERAL FUNDS						
OTHER (Specify)						
TRS		61.7	23.0	25.3	27.8	30.5

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000.
2. Estimate future covered payrolls will increase at 10% annually.
3. Estimate that the average teacher will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under TRS. (Based upon Statistical sample of approximately 450 vested state employees under PERS eligible for normal retirement--teachers sick leave records not maintained by state. A 20% increase in unused sick balance was assumed after passage of this bill.)
4. Increase in combined TRS State Match and employer contribution rate is .28%.
5. Assumes current retirees will not be affected by this bill.
6. Administrative costs as attached.

IV. DATE 3/31/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement and Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

ASSUMPTIONS:

Estimated FY79 Payroll (Total System)	=	\$214,000,000
State Contribution Rate to Fund Bill	=	.14 %
State TRS Matching Rate to Fund Bill	=	.14 %
School District Rate to Fund Bill	=	.14 %

ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
Department of Education	\$ 5,800,000	X	.14 %	\$ 8,120	To Their Budget
University of Alaska	\$ 43,500,000	X	.14 %	\$ 60,900	To Their Budget
				<u>\$ 69,020</u>	
State TRS Matching	\$214,000,000	X	.14 %	\$299,600	To TRS Match
State TRS Regular Budget:					
Personal Services				\$ 20,647	To Personal Services
Travel				\$ -0-	To Travel
Contractual				\$ 40,000	To Contractual
Commodities				\$ 300	To Commodities
Equipment				\$ 800	To Equipment
				<u>\$430,357</u>	
COST TO STATE IN FY79					
All School Districts	\$164,700,000	X	.14 %	<u>\$230,580</u>	
TOTAL COST IN FY79					<u>\$660,947</u>

REMARKS:

To calculate the contributions due to the system, input service credit data and handle correspondence will require the following personal services:

One regular full-time employee - Benefit Technician (Range 12).
Salary and merit increase at 6% first year.

Monthly Salary	\$1,371 x 12 =	\$16,452
Plus 25.5% benefits	=	4,195
TOTAL		<u>\$20,647</u>

Estimated costs for major data processing system modifications are \$40,000:

Commodities - \$300 per year.

Equipment (desk, chair, calculator) = \$ 800

Cost to System

<u>Damage %</u>	<u>Per - dm</u>	<u>150 Techs.</u>	<u>100 Techs.</u>
172	(290) ²⁴ 480	48,000	52,800
50	29 (58) 139	13,200	15,312
75	44 (.98) 211	21,100	23,230
100	52 (1.16) 278	27,800	30,624

24000²⁰⁰ Sal

12000 Retire Sal

Contributions

<u># Days</u>	<u>each (Tchr, State Emp)</u>	<u>100 Teachers</u>	<u>110 Tchr</u>
172	1680 (5040)	168,000 (504,000)	184,800 (504,000)
50	487 (1461)	48,700 (146,100)	53,570 (146,100)
75	739 (2218)	73,900 (221,800)	81,270 (221,800)
100	974 (2923)	97,400 (292,300)	107,100 (292,300)

24000 at 7%

Tchr
Employer
State

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

May 3, 1978

The Honorable Glenn Hackney
Chairman
Health, Education & Social Services Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: Committee Substitute for House Bill No. 25
"An Act relating to accrued medical and annual leave of state employees.

Dear Senator Hackney:

Mr. Robert F. Richardson of the actuarial firm of William M. Mercer, Inc. has provided me with a response to the letter from James A. Williams which you handed to me at a meeting of the Senate Health, Education & Social Services Committee when I testified on CSHB 25. Mr. Williams' letter states that the financial impact of CSHB 25 will be 1/10th of that which is predicted by the fiscal note prepared to accompany the bill.

I have attached a copy of Mr. Richardson's response. It appears that Mr. Williams' figures identify the first year cash flow, whereas the fiscal note identifies the first year funding. The retirement systems are funded systems and therefore they must be viewed as a leveling of contributions to support accrued and future benefits.

When we prepare a fiscal note to accompany a bill, it is our purpose to provide total knowledge of all factors which will affect the cost of its implementation so that you will have as complete a picture as possible of its financial ramifications.

It is my hope that this explanation will be of assistance to you when you consider the full impact of CSHB 25 and other retirement legislation. If you have any further questions, I will be glad to respond.

Sincerely,



Paul B. Arnoldt
Director

PBA/ms
Enclosure

cc: Senator John Sackett
Chairman, Senate Finance Committee
(w/encl.)

WILLIAM M.
MERCER
INCORPORATED

Benefit Services / Consulting Actuaries
April 28, 1978

Mr. Paul Arnoldt, Director
Division of Retirement & Benefits
State of Alaska
Department of Administration
Pouch CR
Juneau, Alaska 99811

Re: CSHB 25

Dear Paul:

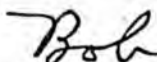
I have reviewed Mr. James A. Williams' letter of April 5, 1978, concerning CSHB 25. His letter, and the accompanying statement concerning House Bill 25, deal with many reasons why he feels the bill should be passed. However, I will only respond to his statement concerning the fiscal impact of the bill, which he states will be less than one-tenth of the what the fiscal note predicts.

In his letter, he develops a total cost for FY79 of \$48,600. Considering the information which he had to deal with, this is a very close calculation. This figure, of approximately \$50,000, represents the total extra payout required by the passage of this bill for those who retire in FY79. In FY80, there will be another group of new retirees who will have a slightly larger cash outlay associated with this bill (due to inflation and also due to the increasing number of retirees each year). However, you can see that the total cash outlay in FY80 will be approximately \$100,000. Similarly, each year thereafter, there will be an additional cash outlay required for the new retirees during the year. Ignoring inflation and other factors leading to an increase in benefits, the total additional cash outlay required, should this bill pass, would amount to approximately \$500,000 by FY89. Of course, the cost does not keep on increasing forever because retirees ultimately will die.

It is the purpose of the actuarial cost calculation process to develop a cost for bills which will result in a level percentage of pay. Therefore, in the early years (up to FY89), the "overpayment" will be used, along with interest, to provide for the "underpayment" in later years (after FY89). The actuarial funding method also takes into consideration increases in salaries, employee turnover, and all of the other factors which effect the cost of any bill.

If you have any other questions concerning this bill, please feel free to give me a call.

Sincerely,



Robert F. Richardson, MAAA
Vice President

RFR:jn

A Marsh & McLennan Company
Norton Building • Seattle, Washington 98104 • 206 223-1240

MAY 01 1978

DIVISION OF
RETIREMENT

HB 25

P. O. Box 1260
Anchorage, AK 99510
April 22, 1978

Honorable John C. Sackett
Chairman
Senate Finance Committee
Pouch V
Juneau, AK 99811

Re CSHB 25

Dear Senator Sackett:

In February, I wrote to you twice, first urging passage of SB 257, then CSSB 257, but preferably SB 257. SB 257 would convert unused sick leave to credited service for retirement purposes. These two bills are still in your committee.

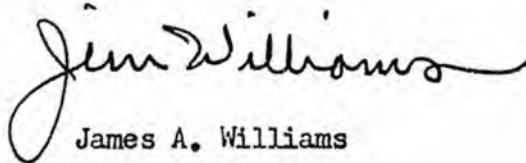
You now also have CSHB 25 before you. This is likewise a good bill. I urge you to pass it. I enclose a detailed statement about HB 25. It also applies to CSHB 25. I hope you will find the time to read it.

It is important to note that the cost of CSHB 25 will be less than one-tenth what the fiscal note says. My calculations showing this are detailed in my enclosed statement. The payment delay provided by item (3) on line 9 of page 2 of CSHB 25 will make the start-up cost even less.

CSHB 25 will provide relief from an unfair situation between State employees who never take sick leave except when they are really sick and those who use it up regularly. CSHB 25 will also reduce absenteeism, increase productivity, and will get more work done for the State at less cost.

My enclosed statement explains all the above in detail. I urge you to please read the statement, then pass the bill for the benefit of the State and its workers alike.

Sincerely,



James A. Williams

STATEMENT RE HB25

HB25 will provide for the conversion of unused sick leave to credited service for retirement purposes. It is a good bill. I urge its passage.

The State will benefit from conversion of unused sick leave as well as employees who retire. In fact, the State will gain more from it than the employees. As you will see from my remarks to follow, the State will pay for only a small fraction of a day worked to the employee who otherwise might not give the State that day of work. It will also help remove an injustice to the more conscientious and productive workers, and it will provide an incentive to reduce absenteeism. The State of California has such a law, and there undoubtedly are others.

Conversion of unused sick leave to credited service is an arrangement for paying the employee a small sum in the form of retirement pay for service the employee might not otherwise give the State. The small amount allowed for each day of unused sick leave will not come close to paying for that day of work.

The following calculations show this.

Monthly retirement pay is computed at 2% times the years of credited service times the high 3 years' average ^{monthly} salary. Upon retirement, the employee should be credited with 1/260 of a year of service for each day of unused sick leave since there are 260 working days in a year. California allows .004 of a year.

Assume a salary of \$1560 per month for easy figuring. This is \$72 per working day and is reportedly a little higher than the average State salary. At this salary base, the additional benefit paid to the retiree would be the sum of 12 cents per month ($2\% \times 1/260 \times 1560$) for each day of sick leave not taken, during which day the employee produced work for the State worth \$72. Not counting interest, this would require a payout time to the retiree of 600 months, or 50 years. Even if the retiree lived through 20 years of retirement, the State would pay him only \$28.80 (40%) for the \$72 day worked. Payout times and proportions would be the same for higher or lower salaries.

I am informed the fiscal note says HB25 will cost over \$500,000 in FY79.

Master file

February 24, 1978

Legislative Board of Retirement Benefits analysis and recommendations on:

CS for House Bill No. 25

The board endorses the attached fiscal note as its fiscal analysis, given the assumptions in the analysis section. The assumption that unused sick leave balances will increase by 20 percent is speculative, and none of the possible cost offsets have been taken into account; however, the fiscal impact will be substantial in any case.

A majority of the board recommends that CSHB 25 do not pass; one member recommends do pass; and one member was absent.

The board opposes passage of CSHB 10 because:

- 1) sick leave should not be converted to retirement credit in any case because it amounts to "double counting" for the same service;
- 2) no contributions are required; and
- 3) the fiscal impact is considerable.

SUMMARY OF CS FOR HOUSE BILL NO. 25

(assuming adoption of amendments suggested by Legislative Affairs Agency)

Retirement system affected: PERS

Gives a state employee the option of receiving retirement credit for accumulated annual or personal leave if he did not receive a cash payment for it.

Permits a state employee who retires after July 1, 1978 to receive retirement credit for the total number of days of unused medical leave. Prohibits requiring an employee contribution for credited unused medical leave.

Raises from six months to three years the time within which a terminated state officer or employee must reenter state service in order to have unused medical leave accrued at the time of termination restored to him. Raises the amount of such medical leave which will be restored from fifty to one hundred per cent.

Takes effect July 1, 1978.

A M E N D M E N T

IN THE HOUSE

TO: CS for House Bill No. 25

Page 1, line 7:

after "employees" and before the period, add the following new material: "; and providing for an effective date"

Page 1, line 26:

change "1977" to "1978"

Page 2, line 14:

Add the following new material:

"Sec. 2. This Act takes effect July 1, 1978."

Original sponsors: Duncan and Miller

Offered: 3/2/78

Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 25 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to accrued medical and annual leave of
7 state employees."

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

9 * Section 1. AS 39.20.260(f) is amended to read:

10 (f) Upon his termination [SEPARATION] from state service, and
11 unless he reenters employment of the state within three years [SIX
12 MONTHS] of his termination, the unused medical leave of an officer or
13 employee is automatically canceled without pay for it for any purpose
14 except computation of service credit under AS 39.35.365. If an officer
15 or employee when terminated by the state reenters the state service
16 within three years [SIX MONTHS] after his termination, he is entitled to
17 full credit for [ONE-HALF OF] the medical leave he had accrued at the
18 time of his termination.

19 * Sec. 2. AS 39.35 is amended by adding a new section to read:

20 ARTICLE 5. SERVICE.

21 Sec. 39.35.365. ACCUMULATED ANNUAL AND MEDICAL LEAVE COMPUTED AS
22 SERVICE CREDIT. (a) Upon retirement, an employee of the state shall
23 have the option to receive service credit for his accumulated annual or
24 personal leave if the employee did not receive cash payment for his
25 accumulated annual or personal leave under AS 39.20.250(a).

26 (b) An employee of the state who retires after July 1, 1978 may
27 receive service credit for the total number of days of unused medical
28 leave accrued under AS 39.20.260. The employee must apply to receive
29 service credit for unused medical leave within one year after

1 appointment to retirement. Unused medical leave shall be credited on a
2 day-for-day basis. No credit may be granted for fractional days of
3 unused medical leave. No employee contribution may be required for
4 credited unused medical leave.

5 (c) Benefits payable under (b) of this section accrue from the
6 first day of the month after which all of the following requirements are
7 met: (1) the employee meets the eligibility requirements of this
8 section; (2) the employee's written application for unused medical leave
9 is verified and received by the administrator; and (3) a period of time
10 has elapsed since the date of retirement equal to the amount of verified
11 unused medical leave. The benefits are payable the last day of the
12 month. If payment is delayed, a retroactive payment shall be made to
13 cover the period of deferment.

Original sponsors: Duncan and Miller

Offered: 5/7/77
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to accrued medical and annual leave of
7 state employees."

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

9 * Section 1. AS 39.20.260(f) is amended to read:

10 (f) Upon his separation from state service, and unless he reenters
11 employment of the state within three years [SIX MONTHS] of his termina-
12 tion, the unused medical leave of an officer or employee is automati-
13 cally canceled without pay for it for any purpose except computation of
14 service credit under AS 39.35.365. If an officer or employee when
15 terminated by the state reenters the state service within three years
16 [SIX MONTHS] after his termination, he is entitled to full credit for
17 [ONE-HALF OF] the medical leave he had accrued at the time of his termi-
18 nation.

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21 Sec. 39.35.365. ACCUMULATED ANNUAL AND MEDICAL LEAVE COMPUTED AS
22 SERVICE CREDIT. (a) Upon retirement, an employee of the state shall
23 have the option to receive service credit for his accumulated annual or
24 personal leave if the employee did not receive cash payment for his
25 accumulated annual or personal leave under AS 39.20.250(a).

26 (b) An employee of the state who retires after July 1, 1977 may
27 receive service credit for the total number of days of unused medical
28 leave accrued under AS 39.20.260. The employee must apply to receive
29 service credit for unused medical leave within one year after

1 appointment to retirement. Unused medical leave shall be credited on a
2 day-for-day basis. No credit may be granted for fractional days of
3 unused sick leave. No employee contribution may be required for credited
4 unused medical leave.

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6 first day of the month after which all of the following requirements are
7 met: (1) the employee meets the eligibility requirements of this
8 section; (2) the employee's written application for unused medical leave
9 is verified and received by the administrator; and (3) a period of time
10 has elapsed since the date of retirement equal to the amount of verified
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13 cover the period of deferment.
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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 25

Title An act relating to accrued medical and annual leave credit in PERS

Requested by House Finance Date 5/19/77

II. FISCAL DETAIL

Agency Affected Administration - Retirement

Program Category Affected General Government

Budget Request Unit(s) Affected ALL

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	18.4	19.3	Increase	0.5% per annum	
200 TRAVEL	-0-	-0-	-0-			
300 CONTRACTUAL	-0-	20.0	-0-			
400 COMMODITIES	-0-	-0-	-0-			
500 EQUIPMENT	-0-	8	-0-			
600 LAND & STRUCTURES	-0-	-0-	-0-			
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-			
100 BENEFITS	-0-	1708.8	1879.7	Increase	0.10% per annum	
TOTAL	-0-	\$1748.0	\$1899.0			

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	-0-	1367.0	1503.2		
FEDERAL FUNDS	10%	-0-	170.9	188.6		
OTHER (Specify)	10%	-0-	170.9	188.0	Increase	0.10% per annum
		-0-	39.2	19.3		

POSITIONS

FULL TIME	-0-	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

1. Assume FY 78 covered state payroll to be \$192,000,000.
2. Assume that total state payroll will increase at 10% per year.
3. Assume that average state employee will receive an additional 9 days (unused medical leave) of service credit for each year employed.
4. Increase in the state contribution rate paid to PERS will be .89% of covered pay.
5. Will require one additional full-time employee to record annual and medical leave in the PERS (Range 12) Benefit Technician \$18,400.
6. Cost to modify data processing systems estimated to be \$20,000, one time only cost.

IV. DATE May 20, 1977

PREPARED BY *Robert S. Gates*

AGENCY Administration - Retirement & Benefits

Original: Legislative Finance

PHONE 465-4460

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Sec. 13. AS 14.25 is amended by adding a new section to read:

Sec. 14.25.125. UNUSED SICK LEAVE CREDIT.

(a) A teacher who was employed during the 1977/78 school year or later and who is appointed to retirement on or after July 1, 1978 may elect to apply his unused sick leave in computing the total number of years of creditable service under Sec. 120 (c)(1)^{and (4)} of this chapter. A teacher must apply to receive service credit for unused sick leave within one year after appointment to retirement. Unused sick leave shall be credited on a day for day basis in accordance with the table for service after July 1, 1969 as identified under Sec. 220 (16) of this chapter. No teacher contributions may be required for credited unused sick leave.

(b) Those teachers who were appointed to retirement prior to July 1, 1973, return to active membership service, and are subsequently reappointed to retirement are eligible to apply for unused sick leave accrued during the period of reemployment only.

(c) Benefits payable under (a) or (b) of this section accrue from the first day of the month after which all the following requirements are met: (1) The teacher meets the eligibility requirements of this section; (2) the teacher's written application for unused sick leave is verified and received by the administrator; and (3) a period of time has elapsed since the date of appointment to retirement equal to the amount of verified unused sick leave. The benefits are payable the last day of the month.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

DRAFT

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCSCS HB 25 (Finance)
 Title An Act Relating To Leave For State Officers and Employees
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Retirement and Benefits (PERS)
 Budget Request Unit(s) Affected Public Employees' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
100 BENEFITS		516.0	567.6	624.4	686.6	755.5
TOTAL	-0-	516.0	567.6	629.4	686.8	755.5

FUNDING (Thousands of Dollars) See Attachment 1

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

See Attachment 2

IV. DATE 6/09/78 PREPARED BY Paul B. Arnoldt, Director

Original: Legislative Finance AGENCY Division of Retirement & Benefits
 cc: Budget and Management PHONE 465-4460

Prime Sponsor (First Legislator Named) Finance
 Office of the Governor (Keith Specking)

33-001 (Rev. 12/77)

DRAFT

ATTACHMENT 1

SCSCS HB 25

Funding:

		<u>79</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>
General Fund	82.0 %	\$ 423.1	\$ 465.3	\$ 512.0	\$ 563.2	\$ 619.5
Federal Fund	4.5 %	23.2	25.5	28.1	30.9	34.1
Veteran's Fund	.2 %	1.0	1.2	1.3	1.4	1.5
Fish & Game Fund	.6 %	3.1	3.5	3.7	4.1	4.5
Highway Fund	1.3 %	6.7	7.4	8.1	8.9	9.8
Airport Fund	2.9 %	15.0	16.5	18.1	19.9	21.9
Capital Fund	8.5 %	43.9	48.2	53.1	58.4	64.2
PERS						
Total		\$ 516.0	\$ 567.6	\$ 624.4	\$ 686.8	\$ 755.5

ATTACHMENT 2

SCSCS HB 25

DRAFTAnalysis:

1. Projected costs represent probable liability based on noted assumptions. Any reduction in assumed personal leave retention annually will decrease projected costs.
2. Personal leave will immediately affect approximately 1,220 employees not covered by collective bargaining. Assume Supervisory Unit employees (approximately 820) will become subject on 1/01/79; General Government employees (approximately 4,760) and Labor, Trades & Crafts employees (approximately 1,370) will become subject on 1/01/80.
3. Assume maintenance of 19% turnover rate with average tenure of 26 months for employees not covered by collective bargaining and Supervisory employees. Assume turnover rate will increase not to exceed 25% with inclusion of General Government and LTC employees on 1/01/80, with average tenure of 20 months for such personnel.
4. Assumes salary increases at 5% per annum.
5. Assumes no extension of leave benefits to temporary employees.
6. Assumes no reduction in average leave usage for illness (8 days coverage annually for total employee population).
7. Assumes retention of all personal leave except estimated 8 day usage annually for vacation and that taken for illness (8 days).
8. 30% of State employee terminations qualify for eventual retirement benefits. Therefore, up to 30% of total accrued personal leave in any calendar year may be credited towards retirement (as is currently the case for accrued annual leave).
9. Approximately 275 State and former State employees retired in 1977 with an estimated average annual tenure of 8.5 years. State retirements projected to increase at not more than 2% per annum based on prior two years and 1978 retirements to date (120).
10. Assume all retained accumulated personal leave would be applied towards retirement credit for eligible employees. Increase in State contributions rate would be .24%.
11. Estimate total State payroll will increase at 10% annually.
12. Personal leave accounting system is now in existence. No additional administrative costs are required.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

DRAFTFISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate CS for CS for House Bill 25 (Finance)
 Title TRS Service Credit for Unused Sick Leave
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Retirement and Benefits (TRS)
 Budget Request Unit(s) Affected Teachers' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		20.6	22.7	25.0	27.5	30.2
200 TRAVEL						
300 CONTRACTUAL		40.0				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		299.6	329.6	362.5	398.8	439.7
100 BENEFITS		69.0	75.9	83.5	91.9	101.0
TOTAL	-0-	430.3	428.5	471.3	518.4	570.2

FUNDING (Thousands of Dollars)

GENERAL FUND		368.6	405.5	446.0	490.6	539.7
FEDERAL FUNDS						
OTHER (Specify)						
TRS		61.7	23.0	25.3	27.8	30.5

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000.
2. Estimate future covered payrolls will increase at 10% annually.
3. Estimate that the average teacher will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under TRS. (Based upon statistical sample of approximately 450 vested state employees under PERS eligible for normal retirement--teachers sick leave records not maintained by state. A 20% increase in unused sick balance was assumed after passage of this bill.)
4. Increase in combined TRS State Match and employer contribution rate is .28%.
5. Assumes current retirees will not be affected by this bill.
6. Administrative costs as attached.

IV. DATE 6/09/78 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Finance
 Office of the Governor (Keith Spocking)
 33-001 (Rev. 12/77)

ATTACHMENT

DRAFTBill/Resolution No. SCSCS HB25ASSUMPTIONS:

- | | | |
|--|---|---------------|
| 1. Estimated FY79 Payroll (Total System) | = | \$214,000,000 |
| 2. State Contribution Rate to Fund Bill | = | .14 % |
| 3. State TRS Matching Rate to Fund Bill | = | .14 % |
| 4. School District Rate to Fund Bill | = | .14 % |

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 5,800,000	X	.14 %	\$ 8,120	To Their Budget
2. University of Alaska	\$ 43,500,000	X	.14 %	\$ 60,900	To Their Budget
				<u>\$ 69,020</u>	
3. State TRS Matching	\$214,000,000	X	.14 %	\$299,600	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 20,647	To Personal Services
Travel				\$ -0-	To Travel
Contractual				\$ 40,000	To Contractual
Commodities				\$ 300	To Commodities
Equipment				\$ 800	To Equipment
				<u>\$430,367</u>	
5. All School Districts	\$164,700,000	X	.14 %	<u>\$230,580</u>	
				<u>\$660,947</u>	

REMARKS:

To calculate the contributions due to the system, input service credit data and handle correspondence will require the following personal services:

One regular full-time employee - Benefit Technician (Range 12).
Salary and merit increase at 6% first year.

Monthly Salary	\$1,371 X 12	=	\$16,452
Plus 25.5% benefits		=	4,195
TOTAL			<u>\$20,647</u>

Estimated costs for major data processing system modifications are \$40,000.

Commodities - \$300 per year

Equipment (desk, chair, calculator) = \$ 800

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

DRAFT

FISCAL NOTE

I. REQUEST
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II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement & Benefits
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EXPENDITURES (Thousands of Dollars)

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FUNDING (Thousands of Dollars) See Attachment 1

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

See Attachment 2

IV. DATE 6/09/78 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Finance
 Office of the Governor (Keith Specking)
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DRAFT

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SCSCS HB 25

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PERS						
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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4. Assumes salary increases at 5% per annum.
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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

DRAFTFISCAL NOTE

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FEDERAL FUNDS						
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PART TIME						
TEMPORARY						

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

1. Estimate FY 79 covered TRS payroll to be \$214,000,000.
2. Estimate future covered payrolls will increase at 10% annually.
3. Estimate that the average teacher will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under TRS. (Based upon statistical sample of approximately 450 vested state employees under PERS eligible for normal retirement--teachers sick leave records not maintained by state. A 20% increase in unused sick balance was assumed after passage of this bill.)
4. Increase in combined TRS State Match and employer contribution rate is .28%.
5. Assumes current retirees will not be affected by this bill.
6. Administrative costs as attached.

IV. DATE 6/09/78 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Finance
 Office of the Governor (Keith Specking)
 33-001 (Rev. 12/77)

ATTACHMENT

DRAFTBill/Resolution No. SCSCS HB25ASSUMPTIONS:

1. Estimated FY79 Payroll (Total System)	=	\$214,000,000
2. State Contribution Rate to Fund Bill	=	.14 %
3. State TRS Matching Rate to Fund Bill	=	.14 %
4. School District Rate to Fund Bill	=	.14 %

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 5,800,000	X	.14 %	\$ 8,120	To Their Budget
2. University of Alaska	\$ 43,500,000	X	.14 %	\$ 60,900	To Their Budget
				<u>\$ 69,020</u>	
3. State TRS Matching	\$214,000,000	X	.14 %	\$299,600	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 20,647	To Personal Services
Travel				\$ -0-	To Travel
Contractual				\$ 40,000	To Contractual
Commodities				\$ 300	To Commodities
Equipment				\$ 800	To Equipment
				<u>\$430,367</u>	
5. All School Districts	\$164,700,000	X	.14 %	<u>\$230,580</u>	
				<u>\$660,947</u>	

REMARKS:

To calculate the contributions due to the system, input service credit data and handle correspondence will require the following personal services:

One regular full-time employee - Benefit Technician (Range 12).
Salary and merit increase at 6% first year.

Monthly Salary	\$1,371 X 12	=	\$16,452
Plus 25.5% benefits		=	4,195
TOTAL			<u>\$20,647</u>

Estimated costs for major data processing system modifications are \$40,000.

Commodities - \$300 per year

Equipment (desk, chair, calculator) = \$ 800



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 O. Smith
Signature of Camera Operator

2/8/97
Date

COMMITTEE REPORT

HOUSE

5/7/77

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 25

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 CS for HB 25 and that
CS for HB 25 do pass

(and) recommends it be referred to the _____
committee

reports it back without recommendation

AND attaches a report of its intent

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

Chairman

Revised

Original sponsors: Duncan and Miller

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IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 25 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to accrued medical and annual leave of state employees."

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

* Section 1. AS 39.20.260(f) is amended to read:

(f) Upon his termination [SEPARATION] from state service, and unless he reenters employment of the state within three years [SIX MONTHS] of his termination, the unused medical leave of an officer or employee is automatically canceled without pay for it for any purpose except computation of service credit under AS 39.35.365. If an officer or employee when terminated by the state reenters the state service within three years [SIX MONTHS] after his termination, he is entitled to full credit for [ONE-HALF OF] the medical leave he had accrued at the time of his termination.

* Sec. 2. AS 39.35 is amended by adding a new section to read:

ARTICLE 5. SERVICE.

Sec. 39.35.365. ACCUMULATED ANNUAL AND MEDICAL LEAVE COMPUTED AS SERVICE CREDIT. (a) Upon retirement, an employee of the state shall have the option to receive service credit for his accumulated annual or personal leave if the employee did not receive cash payment for his accumulated annual or personal leave under AS 39.20.250(a).

(b) An employee of the state who retires after July 1, 1978 may receive service credit for the total number of days of unused medical leave accrued under AS 39.20.260. The employee must apply to receive service credit for unused medical leave within one year after

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 25Title Accrued Medical and Annual Leave for State Employees (Service Credit)

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and BenefitsProgram Category Affected Retirement and Benefits (PERS)Budget Request Unit(s) Affected Public Employees' Retirement SystemEXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		20.6	22.7	25.0	27.5	30.2
200 TRAVEL						
300 CONTRACTUAL		20.0				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
100 BENEFITS		516.0	567.6	624.4	686.8	755.5
TOTAL	-0-	557.7	590.6	649.7	714.6	786.0

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	412.8	454.1	499.5	549.4	604.4
FEDERAL FUNDS	17%	87.7	96.5	106.2	116.8	128.4
OTHER (Specify)	3%	15.5	17.0	18.7	20.6	22.7
PERS		41.7	23.0	25.3	27.8	30.5

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

- Estimate FY 79 state payroll to be \$215,000,000.
- Estimate total state payroll will increase at 10% annually.
- Estimate that the average state employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS. (Based upon statistical sample of approximately 450 vested state employees eligible for normal retirement. A 20% increase in unused sick balance was assumed after passage of this bill.)
- Increase in state contribution rate is .24%.
- Assumes current retirees will not be affected by this bill.
- Administrative costs as attached.

IV. DATE 2/16/73

PREPARED BY

Paul B. Arnoldt

AGENCY

Division of Retirement and Benefits

PHONE

465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Representative Duncan

Office of the Governor (Keith Specking)

33-001 (Rev. 12/77)

APPENDIX I

CS for HB 25

1. Personnel Services -

To calculate contributions due to the system, input service credit data and handle correspondence will require:

One regular full-time employee - Benefit Technician (Range 12)
Salary and merit increases at 6% first year

FY 79 Monthly Salary	\$1,371 x 12	=	\$16,452
Plus benefits at 25.5%		=	\$ 4,195
	Total		<u>\$20,647</u>

2. Contractual -

Estimated costs for major data processing system modifications are \$20,000, onetime only.

3. Commodities -

\$300 per year

4. Equipment -

Desk, chair, calculator = \$ 800

5. These funds should be appropriated to the Division of Retirement and Benefits, Paul B. Arnoldt, Director, 465-4460.

1 appointment to retirement. Unused medical leave shall be credited on a
2 day-for-day basis. No credit may be granted for fractional days of
3 unused medical leave. No employee contribution may be required for
4 credited unused medical leave.

5 (c) Benefits payable under (b) of this section accrue from the
6 first day of the month after which all of the following requirements are
7 met: (1) the employee meets the eligibility requirements of this
8 section; (2) the employee's written application for unused medical leave
9 is verified and received by the administrator; and (3) a period of time
10 has elapsed since the date of retirement equal to the amount of verified
11 unused medical leave. The benefits are payable the last day of the
12 month. If payment is delayed, a retroactive payment shall be made to
13 cover the period of deferment.
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THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS for HB 25
 Title Accrued Medical and Annual Leave for State Employees (Service Credit)
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (PERS)
 Budget Request Unit(s) Affected Public Employees' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		20.6	22.7	25.0	27.5	30.2
200 TRAVEL						
300 CONTRACTUAL		20.0				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
100 BENEFITS		516.0	567.6	624.4	686.8	755.5
TOTAL	-0-	557.7	590.6	649.7	714.6	786.0

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	412.8	454.1	499.5	549.4	604.4
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OTHER (Specify)	3%	15.5	17.0	18.7	20.6	22.7
PERS		41.7	23.0	25.3	27.8	30.5

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

- III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
1. Estimate FY 79 state payroll to be \$215,000,000.
 2. Estimate total state payroll will increase at 10% annually.
 3. Estimate that the average state employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS. (Based upon statistical sample of approximately 450 vested state employees eligible for normal retirement. A 20% increase in unused sick balance was assumed after passage of this bill.)
 4. Increase in state contribution rate is .24%.
 5. Assumes current retirees will not be affected by this bill.
 6. Administrative costs as attached.

IV. DATE 2/16/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement and Benefits
 PHONE 465-4460 *OK BW*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

33-001 (Rev. 12/77)

CS HB 25

APPENDIX I

CS for HB 25

1. Personnel Services -

To calculate contributions due to the system, input service credit data and handle correspondence will require:

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Salary and merit increases at 6% first year

FY 79 Monthly Salary	\$1,371 x 12	=	\$16,452
Plus benefits at 25.5%		=	\$ 4,195
	Total		<u>\$20,647</u>

2. Contractual -

Estimated costs for major data processing system modifications are \$20,000, onetime only.

3. Commodities -

\$300 per year

4. Equipment -

Desk, chair, calculator = \$ 800

5. These funds should be appropriated to the Division of Retirement and Benefits, Paul B. Arnoldt, Director, 465-4460.

Master file

February 24, 1978

Legislative Board of Retirement Benefits analysis and recommendations on:

CS for House Bill No. 25

The board endorses the attached fiscal note as its fiscal analysis, given the assumptions in the analysis section. The assumption that unused sick leave balances will increase by 20 percent is speculative, and none of the possible cost offsets have been taken into account; however, the fiscal impact will be substantial in any case.

A majority of the board recommends that CSHB 25 do not pass; one member recommends do pass; and one member was absent.

The board opposes passage of CSHB 10 because:

- 1) sick leave should not be converted to retirement credit in any case because it amounts to "double counting" for the same service;
- 2) no contributions are required; and
- 3) the fiscal impact is considerable.

SUMMARY OF CS FOR HOUSE BILL NO. 25

(assuming adoption of amendments suggested by Legislative Affairs Agency)

Retirement system affected: PERS

Gives a state employee the option of receiving retirement credit for accumulated annual or personal leave if he did not receive a cash payment for it.

Permits a state employee who retires after July 1, 1978 to receive retirement credit for the total number of days of unused medical leave. Prohibits requiring an employee contribution for credited unused medical leave.

Raises from six months to three years the time within which a terminated state officer or employee must reenter state service in order to have unused medical leave accrued at the time of termination restored to him. Raises the amount of such medical leave which will be restored from fifty to one hundred per cent.

Takes effect July 1, 1978.

A M E N D M E N T

IN THE HOUSE

TO: CS for House Bill No. 25

Page 1, line 7:

after "employees" and before the period, add the following new material: "; and providing for an effective date"

Page 1, line 26:

change "1977" to "1978"

Page 2, line 14:

Add the following new material:

"Sec. 2. This Act takes effect July 1, 1978."

Original sponsors: Duncan and Miller

Offered: 5/7/77
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to accrued medical and annual leave of
7 state employees."

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

9 * Section 1. AS 39.20.260(f) is amended to read:

10 (f) Upon his separation from state service, and unless he reenters
11 employment of the state within three years [SIX MONTHS] of his termina-
12 tion, the unused medical leave of an officer or employee is automati-
13 cally canceled without pay for it for any purpose except computation of
14 service credit under AS 39.35.365. If an officer or employee when
15 terminated by the state reenters the state service within three years
16 [SIX MONTHS] after his termination, he is entitled to full credit for
17 [ONE-HALF OF] the medical leave he had accrued at the time of his termi-
18 nation.

19 * Sec. 2. AS 39.35 is amended by adding a new section to read:

20 ARTICLE 5. SERVICE.

21 Sec. 39.35.365. ACCUMULATED ANNUAL AND MEDICAL LEAVE COMPUTED AS
22 SERVICE CREDIT. (a) Upon retirement, an employee of the state shall
23 have the option to receive service credit for his accumulated annual or
24 personal leave if the employee did not receive cash payment for his
25 accumulated annual or personal leave under AS 39.20.250(a).

26 (b) An employee of the state who retires after July 1, 1977 may
27 receive service credit for the total number of days of unused medical
28 leave accrued under AS 39.20.260. The employee must apply to receive
29 service credit for unused medical leave within one year after

1 appointment to retirement. Unused medical leave shall be credited on a
2 day-for-day basis. No credit may be granted for fractional days of
3 unused sick leave. No employee contribution may be required for credited
4 unused medical leave.

5 (c) Benefits payable under (b) of this section accrue from the
6 first day of the month after which all of the following requirements are
7 met: (1) the employee meets the eligibility requirements of this
8 section; (2) the employee's written application for unused medical leave
9 is verified and received by the administrator; and (3) a period of time
10 has elapsed since the date of retirement equal to the amount of verified
11 unused medical leave. The benefits are payable the last day of the
12 month. If payment is delayed, a retroactive payment shall be made to
13 cover the period of deferment.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS for HB 25
 Title Accrued Medical and Annual Leave for State Employees (Service Credit)
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (PERS)
 Budget Request Unit(s) Affected Public Employees' Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES		20.6	22.7	25.0	27.5	30.2
200 TRAVEL						
300 CONTRACTUAL		20.0				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
100 BENEFITS		516.0	567.6	624.4	686.8	755.5
TOTAL	-0-	557.7	590.6	649.7	714.6	786.0

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	412.8	454.1	499.5	549.4	604.4
FEDERAL FUNDS	17%	87.7	96.5	106.2	116.8	128.4
OTHER (Specify)	3%	15.5	17.0	18.7	20.6	22.7
PERS		41.7	23.0	25.3	27.8	30.5

POSITIONS

FULL TIME	1	1	1	1	1
PART TIME					
TEMPORARY					

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

1. Estimate FY 79 state payroll to be \$215,000,000.
2. Estimate total state payroll will increase at 10% annually.
3. Estimate that the average state employee will receive an additional 4.7 days (unused medical leave) of service credit for each year of employment under PERS. (Based upon statistical sample of approximately 450 vested state employees eligible for normal retirement. A 20% increase in unused sick balance was assumed after passage of this bill.)
4. Increase in state contribution rate is .24%.
5. Assumes current retirees will not be affected by this bill.
6. Administrative costs as attached.

Paul B. Arnoldt

IV. DATE 2/16/78 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement and Benefits
 PHONE 465-4460 *of 01/*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

APPENDIX I

CS for HB 25

1. Personnel Services -

To calculate contributions due to the system, input service credit data and handle correspondence will require:

One regular full-time employee - Benefit Technician (Range 12)
Salary and merit increases at 6% first year

FY 79 Monthly Salary	\$1,371 x 12	=	\$16,452
Plus benefits at 25.5%		=	\$ 4,195
	Total		<u>\$20,647</u>

2. Contractual -

Estimated costs for major data processing system modifications are \$20,000, onetime only.

3. Commodities -

\$300 per year

4. Equipment -

Desk, chair, calculator = \$ 800

5. These funds should be appropriated to the Division of Retirement and Benefits, Paul B. Arnoldt, Director, 465-4460.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 25
 Title An act relating to accrued medical and annual leave credit in PERS
 Requested by House Finance Date 5/19/77

II. FISCAL DETAIL
 Agency Affected Administration - Retirement
 Program Category Affected General Government
 Budget Request Unit(s) Affected ALL

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	18.4	19.3	Increase @ 5% per annum		
200 TRAVEL	-0-	-0-	-0-			
300 CONTRACTUAL	-0-	20.0	-0-			
400 COMMODITIES	-0-	-0-	-0-			
500 EQUIPMENT	-0-	.8	-0-			
600 LAND & STRUCTURES	-0-	-0-	-0-			
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-			
100 BENEFITS	-0-	1708.8	1879.7	Increase @ 10% per annum		
TOTAL	-0-	\$1748.0	\$1899.0			

FUNDING (Thousands of Dollars)

GENERAL FUND	80%	-0-	1367.0	1503.7		
FEDERAL FUNDS	10%	-0-	170.9	188.6		
OTHER (Specify)	10%	-0-	170.9	188.0	Increase @ 10% per annum	
		-0-	39.2	19.3		

POSITIONS

FULL TIME	-0-	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

1. Assume FY 78 covered state payroll to be \$192,000,000.
2. Assume that total state payroll will increase at 10% per year.
3. Assume that average state employee will receive an additional 9 days (unused medical leave) of service credit for each year employed.
4. Increase in the state contribution rate paid to PERS will be .89% of covered pay.
5. Will require one additional full-time employee to record annual and medical leave in the PERS (Range 12) Benefit Technician \$18,400.
6. Cost to modify data processing systems estimated to be \$20,000, one time only cost.

IV. DATE May 20, 1977 PREPARED BY *Robert S. Gato*
 AGENCY Administration - Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CSHB 25

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 25
 Title An act relating to accrued medical and annual leave credit in PERS
 Requested by House Finance Date 5/19/77

II. FISCAL DETAIL

Agency Affected Administration - Retirement
 Program Category Affected General Government
 Budget Request Unit(s) Affected ALL

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	18.4	19.3	Increase @ 5% per annum		
200 TRAVEL	-0-	-0-	-0-			
300 CONTRACTUAL	-0-	20.0	-0-			
400 COMMODITIES	-0-	-0-	-0-			
500 EQUIPMENT	-0-	.8	-0-			
600 LAND & STRUCTURES	-0-	-0-	-0-			
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-			
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TOTAL	-0-	\$1748.0	\$1899.0			

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		-0-	39.2	19.3		

POSITIONS

FULL TIME	-0-	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

1. Assume FY 78 covered state payroll to be \$192,000,000.
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3. Assume that average state employee will receive an additional 9 days (unused medical leave) of service credit for each year employed.
4. Increase in the state contribution rate paid to PERS will be .89% of covered pay.
5. Will require one additional full-time employee to record annual and medical leave in the PERS (Range 12) Benefit Technician \$18,400.
6. Cost to modify data processing systems estimated to be \$20,000, one time only cost.

IV. DATE May 20, 1977 PREPARED BY *Robert S. Latta*
 AGENCY Administration - Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 25
Title An act relating to accrued medical and annual leave credit in PERS
Requested by House Finance Date 5/19/77

II. FISCAL DETAIL

Agency Affected Administration - Retirement
Program Category Affected General Government
Budget Request Unit(s) Affected ALL

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	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	18.4	19.3	Increase @ 5% per annum		
200 TRAVEL	-0-	-0-	-0-			
300 CONTRACTUAL	-0-	20.0	-0-			
400 COMMODITIES	-0-	-0-	-0-			
500 EQUIPMENT	-0-	.8	-0-			
600 LAND & STRUCTURES	-0-	-0-	-0-			
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-			
100 BENEFITS	-0-	1708.8	1879.7	Increase @ 10% per annum		
TOTAL	-0-	\$1748.0	\$1899.0			

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POSITIONS

FULL TIME	-0-	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

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

1. Assume FY 78 covered state payroll to be \$192,000,000.
2. Assume that total state payroll will increase at 10% per year.
3. Assume that average state employee will receive an additional 9 days (unused medical leave) of service credit for each year employed.
4. Increase in the state contribution rate paid to PERS will be .89% of covered pay.
5. Will require one additional full-time employee to record annual and medical leave in the PERS (Range 12) Benefit Technician \$18,400.
6. Cost to modify data processing systems estimated to be \$20,000, one time only cost.

IV. DATE May 20, 1977 PREPARED BY *Robert S. Gates*
AGENCY Administration - Retirement & Benefits
Original: Legislative Finance PHONE 465-4460
cc: Budget and Management
Prime Sponsor (First Legislator Named)



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 O. Smith
Signature of Camera Operator

2/8/90
Date

COMMITTEE REPORT

2-28-77

HOUSE

4-25-77 Date

Mr. Speaker:

The Committee on FINANCE has had HB 26

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 CS for HB 26 and that

CS for HB 26 do pass

(and) recommends it be referred to the _____ committee

reports it back without recommendation

AND attaches a report of its intent

(other) with fiscal notes of 1-17-77

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

[Signature]
Chairman

"An Act creating the surplus heat resource development revolving loan fund; and providing for an effective date."

COMMITTEE REPORT

2-28-77

HOUSE

4-25-77

Date

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reports it back without recommendation

AND attaches a report of its intent

(other) with fiscal note 1-17-77

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

Freeman
Chairman

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 26
Title Surplus Heat Resource Development Revolving Loan Fund
Requested by House Commerce Date January 17, 1977

II. FISCAL DETAIL
Agency Affected Department of Commerce & Economic Development
Program Category Affected Development
Budget Request Unit(s) Affected Division of Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0					
500 EQUIPMENT	0					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
TOTAL	0					

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

It does not appear that this program would be large enough to require additional staffing.

IV. DATE January 17, 1977 PREPARED BY Pete Jeans
AGENCY Division of Business Loans
Original: Legislative Finance PHONE 465-2510
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Original sponsor: Swanson

1 IN THE HOUSE OF REPRESENTATIVES BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 26 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the surplus heat resource development
7 revolving loan fund; and providing for an effective
8 date."

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

10 * Section 1. AS 45 is amended by adding a new chapter to read:

11 CHAPTER 96. SURPLUS HEAT RESOURCES DEVELOPMENT LOAN FUND.

12 Sec. 45.96.010. DECLARATION OF POLICY. It is the policy of this
13 chapter to promote the development of surplus heat resources throughout
14 the state by means of long-term, low-interest loans.

15 Sec. 45.96.020. FUND ESTABLISHED. There is established as a
16 separate fund the surplus heat resource development revolving loan fund.

17 Sec. 45.96.030. FUND UTILIZATION. (a) The commissioner of
18 commerce and economic development shall, under regulations and policies
19 adopted by him, make loans to acquire, finance or refinance, or equip
20 facilities to utilize surplus heat resources in the state.

21 (b) A loan shall be secured by acceptable collateral and may not
22 exceed 90 per cent of the appraised value of the collateral offered as
23 security. The rate of interest may not exceed eight per cent a year on
24 the unpaid balance and the term of the loan may not exceed 20 years.

25 Sec. 45.96.040. ADMINISTRATION OF LOANS. Administration of the
26 surplus heat resource development loan fund shall be performed by the
27 Department of Commerce and Economic Development which is empowered to
28 adopt procedures and promulgate the regulations necessary to carry out
29 the provisions of this chapter.

1 Sec. 45.96.050. ELIGIBILITY FOR LOANS. A person is eligible for a
2 loan under this chapter if he can establish or demonstrate good char-
3 acter, capacity for financial responsibility, ability to provide suffi-
4 cient collateral and knowledge of Alaska economic conditions.

5 Sec. 45.96.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The
6 commissioner of commerce and economic development may sell or transfer
7 at par value or at a premium or discount to the Department of Revenue or
8 any bank or other private purchaser for cash or other consideration the
9 mortgages and notes held by the Department of Commerce and Economic
10 Development as security for loans made under this chapter. The prin-
11 cipal amount of the mortgages and notes sold or transferred under this
12 section may not exceed \$200,000.

13 Sec. 45.96.070. DEFINITIONS. In this chapter "surplus heat re-
14 sources" means naturally or artificially generated or released heat that
15 is present as a by-product in sufficient quantity to alter a limited
16 environment for the economic and aesthetic well-being of the citizens of
17 this state.

18 * Sec. 2. This Act takes effect January 1, 1978.
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FORM 02-001BC
FOR BRIEF COMMUNICATIONS
MAY BE HANDWRITTEN

MEMORANDUM

State of Alaska

TO: *Legislative Affairs*

DEPT _____
DIV _____
SEC _____

DATE : *4-25-77*

FROM: *Rebecca Enger*
House Finance

SUBJECT: *Finance CS for HB 26*

*Please prepare and return to me
tomorrow in Room 411. Thanks.*

Original sponsor: Swanson

Offered: 2/28/77
Referred: Finance

1 IN THE HOUSE

FINANCE
BY THE ~~COMMERCE~~ COMMITTEE

2

CS FOR HOUSE BILL NO. 26

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act creating the surplus heat resource development revolving loan fund; and providing for an effective date."

7

8

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

9

* Section 1. AS 45 is amended by adding a new chapter to read:

10

CHAPTER 96. SURPLUS HEAT RESOURCES DEVELOPMENT LOAN FUND.

11

12

Sec. 45.96.010. DECLARATION OF POLICY. It is the policy of this chapter to promote the development of surplus heat resources throughout the state by means of long-term, low-interest loans.

13

14

Sec. 45.96.020. FUND ESTABLISHED. There is established as a separate fund the surplus heat resource development revolving loan fund.

15

16

Sec. 45.96.030. FUND UTILIZATION. (a) The commissioner of commerce and economic development shall, under regulations and policies adopted by him, make loans to acquire, finance or refinance, or equip facilities to utilize surplus heat resources in the state.

17

18

19

(b) A loan shall be secured by acceptable collateral and may not exceed 90 per cent of the appraised value of the collateral offered as security. The rate of interest may not exceed eight per cent a year on the unpaid balance and the term of the loan may not exceed 20 years.

20

21

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Sec. 45.96.040. ADMINISTRATION OF LOANS. Administration of the surplus heat resource development loan fund shall be performed by the Department of Commerce and Economic Development which is empowered to adopt procedures and promulgate the regulations necessary to carry out the provisions of this chapter.

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26

1 Sec. 45.96.050. ELIGIBILITY FOR LOANS. A person is eligible for a
2 loan under this chapter if he can establish or demonstrate good char-
3 acter, capacity for financial responsibility, ability to provide suffi-
4 cient collateral and knowledge of Alaska economic conditions.

5 Sec. 45.96.060. SALE OR TRANSFER OF MORTGAGES AND NOTES. The
6 commissioner of commerce and economic development may sell or transfer
7 at par value or at a premium or discount to the Department of Revenue or
8 any bank or other private purchaser for cash or other consideration the
9 mortgages and notes held by the Department of Commerce and Economic
10 Development as security for loans made under this chapter. Add *

11 Sec. 45.96.070. DEFINITIONS. In this chapter "surplus heat re-
12 sources" means naturally or artificially generated or released heat that
13 is present as a by-product in sufficient quantity to alter a limited
14 environment for the economic and aesthetic well-being of the citizens of
15 this state.

16 * Sec. 2. This Act takes effect January 1, 1978.

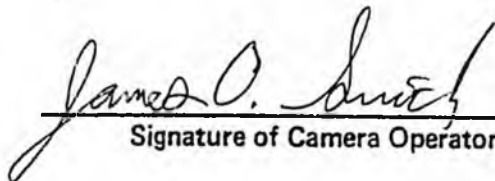
17 *The principle amount in all the
18 mortgages and notes purchased and
19 held by the Dept. of Revenue or ~~or~~
20 ~~of~~ any bank or other private purchaser
21 shall not exceed \$200,000.
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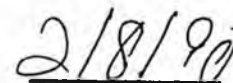
RECORDS CERTIFICATION



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Signature of Camera Operator



Date

STATE
of ALASKA**MEMORANDUM**HB 361
SB 23

HB 36

Box 6729

TO: Allison Farnon
Legislative Analyst
Legislative Finance

DATE: February 14, 1977

FROM: Richard W. Freer
Deputy Commissioner
Department of Administration

SUBJECT: Administrative Leave

The concept of administrative leave is a hold over from merit system days when, prior to passage of the Public Employment Relation Act, employees were granted certain time to represent their interests at Personnel Board meetings. With the advent of collective bargaining and the subsequent maturing process within the employee organizations with whom the State negotiates, there is no longer a basis for this paternalistic approach. The relative few hours previously granted do not equate to the weeks required to negotiate collective bargaining agreements.

In addition, it is not the practice in private industry to pay for the time of union negotiators and is prohibited by the National Labor Relations Act.

Neither the State nor the union should be handicapped or penalized in the matter of administrative leave -- the State by subsidizing employees paid to perform the work for which they are hired and for indefinite periods of time -- the union by being restricted to negotiated periods of time which ultimately may be felt to be inadequate. The dues structure presently established by the unions should permit them to exercise the flexibility they feel is necessary in this regard.

However, in the recently concluded agreement with the General Government Bargaining Unit the union recognized its responsibilities by agreeing to the donation of annual leave by its members to support their bargaining team in negotiations. This is a significant step by this union to manage its own affairs and should not be thwarted by legislative action.

It should be noted that the three marine unions have never sought to be granted administrative leave for negotiating their contracts.

RWF/kw

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 36/ SB 23
 Title An Act relating to Admin. Leave for Employees engaged in Collective Bargaining
 Requested by House State Affairs (David Rogers 3832) Date 1/17/77

II. FISCAL DETAIL
 Agency Affected All
 Program Category Affected All
 Budget Request Unit(s) Affected All Except the Court System

EXPENDITURES (Thousands of Dollars)

SEE ANALYSIS BELOW

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) Because there are no time limits expressed in SB 23 and HB 36, the following are daily rates for employees who have negotiated or are now negotiating labor contracts with the State. Rates are increased by 25.5% benefits or \$3.60/hour for IBU employee benefits. Also listed are overtime rates for replacement on the job of employees at the bargaining table.

UNION	# ON TEAM	LOSS OF PRODUCTIVITY	OVERTIME REPLACEMENT	TOTAL
Public Safety Emp.	5	\$	\$.9	\$.9
General Government	4	.3	.4	.7
Labor, Trades & Crafts	5		.8	.8
Confidential	5	.7		.7
Supervisory	4	.6		.6
Inlandboatmen	4		1.0	1.0
Total Loss Daily				4.7
Hard Dollars			\$ 3.1	
Soft Dollars		\$ 1.6		
Total Loss Weekly		\$ 8.0	\$ 15.5	\$ 23.5

IV. DATE 1/17/77 PREPARED BY Kenneth Cates
 AGENCY Administration
 PHONE 465-4407

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Rep. Miller; Senator Ray
 Governor's Office (Fran Ulmer)
 33-001 (Romney's Office (Richard Freer) House State Affairs (David Rogers)

Estimates for the Public Safety, Labor, Trades and Crafts, and Inlandboatmen negotiating teams assume productivity maintained through overtime or expanded shifts at overtime rates. Estimates for the confidential and supervisory teams assume full productivity loss. The estimate for the General Government team assumes one-half of the productivity was maintained through overtime. These estimates do not consider the consequential impact to the State or the public due to productivity losses.

1 IN THE SENATE

2 SENATE BILL NO. 23

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to administrative leave for employees
7 engaged in collective bargaining; and providing for an
8 effective date."

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

10 * Section 1. AS 23.40.080 is amended by adding a new subsection to read:

11 (b) Public employees chosen or elected to represent employees in a
12 bargaining unit are entitled to administrative leave for each day of
13 travel to and from the place of bargaining and for each day spent in the
14 bargaining process. No more than six employees for each bargaining team
15 may be granted administrative leave at one time.

16 * Sec. 2. The provisions of this Act are retroactive to July 1, 1976 and
17 a person who took leave without pay or annual leave for the purposes set out
18 in AS 23.40.080(b) is entitled to a compensation or an annual leave adjust-
19 ment.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10-
21 070(c).

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HB = Miller + Duncan
= Kellus = 2277
by ngbyaps ss for
hp for table
v. table
no ms-v.b. ungr
read ngbyaps
BY RAY
SFC