

LEG. FINANCE - BILLS 1979 - 1980 1243

SB 23 thru SB 26



# 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

*3/20/90*  
Date



EXPLANATION OF SENATE BILL No. 23

Senate Bill No. 23 introduced by Senator Ray provides as follows:

- Senate Bill No. 23 repeals the self-destruct clause, sections 32-34 of Employment Security legislation.
- There is no financial impact with this house-keeping measure.
- Background:

In 1977 as a result of a federal law mandating participation, the Alaska State Legislature passed legislation providing for unemployment insurance coverage for public employees. Previously such employees were not provided such coverage. The legislation which passed included a "self-destruct" (sections 32-34) which is to become effective in the event that the federal law were declared constitutional. The "self-destruct" clause would terminate unemployment insurance coverage for public employees. The State of Alaska has joined other states in a class action suit to have the federal law requiring participation declared unconstitutional. It can not be determined when there will be a ruling from the U.S. Supreme Court on the issue, thus it is possible that the Legislature could adjourn in May, and the court could issue a decision in June. If the court decision declared the federal law unconstitutional, the self-destruct clause would immediately terminate unemployment insurance coverage and the Legislature would not convene until the following January to deal with the issue.

Introduced: 1/16/79  
Referred: Labor & Management  
and Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 23

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance coverage for  
7 employees of the state and its political subdivisions,  
8 and providing for an effective date."

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

10 \* Section 1. Sections 32 - 34, ch. 122, SLA 1977 are repealed.

11 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
12 070(c).

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

X



same as  
SB 23 1979

BILL ANALYSIS

ASSIGNMENT DATE \_\_\_\_\_  
UNASSIGNED \_\_\_\_\_

DEPARTMENT Labor	SPONSOR (PRINCIPAL) Duncan - Miller	BILL NO. HB 621	
DEPARTMENT POSITION			
DIVISION DIRECTOR David L. Gale	DATE 2/2/78	COMMISSIONER Edmund N. Orbeck	DATE 2/2/78
GOVERNOR'S OFFICE USE			
<input type="checkbox"/> POSITION NOTED <input type="checkbox"/> POSITION APPROVED <input type="checkbox"/> POSITION DISAPPROVED			
BY:		DATE:	
SUMMARY			
(1) RELATED BILLS (SIMILAR OR CONFLICTING)			
(2) a. ORGANIZATIONAL SUPPORT FOR BILL		(2) b. ORGANIZATIONAL OPPOSITION TO BILL	
(3) PROGRAM EFFECTS OF BILL      This bill deletes sections 32-34 of the unemployment provisions of the Employment Security thus assuring coverage to state and municipal workers regardless of federal action. Originally, the provision to be deleted was to drop coverage if the state's class action was able to obtain an injunction against mandatory coverage. The injunction was denied by Judge Richey in federal court. There is no financial impact with this housekeeping measure.			
(4) FISCAL IMPACT: <input checked="" type="checkbox"/> NONE <input type="checkbox"/> FISCAL ANALYSIS ATTACHED			
(5) AMENDMENTS PROPOSED:			
(6) COMMENTS:			



# 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

*3/20/90*  
Date

A M E N D M E N T

OFFERED IN THE SENATE:

By: SENATE HESS

To: \_\_\_\_\_ SENATE BILL No. 24

HOUSE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 17 and 19

line 17: after "pay" delete "one-half" and insert "90% of

line 19: delete "one-half" and insert 10%"

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Senate Bill 24 (Senate Finance Amendments)  
 Title Insurance Coverage for Persons Receiving Benefits Under the PERS  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (PERS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.3				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		0.2				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		319.6	351.6	386.8	425.5	468.1
TOTAL		330.1	362.2	398.0	437.4	480.7

FUNDING (Thousands of Dollars)

GENERAL FUND	261.7	287.9	316.8	348.4	383.4
FEDERAL FUNDS	14.7	16.2	17.8	19.6	21.5
VETERAN'S FUND	0.6	0.7	0.8	0.9	0.9
FISH & GAME FUND	1.9	2.1	2.3	2.6	2.8
HIGHWAY FUND	4.2	4.6	5.0	5.5	6.1
AIRPORT FUND	9.3	10.2	11.2	12.3	13.6
CAPITAL FUND	27.2	29.9	32.9	36.2	39.8
PERS	10.5	10.6	11.2	11.9	12.6
TRS					

POSITIONS

FULL TIME	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
PART TIME					
TEMPORARY					

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

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Retiree would pay 90% of the cost and the retirement system would pay 10% of the cost.
3. Estimate FY 80 covered State payroll to be \$241,000,000.
4. Estimate future State payrolls will increase at 10% annually.
5. Increase in State employee contribution rate would be .1326% of covered payroll.
6. Administrative costs per attachment (Page 2).

*Paul B. Arnoldt*

IV. DATE 3/22/79 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)  
 Office of the Governor (Keith Specking)

## Senate Bill 24 (Senate Finance Amendments)

The following administrative funds would be required to implement the provisions of this bill.

1. Personal Service - one permanent full-time position Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	$\$1,254 \times 12 =$	$\$15,048$
Plus benefits at 30.23%		$= \underline{\$ 4,549}$
		$\$19,597$

2. Miscellaneous Expenses - initial cost office equipment, annual commodity, replacement costs, and printing/ mailing costs.

FY 80	=	$\$1,300$
Succeeding FY's	=	$\$ 300$

Administrative costs will be shared equally between the Public Employees' Retirement System and the Teachers' Retirement System.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Senate Bill 24 (Senate Finance Amendment)  
 Title Insurance Coverage for Persons Receiving Benefits Under the TRS  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (TRS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.2				
400 COMMODITIES		0.1	0.1	0.1	0.1	0.1
500 EQUIPMENT		0.3				
600 LAND & STRUCTURES						
700 TRS STATE MATCH		193.3	212.6	233.9	257.3	283.0
100 BENEFITS		44.3	48.7	53.6	59.0	64.9
TOTAL		248.0	271.8	298.6	328.1	360.4

FUNDING (Thousands of Dollars)

GENERAL FUND		237.5	261.3	287.5	316.3	341.9
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		10.4	10.5	11.1	11.8	12.5

POSITIONS

FULL TIME		$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
PART TIME						
TEMPORARY						

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

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Retiree would pay 90% of the cost and the retirement system would pay 10% of the cost.
3. Estimate FY 80 covered TRS payroll to be \$231,000,000.
4. Estimate future State payrolls will increase at 10% annually.
5. Increase in combined TRS State Match and district contribution rate will be .1674% of covered payroll.
6. Administrative costs per attachment (Page 2).

IV. DATE 3/22/79 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)  
 Office of the Governor (Keith Specking)  
 33-001 (Rev. 12/78)





Introduced: 1/16/79  
Referred: Health, Education  
& Social Services and  
Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 24

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for persons  
7 receiving benefits under the public employees' and  
8 teachers' retirement systems."

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

10 Section 1. AS 39.30.090 is amended by adding a new paragraph to read:

11 (15) A person receiving benefits under AS 14.25 or AS 39.35  
12 may obtain auditory, visual, and dental insurance for himself under this  
13 section. The level of coverage for persons over 65 shall be the same as  
14 that available before reaching age 65 except that the benefits payable  
15 shall be supplemental to those afforded under the federal old age,  
16 survivors, and disability insurance program, if any. A person electing  
17 to have insurance under this paragraph shall pay <sup>90%</sup> ~~one-half~~ the cost of  
18 the insurance, and the retirement system from which he is receiving  
19 benefits shall pay the other <sup>10%</sup> ~~one-half~~.

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill No. 24:

The board endorses the attached fiscal note as its fiscal analysis of SB 24.

Three members of the board recommend that SB 24 do pass; three members recommend that it do not pass and one member was absent.

The members who voted do not pass did so on account of the fiscal impact and did support passage of CS HB 26.

SUMMARY OF SENATE BILL NO. 24

Retirement system affected: TRS and PERS

Allows a person receiving benefits under TRS or PERS to elect to receive auditory, visual, and dental insurance. Requires the individual to pay one-half the cost of the insurance and the retirement system from which he is receiving benefits to pay the other one-half.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 24  
 Title Insurance Coverage for Persons Receiving Benefits Under the Public Employees' R/S  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (PERS)  
 BRU, Program, or Subprogram(s) Affected 02-06-0-01-01-01  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.3				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		0.2				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		1,597.8	1,757.6	1,933.3	2,126.7	2,339.3
TOTAL		1,608.3	1,768.2	1,944.5	2,138.6	2,351.9

FUNDING (Thousands of Dollars)

GENERAL FUND	1,308.6	1,439.6	1,583.4	1,741.7	1,916.0
FEDERAL FUNDS	73.5	80.8	88.9	97.8	107.6
VETERAN'S FUND	3.2	3.5	3.9	4.3	4.7
FISH & GAME FUND	9.6	10.5	11.6	12.8	14.0
HIGHWAY FUND	20.8	22.8	25.1	27.6	30.4
AIRPORT FUND	46.3	51.0	56.1	61.7	67.8
CAPITAL FUND	135.8	149.4	164.3	180.8	198.8
PERS	10.5	10.6	11.2	11.9	12.6
TRS					

POSITIONS

FULL TIME	1/2	1/2	1/2	1/2	1/2
PART TIME					
TEMPORARY					

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

1. Audio, dental, vision coverage will be extended to present and retirees.
2. Estimate FY 80 covered state payroll to be \$241,000,000.
3. Estimate future state payrolls will increase at 10% annually.
4. Increase in state employer contribution rate would be .6630% of covered payroll.
5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79 PREPARED BY Paul B. Arnoldt, Director  
 AGENCY Division of Retirement & Benefits  
 PHONE 465-4450  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Office of the Governor (Keith Specking) Senator Ray  
 33-001 (Rev. 12/78)

ATTACHMENT SB 24

The following administrative funds would be required to implement the provisions of this bill.

1. Personal Service - one permanent full-time position Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	\$1,254 X 12 = \$15,048
Plus benefits at 30.23%	= <u>\$ 4,549</u>
	\$19,597

2. Miscellaneous Expenses - initial cost office equipment, annual commodity, replacement costs, and printing/ mailing costs.

FY 80	= \$1,300
Succeeding FY's	= \$ 300

Administrative costs will be shared equally between the Public Employees' Retirement System and the Teachers' Retirement System.. . .

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 24

Title Insurance Coverage for Persons Receiving Benefits Under the Teachers' Retirement System

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Retirement and Benefits (TRS)

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.2				
400 COMMODITIES		0.1	0.1	0.1	0.1	0.1
500 EQUIPMENT		0.3				
600 LAND & STRUCTURES						
700 TRS STATE MATCH		967.0	1,063.7	1,170.1	1,887.1	1,415.8
100 BENEFITS		221.8	246.0	268.4	295.2	324.7
TOTAL		1,199.2	1,319.2	1,449.6	1,594.1	1,753.0

FUNDING (Thousands of Dollars)

GENERAL FUND	1,188.8	1,307.7	1,438.5	1,582.3	1,740.5
FEDERAL FUNDS					
VETERAN'S FUND					
FISH & GAME FUND					
HIGHWAY FUND					
AIRPORT FUND					
CAPITAL FUND					
PERS					
TRS	10.4	10.4	11.1	11.8	12.5

POSITIONS

FULL TIME	1/2	1/2	1/2	1/2	1/2
PART TIME					
TEMPORARY					

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

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Estimate FY 80 covered TRS payroll to be \$231,000,000.
3. Estimate future state payrolls will increase at 10% annually.
4. Increase in combined TRS State Match and district contribution rate will be .8372% of covered payroll.
5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79

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)  
Office of the Governor (Keith Specking)  
33-001 (Rev. 12/78)

Senator Ray

ATTACHMENT

Bill/Resolution No. SB 24

ASSUMPTIONS:

- |  |   |               |
|--|---|---------------|
| 1. Estimated FY80 Payroll (Total System) | = | \$213,000,000 |
| 2. State Contribution Rate to Fund Bill  | = | .4186%        |
| 3. State TRS Matching Rate to Fund Bill  | = | .4186%        |
| 4. School District Rate to Fund Bill     | = | .4186%        |

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 6,000,000	X	.4186%	\$ 25.1	To Their Budget
2. University of Alaska	\$ 47,000,000	X	.4186%	\$ 196.7	To Their Budget
				<u>\$ 221.8</u>	
3. State TRS Matching	\$231,000,000	X	.4186%	\$ -967.0	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 9.8	To Personal Services
Travel				\$ -0-	To Travel
Contractual				\$ 0.2	To Contractual
Commodities				\$ 0.1	To Commodities
Equipment				<u>\$ 0.3</u>	To Equipment
				<u>\$1,199.2</u>	
5. All School Districts	\$178,000,000	X	.4186%	<u>\$ 745.1</u>	
				<u>\$1,944.3</u>	

March 29, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill 24 am:

The board endorses the attached fiscal note as its fiscal analysis of SB 24 am.

Two members of the board recommend that SB 24 am do pass, two recommend that it do not pass and one member has no recommendation; two members were absent and there is one vacancy on the board.

Introduced: 1/16/79  
Referred: Health, Educa-  
tion & Social Services  
and Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 24 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance coverage for persons  
7 receiving benefits under the public employees' and  
8 teachers' retirement systems."

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

10 \* Section 1. AS 39.30.090 is amended by adding a new paragraph to read:

11 (15) A person receiving benefits under AS 14.25 or AS 39.35  
12 may obtain auditory, visual, and dental insurance for himself under this  
13 section. The level of coverage for persons over 65 shall be the same as  
14 that available before reaching age 65 except that the benefits payable  
15 shall be supplemental to those afforded under the federal old age,  
16 survivors, and disability insurance program, if any. A person electing  
17 to have insurance under this paragraph shall pay 90 per cent of the  
18 cost of the insurance, and the retirement system from which he is  
19 receiving benefits shall pay the other 10 per cent.

20

21

22

23

24

25

26

27

28

29

SUMMARY OF SENATE BILL NO. 24 am

Retirement systems affected: TRS and PERS

Allows a person receiving benefits under TRS or PERS to elect to receive auditory, visual, and dental insurance. Requires the individual to pay 90 per cent of the cost of the insurance and the retirement system from which he is receiving benefits to pay the other 10 per cent.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Senate Bill 24 (Senate Finance Amendments)  
 Title Insurance Coverage for Persons Receiving Benefits Under the PERS  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (PERS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.3				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		0.2				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		319.6	351.6	386.8	425.5	468.1
TOTAL		330.1	362.2	398.0	437.4	480.7

FUNDING (Thousands of Dollars)

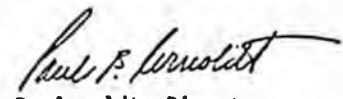
GENERAL FUND		261.7	287.9	316.8	348.4	383.4
FEDERAL FUNDS		14.7	16.2	17.8	19.6	21.5
VETERAN'S FUND		0.6	0.7	0.8	0.9	0.9
FISH & GAME FUND		1.9	2.1	2.3	2.6	2.8
HIGHWAY FUND		4.2	4.6	5.0	5.5	6.1
AIRPORT FUND		9.3	10.2	11.2	12.3	13.6
CAPITAL FUND		27.2	29.9	32.9	36.2	39.8
PERS		10.5	10.6	11.2	11.9	12.6
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Retiree would pay 90% of the cost and the retirement system would pay 10% of the cost.
3. Estimate FY 80 covered State payroll to be \$241,000,000.
4. Estimate future State payrolls will increase at 10% annually.
5. Increase in State employer contribution rate would be .1326% of covered payroll.
6. Administrative costs per attachment (Page 2).



IV. DATE 3/22/79 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)  
 Office of the Governor (Keith Specking)  
 33-001 (Rev. 12/78)

Senate Bill 24 (Senate Finance Amendments)

The following administrative funds would be required to implement the provisions of this bill.

1. Personal Service - one permanent full-time position Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	\$1,254 X 12 = \$15,048
Plus benefits at 30.23%	= <u>\$ 4,549</u>
	\$19,597

2. Miscellaneous Expenses - initial cost office equipment, annual commodity, replacement costs, and printing/ mailing costs.

FY 80	= \$1,300
Succeeding FY's	= \$ 300

Administrative costs will be shared equally between the Public Employees' Retirement System and the Teachers' Retirement System.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Senate Bill 24 (Senate Finance Amendment)  
 Title Insurance Coverage for Persons Receiving Benefits Under the TRS  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (TRS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.2				
400 COMMODITIES		0.1	0.1	0.1	0.1	0.1
500 EQUIPMENT		0.3				
600 LAND & STRUCTURES						
700 TRS STATE MATCH		193.3	212.6	233.9	257.3	283.0
100 BENEFITS		44.3	48.7	53.6	59.0	64.9
TOTAL		248.0	271.8	298.6	328.1	360.4

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND		237.6	261.3	287.5	316.3	347.9
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		10.4	10.5	11.1	11.8	12.5

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME		1/2	1/2	1/2	1/2	1/2
PART TIME						
TEMPORARY						

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

1. Audio, dental, vision coverage will be extended to present and future retirees
2. Retiree would pay 90% of the cost and the retirement system would pay 10% of t cost.
3. Estimate FY 80 covered TRS payroll to be \$231,000,000.
4. Estimate future State payrolls will increase at 10% annually.
5. Increase in combined TRS State Match and district contribution rate will be .1674% of covered payroll.
6. Administrative costs per attachment (Page 2).

*Paul B. Arnoldt*

IV. DATE 3/22/79 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)  
 Office of the Governor (Keith Specking)  
 33-001 (Rev. 2/78)

## ATTACHMENT

Bill/Resolution No. SB 24  
 (Senate Finance Amendments)

ASSUMPTIONS:

1. Estimated FY80 Payroll (Total System)	=	\$231,000,000
2. State Contribution Rate to Fund Bill	=	.0837%
3. State TRS Matching Rate to Fund Bill	=	.0837%
4. School District Rate to Fund Bill	=	.0837%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 6,000,000	X	.0837%	\$ 5.0	To Their Budget
2. University of Alaska	\$ 47,000,000	X	.0837%	\$ 39.3	To Their Budget
				<u>\$ 44.3</u>	
3. State TRS Matching	\$231,000,000	X	.0837%	\$193.3	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 9.8	To Personal Service
Travel				\$ -0-	To Travel
Contractual				\$ 0.2	To Contractual
Commodities				\$ 0.1	To Commodities
Equipment				\$ 0.3	To Equipment
				<u>\$248.0</u>	
5. All School Districts	\$178,000,000	X	.0837%	\$149.0	
				<u>\$397.0</u>	

REMARKS:



# 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.

*Jamaal O. Smith*  
Signature of Camera Operator

*3/20/90*  
Date

# COMMITTEE REPORT HOUSE

FURTHER:

March 31, 1979

Date: 4/23/79

Mr. Speaker:

The Committee on FINANCE has had CSSB 25 am

"An Act relating to withdrawal from the federal Social Security System; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>th</sup>CS for CSSB 25 am  same title  
 new title
- and recommends that it do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Freeman  
Smith  
Rogers  
Shelby  
97

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

McKinnon - No Rec  
Montgomery - No Rec

Freeman  
 Vice CHAIRMAN

Original sponsor: Ray

Offered: 3/31/79  
Referred: Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 25  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

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

10 (b) In addition each employee shall pay the appropriate social  
11 security contribution or the contribution required under AS 39.30.150  
12 in place of the social security contribution.

13 \* Sec. 2. AS 39.35.680(21) is amended by adding a new subparagraph to  
14 read:

15 (D) may include employees of the division of marine  
16 transportation excluded under (C)(v) of this paragraph provided  
17 that

18 (i) the State of Alaska formally agrees to their  
19 inclusion through the process of collective bargaining; and

20 (ii) no collective bargaining agreement has the  
21 effect of obligating contributions made by the state under  
22 AS 39.30.150 in the event the state resumes participation in  
23 the federal Social Security System;

24 \* Sec. 3. AS 39.30 is amended by adding new sections to read:

25 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
26 WITHDRAWAL FROM SOCIAL SECURITY.

27 Sec. 39.30.150. CONTRIBUTIONS. (a) In place of contributions to  
28 the federal Social Security System which would have been required had  
29 the state remained in the system, the state and an employee of the state

1 shall each contribute 6.13 per cent of the wages of the employee up to  
2 the taxable wage base then in effect in the social security system. All  
3 costs of establishing and administering the benefit program established  
4 by AS 39.30.160 shall be paid from the contributions made by the state  
5 under this section. The contributions made by the employee under this  
6 section and the balance of the contributions made by the state shall be  
7 paid into special individual employee benefit accounts in the Department  
8 of Administration to be used to provide supplemental employee benefits  
9 provided in AS 39.30.160.

10 (b) Employees of the division of marine transportation included in  
11 the public employees' retirement system through the process of collec-  
12 tive bargaining under AS 39.35.680(21)(D) may, under the terms of a  
13 collective bargaining agreement, utilize contributions made under (a) of  
14 this section by them and on their behalf to offset the costs of inclu-  
15 sion in the public employees' retirement system; however,

16 (1) the state is placed under no obligation to continue  
17 making contributions under this section if the state resumes participa-  
18 tion in the federal Social Security System;

19 (2) the bargaining agreement must provide a mechanism for  
20 satisfying any residual liabilities which might exist if the state  
21 resumes participation in the federal Social Security System; and

22 (3) no funds contributed under (a) of this section by or on  
23 the behalf of employees who are not covered by maritime union contracts  
24 may be obligated or expended to pay any costs associated with the inclu-  
25 sion of marine transportation employees in the public employees' retire-  
26 ment system.

27 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
28 Department of Administration shall provide to employees for whom benefit  
29 accounts are established under AS 39.30.150 the following benefit op-

1 tions:

- 2 (1) supplemental health benefits,
- 3 (2) supplemental death benefits,
- 4 (3) supplemental disability benefits,
- 5 (4) supplemental survivor benefits, and
- 6 (5) supplemental annuities.

7 (b) An employee making contributions under AS 39.30.150 may select  
8 the types and amounts of supplemental benefits to be purchased from the  
9 special account established for him under AS 39.30.150. The selection  
10 shall be from the benefit options listed in (a) of this section.

11 (c) The entire amounts paid by both the state, after the deduction  
12 for administrative costs under AS 39.30.150, and by the employee into  
13 the special individual benefit accounts under AS 39.30.150 shall be used  
14 for supplemental benefits under this section.

15 (d) The Department of Administration shall adopt regulations to  
16 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
17 employees the opportunity to periodically change the distribution of  
18 contributions among the supplemental benefit options listed in (a) of  
19 this section.

20 (e) Regulations adopted by the Department of Administration imple-  
21 menting AS 39.30.150 and AS 39.30.160 are not subject to the Administra-  
22 tive Procedure Act (AS 44.62).

23 \* Sec. 4. If approved by employees of the State of Alaska as set out in  
24 sec. 5 of this Act, the state's notice of intention to withdraw from the  
25 federal Social Security System shall be allowed to become effective January 1,  
26 1980.

27 \* Sec. 5. The Department of Administration shall conduct an election by  
28 secret ballot by September 25, 1979. The department shall, at least 90 days  
29 before the election, prepare a list of all affected state employees, in-

1 cluding permanent, seasonal and temporary employees, who shall be eligible to  
2 vote, along with mailing addresses, and make the list available to interested  
3 persons or employee representative organizations. The question on the ballot  
4 shall read: "Do you favor withdrawal from the Social Security System?" The  
5 ballot shall contain a description of the benefits provided for in this Act  
6 which would be provided in place of further benefits under the Social  
7 Security System. No other information concerning the election issue may be  
8 distributed with or attached to the ballot. A simple majority of those  
9 employees voting shall determine the outcome of this issue.

10 \* Sec. 6. Sections 1, 2 and 3 of this Act take effect on January 1, 1980  
11 if approved by a majority of the votes cast by affected state employees under  
12 sec. 5 of this Act. Sections 4 and 5 of this Act take effect immediately in  
13 accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for Senate Bill 25  
 Title An Act relating to withdrawal from the federal Social Security  
 Requested by System; and providing for a date. Date 3-17-79

II. FISCAL DETAIL

Agency Affected Division of Retirement & Benefits  
 Program Category Affected \_\_\_\_\_  
 Budget Request Unit(s) Affected \_\_\_\_\_

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 3-17-79

PREPARED BY Senator John C. Sockett  
 AGENCY Chairman, Senate Finance  
 PHONE \_\_\_\_\_

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

Original sponsor: Ray

Offered: 3/31/79  
Referred: Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 25  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL  
6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

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

10 (b) In addition each employee shall pay the appropriate social  
11 security contribution or the contribution required under AS 39.30.150  
12 in place of the social security contribution.

13 \* Sec. 2. AS 39.35.680(21) is amended by adding a new subparagraph to  
14 read:

15 (D) may include employees of the division of marine  
16 transportation excluded under (C)(v) of this paragraph provided  
17 that

18 (i) the State of Alaska formally agrees to their  
19 inclusion through the process of collective bargaining; and

20 (ii) no collective bargaining agreement has the  
21 effect of obligating contributions made by the state under  
22 AS 39.30.150 in the event the state resumes participation in  
23 the federal Social Security System;

24 \* Sec. 3. AS 39.30 is amended by adding new sections to read:

25 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
26 WITHDRAWAL FROM SOCIAL SECURITY.

27 Sec. 39.30.150. CONTRIBUTIONS. (a) In place of contributions to  
28 the federal Social Security System which would have been required had  
29 the state remained in the system, the state and an employee of the state

1 shall each contribute 6.13 per cent of the wages of the employee up to  
2 the taxable wage base then in effect in the social security system. All  
3 costs of establishing and administering the benefit program established  
4 by AS 39.30.160 shall be paid from the contributions made by the state  
5 under this section. The contributions made by the employee under this  
6 section and the balance of the contributions made by the state shall be  
7 paid into special individual employee benefit accounts in the Department  
8 of Administration to be used to provide supplemental employee benefits  
9 provided in AS 39.30.160.

10 (b) Employees of the division of marine transportation included in  
11 the public employees' retirement system through the process of collec-  
12 tive bargaining under AS 39.35.680(21)(D) may, under the terms of a  
13 collective bargaining agreement, utilize contributions made under (a) of  
14 this section by them and on their behalf to offset the costs of inclu-  
15 sion in the public employees' retirement system; however,

16 (1) the state is placed under no obligation to continue  
17 making contributions under this section if the state resumes participa-  
18 tion in the federal Social Security System;

19 (2) the bargaining agreement must provide a mechanism for  
20 satisfying any residual liabilities which might exist if the state  
21 resumes participation in the federal Social Security System; and

22 (3) no funds contributed under (a) of this section by or on  
23 the behalf of employees who are not covered by maritime union contracts  
24 may be obligated or expended to pay any costs associated with the inclu-  
25 sion of marine transportation employees in the public employees' retire-  
26 ment system.

27 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
28 Department of Administration shall provide to employees for whom benefit  
29 accounts are established under AS 39.30.150 the following benefit op-

1 tions:

- 2 (1) supplemental health benefits,
- 3 (2) supplemental death benefits,
- 4 (3) supplemental disability benefits,
- 5 (4) supplemental survivor benefits, and
- 6 (5) supplemental annuities.

7 (b) An employee making contributions under AS 39.30.150 may select  
8 the types and amounts of supplemental benefits to be purchased from the  
9 special account established for him under AS 39.30.150. The selection  
10 shall be from the benefit options listed in (a) of this section.

11 (c) The entire amounts paid by both the state, after the deduction  
12 for administrative costs under AS 39.30.150, and by the employee into  
13 the special individual benefit accounts under AS 39.30.150 shall be used  
14 for supplemental benefits under this section.

15 (d) The Department of Administration shall adopt regulations to  
16 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
17 employees the opportunity to periodically change the distribution of  
18 contributions among the supplemental benefit options listed in (a) of  
19 this section.

20 (e) Regulations adopted by the Department of Administration imple-  
21 menting AS 39.30.150 and AS 39.30.160 are not subject to the Administra-  
22 tive Procedure Act (AS 44.62).

23 \* Sec. 4. If approved by employees of the State of Alaska as set out in  
24 sec. 5 of this Act, the state's notice of intention to withdraw from the  
25 federal Social Security System shall be allowed to become effective January 1  
26 1980.

27 \* Sec. 5. The Department of Administration shall conduct an election by  
28 secret ballot by September 25, 1979. The department shall, at least 90 days  
29 before the election, prepare a list of all affected state employees, in-

1 cluding permanent, seasonal and temporary employees, who shall be eligible to  
2 vote, along with mailing addresses, and make the list available to interested  
3 persons or employee representative organizations. The question on the ballot  
4 shall read: "Do you favor withdrawal from the Social Security System?" The  
5 ballot shall contain a description of the benefits provided for in this Act  
6 which would be provided in place of further benefits under the Social  
7 Security System. No other information concerning the election issue may be  
8 distributed with or attached to the ballot. A simple majority of those  
9 employees voting shall determine the outcome of this issue.

10 \* Sec. 6. Sections 1, 2 and 3 of this Act take effect on January 1, 1980  
11 if approved by a majority of the votes cast by affected state employees under  
12 sec. 5 of this Act. Sections 4 and 5 of this Act take effect immediately in  
13 accordance with AS 01.10.070(c).

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

Original Sponsor: Ray

Offered: 3/15/79  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 25 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

9 \* Section 1. AS 39.30 is amended by adding new sections to read:

10 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
11 WITHDRAWAL FROM SOCIAL SECURITY.

12 Sec. 39.30.150. CONTRIBUTIONS. The amounts which both the state  
13 and an employee of the state would have otherwise paid into the federal  
14 Social Security System at the rate then in effect when the state with-  
15 drew from the federal Social Security System shall be paid into special  
16 employee benefit accounts in the Department of Administration to be used  
17 to provide supplemental employee benefits provided in AS 39.30.160.

18 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
19 Department of Administration shall provide to employees for whom benefit  
20 accounts are established under AS 39.30.150 the following benefit  
21 options:

- 22 (1) supplemental health benefits,  
23 (2) supplemental death benefits,  
24 (3) supplemental disability benefits,  
25 (4) supplemental survivor benefits, and  
26 (5) supplemental annuities.

27 (b) An employee making contributions under AS 39.30.150 may select  
28 the types and amounts of supplemental benefits to be purchased from the  
29 special account established for him under AS 39.30.150. The selection

1 shall be from the benefit options listed in (a) of this section.

2 (c) The entire amounts paid by both the state and the employee  
3 under AS 39.30.150 shall be used for supplemental benefits under this  
4 section.

5 (d) The Department of Administration shall adopt regulations to  
6 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
7 employees the opportunity to periodically change the distribution of  
8 contributions among the supplemental benefit options listed in (a) of  
9 this section.

10 \* Sec. 2. If approved by employees of the State of Alaska as set out in  
11 sec. 3 of this Act, the state's notice of intention to withdraw from the  
12 federal Social Security System shall be allowed to become effective  
13 January 1, 1980.

14 \* Sec. 3. The Department of Administration shall conduct an election by  
15 secret ballot by September 25, 1979. The department shall, at least 90 days  
16 before the election, prepare a list of all affected state employees, in-  
17 cluding permanent, seasonal and temporary employees who shall be eligible to  
18 vote, along with mailing addresses and make the list available to interested  
19 persons or employee representative organizations. The question on the ballot  
20 shall read: "Do you favor withdrawal from the Social Security System?" The  
21 ballot shall contain a description of the benefits and the cost of the  
22 benefits provided for in this Act which would be provided in lieu of further  
23 benefits under the Social Security System. No other information concerning  
24 the election issue may be distributed with or attached to the ballot. A  
25 simple majority of those employees voting shall determine the outcome of this  
26 issue.

27 \* Sec. 4. Section 1 of this Act takes effect on January 1, 1980 if  
28 approved by a majority of the votes cast by affected state employees under  
29 sec. 3 of this Act. Section 3 of this Act takes effect immediately in

1 accordance with AS 01.10.070(c).

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Original sponsor: Ray

Offered: 3/31/79  
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

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

10 (b) In addition each employee shall pay the appropriate social  
11 security contribution or the contribution required under AS 39.30.150  
12 in place of the social security contribution.

13 \* Sec. 2. AS 39.35.680(21) is amended by adding a new subparagraph to  
14 read:

15 (D) may include employees of the division of marine  
16 transportation excluded under (C)(v) of this paragraph provided  
17 that

18 (i) the State of Alaska formally agrees to their  
19 inclusion through the process of collective bargaining; and

20 (ii) no collective bargaining agreement has the  
21 effect of obligating contributions made by the state under  
22 AS 39.30.150 in the event the state resumes participation in  
23 the federal Social Security System;

24 \* Sec. 3. AS 39.30 is amended by adding new sections to read:

25 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
26 WITHDRAWAL FROM SOCIAL SECURITY.

27 Sec. 39.30.150. CONTRIBUTIONS. (a) In place of contributions to  
28 the federal Social Security System which would have been required had  
29 the state remained in the system, the state and an employee of the state

1 shall each contribute 6.13 per cent of the wages of the employee up to  
2 the taxable wage base then in effect in the social security system. All  
3 costs of establishing and administering the benefit program established  
4 by AS 39.30.160 shall be paid from the contributions made by the state  
5 under this section. The contributions made by the employee under this  
6 section and the balance of the contributions made by the state shall be  
7 paid into special individual employee benefit accounts in the Department  
8 of Administration to be used to provide supplemental employee benefits  
9 provided in AS 39.30.160.

10 (b) Employees of the division of marine transportation included in  
11 the public employees' retirement system through the process of collec-  
12 tive bargaining under AS 39.35.680(21)(D) may, under the terms of a  
13 collective bargaining agreement, utilize contributions made under (a) of  
14 this section by them and on their behalf to offset the costs of inclu-  
15 sion in the public employees' retirement system; however,

16 (1) the state is placed under no obligation to continue  
17 making contributions under this section if the state resumes participa-  
18 tion in the federal Social Security System;

19 (2) the bargaining agreement must provide a mechanism for  
20 satisfying any residual liabilities which might exist if the state  
21 resumes participation in the federal Social Security System; and

22 (3) no funds contributed under (a) of this section by or on  
23 the behalf of employees who are not covered by maritime union contracts  
24 may be obligated or expended to pay any costs associated with the inclu-  
25 sion of marine transportation employees in the public employees' retire-  
26 ment system.

27 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
28 Department of Administration shall provide to employees for whom benefit  
29 accounts are established under AS 39.30.150 the following benefit op-

1 tions:

- 2 (1) supplemental health benefits,  
3 (2) supplemental death benefits,  
4 (3) supplemental disability benefits,  
5 (4) supplemental survivor benefits, and  
6 (5) supplemental annuities.

7 (b) An employæ making contributions under AS 39.30.150 may select  
8 the types and amounts of supplemental benefits to be purchased from the  
9 special account established for him under AS 39.30.150. The selection  
10 shall be from the benefit options listed in (a) of this section.

11 (c) The entire amounts paid by both the state, after the deduction  
12 for administrative costs under AS 39.30.150, and by the employee into  
13 the special individual benefit accounts under AS 39.30.150 shall be used  
14 for supplemental benefits under this section.

15 (d) The Department of Administration shall adopt regulations to  
16 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
17 employees the opportunity to periodically change the distribution of  
18 contributions among the supplemental benefit options listed in (a) of  
19 this section.

20 (e) Regulations adopted by the Department of Administration imple-  
21 menting AS 39.30.150 and AS 39.30.160 are not subject to the Administra-  
22 tive Procedure Act (AS 44.62).

23 \* Sec. 4. If approved by employees of the State of Alaska as set out in  
24 sec. 5 of this Act, the state's notice of intention to withdraw from the  
25 federal Social Security System shall be allowed to become effective January 1  
26 1980.

27 \* Sec. 5. The Department of Administration shall conduct an election by  
28 secret ballot by September 25, 1979. The department shall, at least 90 days  
29 before the election, prepare a list of all affected state employæes, in-

1 cluding permanent, seasonal and temporary employees, who shall be eligible to  
2 vote, along with mailing addresses, and make the list available to interested  
3 persons or employee representative organizations. The question on the ballot  
4 shall read: "Do you favor withdrawal from the Social Security System?" The  
5 ballot shall contain a description of the benefits provided for in this Act  
6 which would be provided in place of further benefits under the Social  
7 Security System. No other information concerning the election issue may be  
8 distributed with or attached to the ballot. A simple majority of those  
9 employees voting shall determine the outcome of this issue.

10 \* Sec. 6. Sections 1, 2 and 3 of this Act take effect on January 1, 1980  
11 if approved by a majority of the votes cast by affected state employees under  
12 sec. 5 of this Act. Sections 4 and 5 of this Act take effect immediately in  
13 accordance with AS 01.10.070(c).

Original Sponsor: Ray

Offered: 3/15/79  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 25 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

9 \* Section 1. AS 39.30 is amended by adding new sections to read:

10 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
11 WITHDRAWAL FROM SOCIAL SECURITY.

12 Sec. 39.30.150. CONTRIBUTIONS. The amounts which both the state  
13 and an employee of the state would have otherwise paid into the federal  
14 Social Security System at the rate then in effect when the state with-  
15 drew from the federal Social Security System shall be paid into special  
16 employee benefit accounts in the Department of Administration to be used  
17 to provide supplemental employee benefits provided in AS 39.30.160.

18 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
19 Department of Administration shall provide to employees for whom benefit  
20 accounts are established under AS 39.30.150 the following benefit  
21 options:

- 22 (1) supplemental health benefits,  
23 (2) supplemental death benefits,  
24 (3) supplemental disability benefits,  
25 (4) supplemental survivor benefits, and  
26 (5) supplemental annuities.

27 (b) An employee making contributions under AS 39.30.150 may select  
28 the types and amounts of supplemental benefits to be purchased from the  
29 special account established for him under AS 39.30.150. The selection

1 shall be from the benefit options listed in (a) of this section.

2 (c) The entire amounts paid by both the state and the employee  
3 under AS 39.30.150 shall be used for supplemental benefits under this  
4 section.

5 (d) The Department of Administration shall adopt regulations to  
6 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
7 employees the opportunity to periodically change the distribution of  
8 contributions among the supplemental benefit options listed in (a) of  
9 this section.

10 \* Sec. 2. If approved by employees of the State of Alaska as set out in  
11 sec. 3 of this Act, the state's notice of intention to withdraw from the  
12 federal Social Security System shall be allowed to become effective  
13 January 1, 1980.

14 \* Sec. 3. The Department of Administration shall conduct an election by  
15 secret ballot by September 25, 1979. The department shall, at least 90 days  
16 before the election, prepare a list of all affected state employees, in-  
17 cluding permanent, seasonal and temporary employees who shall be eligible to  
18 vote, along with mailing addresses, and make the list available to interested  
19 persons or employee representative organizations. The question on the ballot  
20 shall read: "Do you favor withdrawal from the Social Security System?" The  
21 ballot shall contain a description of the benefits and the cost of the  
22 benefits provided for in this Act which would be provided in lieu of further  
23 benefits under the Social Security System. No other information concerning  
24 the election issue may be distributed with or attached to the ballot. A  
25 simple majority of those employees voting shall determine the outcome of this  
26 issue.

27 \* Sec. 4. Section 1 of this Act takes effect on January 1, 1980 if  
28 approved by a majority of the votes cast by affected state employees under  
29 sec. 3 of this Act. Section 3 of this Act takes effect immediately in

1 accordance with AS 01.10.070(c).

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Original Sponsor: Ray

Offered: 3/15/79  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 25 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

9 \* Section 1. AS 39.30 is amended by adding new sections to read:

10 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
11 WITHDRAWAL FROM SOCIAL SECURITY.

12 Sec. 39.30.150. CONTRIBUTIONS. The amounts which both the state  
13 and an employee of the state would have otherwise paid into the federal  
14 Social Security System at the rate then in effect when the state with-  
15 drew from the federal Social Security System shall be paid into special  
16 employee benefit accounts in the Department of Administration to be used  
17 to provide supplemental employee benefits provided in AS 39.30.160.

18 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
19 Department of Administration shall provide to employees for whom benefit  
20 accounts are established under AS 39.30.150 the following benefit  
21 options:

- 22 (1) supplemental health benefits,  
23 (2) supplemental death benefits,  
24 (3) supplemental disability benefits,  
25 (4) supplemental survivor benefits, and  
26 (5) supplemental annuities.

27 (b) An employee making contributions under AS 39.30.150 may select  
28 the types and amounts of supplemental benefits to be purchased from the  
29 special account established for him under AS 39.30.150. The selection

1 shall be from the benefit options listed in (a) of this section.

2 (c) The entire amounts paid by both the state and the employee  
3 under AS 39.30.150 shall be used for supplemental benefits under this  
4 section.

5 (d) The Department of Administration shall adopt regulations to  
6 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
7 employees the opportunity to periodically change the distribution of  
8 contributions among the supplemental benefit options listed in (a) of  
9 this section.

10 \* Sec. 2. If approved by employees of the State of Alaska as set out in  
11 sec. 3 of this Act, the state's notice of intention to withdraw from the  
12 federal Social Security System shall be allowed to become effective  
13 January 1, 1980.

14 \* Sec. 3. The Department of Administration shall conduct an election by  
15 secret ballot by September 25, 1979. The department shall, at least 90 days  
16 before the election, prepare a list of all affected state employees, in-  
17 cluding permanent, seasonal and temporary employees who shall be eligible to  
18 vote, along with mailing addresses, and make the list available to interested  
19 persons or employee representative organizations. The question on the ballot  
20 shall read: "Do you favor withdrawal from the Social Security System?" The  
21 ballot shall contain a description of the benefits and the cost of the  
22 benefits provided for in this Act which would be provided in lieu of further  
23 benefits under the Social Security System. No other information concerning  
24 the election issue may be distributed with or attached to the ballot. A  
25 simple majority of those employees voting shall determine the outcome of this  
26 issue.

27 \* Sec. 4. Section 1 of this Act takes effect on January 1, 1980 if  
28 approved by a majority of the votes cast by affected state employees under  
29 sec. 3 of this Act. Section 3 of this Act takes effect immediately in

1 accordance with AS 01.10.070(c).

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Offered: 3/15/79  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 25

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

7

8

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

9

\* Section 1. AS 39.30 is amended by adding new sections to read:

10

ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
11 WITHDRAWAL FROM SOCIAL SECURITY.

11

12

Sec. 39.30.150. CONTRIBUTIONS. The amounts which both the state  
13 and an employee of the state would have otherwise paid into the federal  
14 Social Security System at the rate then in effect had the state con-  
15 tinued in the federal Social Security System shall be paid into special  
16 employee benefit accounts in the Department of Administration to be used  
17 to provide supplemental employee benefits provided in AS 39.30.160.

16

17

18

Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
19 Department of Administration shall provide to employees for whom benefit  
20 accounts are established under AS 39.30.150 the following benefit  
21 options:

20

21

22

(1) supplemental health benefits,

23

(2) supplemental death benefits,

24

(3) supplemental disability benefits,

25

(4) supplemental survivor benefits, and

26

(5) supplemental annuities.

27

28

(b) An employee making contributions under AS 39.30.150 may select  
the types and amounts of supplemental benefits to be purchased from the  
special account established for him under AS 39.30.150. The selection

29

1 shall be from the benefit options listed in (a) of this section.

2 (c) The entire amounts paid by both the state and the employee  
3 under AS 39.30.150 shall be used for supplemental benefits under this  
4 section.

5 (d) The Department of Administration shall adopt regulations to  
6 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
7 employees the opportunity to periodically change the distribution of  
8 contributions among the supplemental benefit options listed in (a) of  
9 this section.

10 \* Sec. 2. If approved by employees of the State of Alaska as set out in  
11 sec. 3 of this Act, the state's notice of intention to withdraw from the  
12 federal Social Security System shall be allowed to become effective  
13 January 1, 1980.

14 \* Sec. 3. The Department of Administration shall conduct an election by  
15 secret ballot by September 25, 1979. The department shall, at least 90 days  
16 before the election, prepare a list of all affected state employees, in-  
17 cluding permanent, seasonal and temporary employees who shall be eligible to  
18 vote, along with mailing addresses, and make the list available to interested  
19 persons or employee representative organizations. The question on the ballot  
20 shall read: "Do you favor withdrawal from the Social Security System?" The  
21 ballot shall contain a description of the benefits and the cost of the  
22 benefits provided for in this Act which would be provided in lieu of further  
23 benefits under the Social Security System. No other information concerning  
24 the election issue may be distributed with or attached to the ballot. A  
25 simple majority of those employees voting shall determine the outcome of this  
26 issue.

27 \* Sec. 4. Section 1 of this Act takes effect on January 1, 1980 if  
28 approved by a majority of the votes cast by affected state employees under  
29 sec. 3 of this Act. Section 3 of this Act takes effect immediately in

1 accordance with AS 01.10.070(c).

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1979

SUBJECT: SB 25; Summary and Analysis Correction

TO: The Honorable Clem Tillion  
President of the Senate

FROM: Ken Humphreys *J.K.H.*  
Senior Policy Analyst

*9- (?)  
anything needs to be  
done.*

The summary for SB 25 which was included in the February 16 report of the Legislative Board of Retirement Benefits was in error in that it treated a section of last year's bill. The current version of the bill would not include marine employees in PERS. A corrected summary is attached, and the board's analysis should reflect that the fiscal impact has not yet been determined.

Please contact me if you have questions.

KH:jm  
Attachment

cc: Chairmen of the House and Senate Finance and State Affairs Committees  
Chairman of the Legislative Council

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill No. 25

As SB 25 is currently drafted, the fiscal impact has not been determined. More detailed fiscal information will be available soon and the board will make a recommendation at that time.

(corrected 2/27/79)

SUMMARY OF SENATE BILL NO. 25

Retirement system affected: PERS

Provides for an election in which the state employees who are currently covered by federal social security may choose whether to continue that coverage, or to continue the same contributions required by social security, opt out and receive an alternative package of benefits provided by the state.

Provides that an occupational disability pension be the greater of 40 percent of the disabled employee's compensation or the accrued retirement benefit.

The alternate package of benefits for affected state employees includes:

- (1) allows the employees of the division of marine transportation who are covered by a maritime union contract to bargain collectively for inclusion in the PERS;
- (2) a 25-and-out provision for PERS employees;
- (3) an additional three-fourths of one percent on the PERS benefit crediting factor for each year of service;
- (4) survivor's and disability insurance; and
- (5) a mandatory deferred compensation program for contributions in excess of deductions.



# 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

3/23/90  
Date

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

## I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill 25  
 Title Withdrawal From the Federal Social Security System  
 Requested by House Finance Date \_\_\_\_\_

## II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits  
 Program Category Affected Retirement and Benefits (OTHER BENEFITS)  
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-02-00  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		80.9	85.8	90.9	96.4	102.2
200 TRAVEL						
300 CONTRACTUAL		186.6	30.8	30.8	30.8	30.8
400 COMMODITIES		3.0	3.0	3.0	3.0	3.0
500 EQUIPMENT		1.5	0.1	0.1	0.1	0.1
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		-0-	(1290.9)	(1560.6)	(1713.7)	(1874.5)
TOTAL		272.0	(1171.2)	(1435.8)	(1583.4)	(1738.4)

FUNDING (Thousands of Dollars)

GENERAL FUND			(1057.3)	(1278.0)	(1403.5)	(1535.3)
FEDERAL FUNDS			( 59.7)	( 71.8)	( 78.8)	( 86.2)
VETERAN'S FUND			( 2.6)	( 3.1)	( 3.4)	( 3.7)
FISH & GAME FUND			( 7.7)	( 9.4)	( 10.3)	( 11.2)
HIGHWAY FUND			( 16.8)	( 20.3)	( 22.3)	( 24.4)
AIRPORT FUND			( 37.4)	( 45.3)	( 49.7)	( 54.4)
CAPITAL FUND			( 109.7)	( 132.7)	( 145.7)	( 159.3)
PROGRAM RECEIPTS		272.0	119.7	124.8	130.3	136.1

POSITIONS

FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

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

- Bracketed numbers represent savings to State as a result of freezing contribution rate at 6.13% of covered wage base. (Similar savings will accrue to State employees).
- If employees vote to opt out of Social Security:
  - All administrative costs will be funded from State contributions before the balance of the contributions made by the State are deposited into special individual employee benefit accounts. The first six (6) months operating costs will be paid from the State's general fund. The general fund will then be reimbursed via program receipts starting 1/1/80.

If employees vote not to opt out of Social Security:

- Administrative costs incurred between the passage of this bill and the special election will have to be funded via a supplemental appropriation. Estimate \$30 to \$40 thousand will be incurred.
- Administrative costs per attachments.

IV. DATE 4/2/79 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) Senator Ray/House State Affairs

## House CS for CS for Senate Bill 25

PERSONAL SERVICES:

One (1) Benefits Specialist (Range 18)			
Salary and Merit Increases @ 6% yearly			
FY 80 Monthly Salary	\$2,186 X 12	= \$ 26,232	
Benefits @ 30.23%		= <u>7,924</u>	\$ 34,161
One (1) Accountant III (Range 16)			
Salary and Merit Increases @ 6% yearly			
FY 80 Monthly Salary	\$1,886 X 12	= \$ 22,632	
Benefits @ 30.23%		= <u>6,841</u>	\$ 29,473
One (1) Clerk Typist III (Range 8)			
Salary and Merit Increases @ 6% yearly			
FY 80 Monthly Salary	\$1,108 X 12	= \$ 13,296	
Benefits @ 30.23%		= <u>4,019</u>	\$ 17,315
TOTAL - PERSONAL SERVICES			<u>\$ 80,949</u>

CONTRACTUAL SERVICES:

Fee to retain a consulting firm to:

- (1) Design/specify the supplemental benefits
- (2) Prepare Bid Specifications
- (3) Evaluate Bid Results
- (4) Interface between carriers and State

FY 80	\$ 80,000
Subsequent FY's	15,000

Data Processing Support (See Memo page 4):

FY 80	\$106,560
Subsequent FY's	15,800

## House CS for CS for Senate Bill 25

COMMODITIES:

## Supplies for employees:

Forms (enrollment, statements, etc.)  
Paper (Computer Reports, etc.)

FY 80 \$ 3,000  
Subsequent FY's \$ 3,000

EQUIPMENT:

(3) Desks  
(3) Chairs  
(1) Typewriter  
(1) Calculator  
Miscellaneous Equipment

FY 80 \$ 1,500  
Subsequent FY's \$ 100

STATE  
of ALASKA

## MEMORANDUM

House CS for CS for Senate Bill 25

TO:  Paul Arnoldt, Director  
Division of Retirement & Benefits  
Department of Administration

DATE: March 20, 1979

FILE NO:

THRU: Gary W. Motley, Manager *GM*  
Division of Data Processing

TELEPHONE NO:

FROM: Sally Hooton, EDP Programmer III  
*SMH* Division of Data Processing  
Department of Administration

SUBJECT: Data Processing Cost Estimates

The following are rough cost estimates based on our meeting this morning. Costs for forms and paper are not estimated.

- A. Modifications to the existing payroll system will be minimal for reporting of all contributions to the special benefits account to a new system. Estimates are based on in house maintenance cost of \$30 per hour.

Analyst & Programming	200 hrs @ \$30/hr	\$ 6,000
Computer testing	6 hrs @ \$110/hr	<u>660</u>
Total cost of payroll impact		\$ 6,660

- B. A new system will be required to administer and control the allocation of contributions. Listed below are estimated costs of this new system based on current contractual costs of \$55 per hour which includes contractual expenses.

Initial analysis and design including forms design	200 hrs @ \$55	\$11,000
--	----------------	----------

Analysis and programming costs by program task

1. Semi-monthly computer run

File load	30 hrs @ \$55	1,650
On/line & batch input	150 hrs @ \$55	8,250
Editing & reporting	120 hrs @ \$55	6,600
Update & reporting	120 hrs @ \$55	6,600
File backup	30 hrs @ \$55	<u>1,650</u>
		\$24,750

## House CS for CS for Senate Bill 25

Paul Arnoldt

March 20, 1979

2.	Monthly computer run		
	Comparison with Payroll	90 hrs @ \$55	4,950
	Update contributions & report	90 hrs @ \$55	4,950
	Split contributions by type	90 hrs @ \$55	4,950
	Report to 5 carriers 5 x 60 = 300 hrs @ \$55		16,500
	Social security number changes	40 hrs @ \$55	2,200
	Print turnaround document	50 hrs @ \$55	<u>2,750</u>
			\$36,300
3.	Semi annual computer run		
	File purge	60 hrs @ \$55	3,300
	Reconciliation of accounts	100 hrs @ \$55	5,500
	Employee statement	60 hrs @ \$55	<u>3,300</u>
			\$12,100
4.	Special request computer runs		
	Label print	50 hrs @ \$55	2,750
	Two special lists	100 hrs @ \$55	<u>5,500</u>
	Total Development Cost		\$ 8,250
C.	Initial Additional Costs		
	Data entry		2,000
	Computer time for program and systems testing	50 hrs @ \$110	<u>5,500</u>
			\$ 7,500
D.	Initial Cost Totals		
	Modifications to existing payroll System (A)		6,660
	Developmental costs (B)		92,400
	Additional data entry & computer cost (C)		<u>7,500</u>
			\$106,560

Paul Arnoldt

March 20, 1979

## E. Projected annual costs

Program maintenance	200 hrs @ \$30	\$ 6,000
Computer test time	10 hrs @ \$110	1,100
Computer time for production:		
Semi monthly	30 hrs @ \$110	3,300
Monthly	30 hrs @ \$110	3,300
Semi annual	5 hrs @ \$110	550
Specials	5 hrs @ \$110	550
Annual data entry cost		<u>1,000</u>
		\$15,800

cc: George Crowder

COMMITTEE REPORT  
SENATE

3/14/79

FURTHER:

Date: March 15, 1979

Mr. President:

The Committee on FINANCE has had SB 25  
withdrawal from the federal Social Security System

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SP 25  same title  
 new title
- and recommends Identical Amendment
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Tom Hayden

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

None

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

John A. Dingell

CHAIRMAN

no rec.

Offered: 3/15/79  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION.

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

9 \* Section 1. AS 39.30 is amended by adding new sections to read:

10 ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
11 WITHDRAWAL FROM SOCIAL SECURITY.

12 Sec. 39.30.150. CONTRIBUTIONS. The amounts which both the state  
13 and an employee of the state would have otherwise paid into the federal  
14 Social Security System at the rate then in effect had the state con-  
15 tinued in the federal Social Security System shall be paid into special  
16 employee benefit accounts in the Department of Administration to be used  
17 to provide supplemental employee benefits provided in AS 39.30.160.

18 Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The  
19 Department of Administration shall provide to employees for whom benefit  
20 accounts are established under AS 39.30.150 the following benefit  
21 options:

- 22 (1) supplemental health benefits,  
23 (2) supplemental death benefits,  
24 (3) supplemental disability benefits,  
25 (4) supplemental survivor benefits, and  
26 (5) supplemental annuities.

27 (b) An employee making contributions under AS 39.30.150 may select  
28 the types and amounts of supplemental benefits to be purchased from the  
29 special account established for him under AS 39.30.150. The selection

1 shall be from the benefit options listed in (a) of this section.

2 (c) The entire amounts paid by both the state and the employee  
3 under AS 39.30.150 shall be used for supplemental benefits under this  
4 section.

5 (d) The Department of Administration shall adopt regulations to  
6 implement AS 39.30.150 and 39.30.160. The regulations shall provide  
7 employees the opportunity to periodically change the distribution of  
8 contributions among the supplemental benefit options listed in (a) of  
9 this section.

10 \* Sec. 2. If approved by employees of the State of Alaska as set out in  
11 sec. 3 of this Act, the state's notice of intention to withdraw from the  
12 federal Social Security System shall be allowed to become effective  
13 January 1, 1980.

14 \* Sec. 3. The Department of Administration shall conduct an election by  
15 secret ballot by September 25, 1979. The department shall, at least 90 days  
16 before the election, prepare a list of all affected state employees, in-  
17 cluding permanent, seasonal and temporary employees who shall be eligible to  
18 vote, along with mailing addresses, and make the list available to interested  
19 persons or employee representative organizations. The question on the ballot  
20 shall read: "Do you favor withdrawal from the Social Security System?" The  
21 ballot shall contain a description of the benefits and the cost of the  
22 benefits provided for in this Act which would be provided in lieu of further  
23 benefits under the Social Security System. No other information concerning  
24 the election issue may be distributed with or attached to the ballot. A  
25 simple majority of those employees voting shall determine the outcome of this  
26 issue.

27 \* Sec. 4. Section 1 of this Act takes effect on January 1, 1980 if  
28 approved by a majority of the votes cast by affected state employees under  
29 sec. 3 of this Act. Section 3 of this Act takes effect immediately in

1 accordance with AS 01.10.070(c).

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

*see page 2 - Sec 3 for  
change.*

*Finance*

*OUT*

IN THE SENATE

CS FOR SENATE BILL NO. 25  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to withdrawal from the federal Social Security System; and providing for an effective date."

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

\* Section 1. AS 39.30 is amended by adding new sections to read:

ARTICLE 4. SUPPLEMENTAL EMPLOYEE BENEFITS ON  
WITHDRAWAL FROM SOCIAL SECURITY.

Sec. 39.30.150. CONTRIBUTIONS. The amounts which both the state and an employee of the state would have otherwise paid into the federal Social Security System at the rate then in effect had the state continued in the federal Social Security System shall be paid into special employee benefit accounts in the Department of Administration to be used to provide supplemental employee benefits provided in AS 39.30.160.

Sec. 39.30.160. BENEFITS IN PLACE OF SOCIAL SECURITY. (a) The Department of Administration shall provide to employees for whom benefit accounts are established under AS 39.30.150 the following benefit options:

- (1) supplemental health benefits,
- (2) supplemental death benefits,
- (3) supplemental disability benefits,
- (4) supplemental survivor benefits, and
- (5) supplemental annuities.

(b) An employee making contributions under AS 39.30.150 may select the types and amounts of supplemental benefits to be purchased from the special account established for him under AS 39.30.150. The selection

shall be from the benefit options listed in (a) of this section.

(c) The entire amounts paid by both the state and the employee under AS 39.30.150 shall be used for supplemental benefits under this section.

(d) The Department of Administration shall adopt regulations to implement AS 39.30.150 and 39.30.160. The regulations shall provide employees the opportunity to periodically change the distribution of contributions among the supplemental benefit options listed in (a) of this section.

\* Sec. 2. If approved by employees of the State of Alaska as set out in sec. 3 of this Act, the state's notice of intention to withdraw from the federal Social Security System shall be allowed to become effective January 1, 1980.

\* Sec. 3. The Department of Administration shall conduct an election by secret ballot by September 25, 1979. The department shall, at least 90 days before the election, prepare a list of all affected state employees, including permanent, seasonal and temporary employees, who shall be eligible to vote, along with mailing addresses, and make the list available to interested persons or employee representative organizations. The question on the ballot shall read: "Do you favor withdrawal from the Social Security System?" The ballot shall contain a description of the benefits <sup>and the cost thereof</sup> provided for in this Act which would be provided in lieu of further benefits under the Social Security System. No other information concerning the election issue may be distributed with or attached to the ballot. A simple majority of those employees voting shall determine the outcome of this issue.

\* Sec. 4. Section 1 of this Act takes effect on January 1, 1980 if approved by a majority of the votes cast by affected state employees under sec. 3 of this Act. Section 3 of this Act takes effect immediately in accordance with AS 01.10.070(c).

Introduced: 1/16/79  
Referred: State Affairs  
and Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to withdrawal from the federal Social  
7 Security System; and providing for an effective date."

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

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

10 (b) In addition each employee shall pay the appropriate social  
11 security contribution or the contribution required under AS 39.30.170 in  
12 lieu of a social security contribution.

13 \* Sec. 2. AS 39.35.680(21) is amended by adding a new subparagraph to read:

14 (D) may include employees of the division of marine  
15 transportation excluded under (C)(v) of this paragraph provided  
16 that

17 (i) the State of Alaska formally agrees to their  
18 inclusion through the process of collective bargaining, and  
19 (ii) other than military service credit, only ser-  
20 vice after January 1, 1980 may be credited under this chapter;

21 \* Sec. 3. AS 39.35.680(25) is amended to read:

22 (25) "normal retirement" means retirement for a member who is  
23 at least 55 years old and has a minimum of five years credited service,  
24 or who is any age and has 30 years or more of credited service, or who  
25 is making contributions under AS 39.30.170, is any age and has 25 years  
26 or more of credited service, or a peace officer or fireman who is any  
27 age and has 20 years or more of credited service;

28 \* Sec. 4. AS 39.35.370(c) is amended to read:

29 (c) The monthly amount of a retirement benefit for a peace officer

1 or fireman is two percent of the average monthly compensation times the  
2 years of credited service up through 10 years, plus two and one-half  
3 percent of the average monthly compensation times the years of service  
4 over 10 years. For all other employees it is two per cent of the aver-  
5 age monthly compensation times the years of service. The monthly amount  
6 of a retirement benefit for an employee covered by this chapter who is  
7 making contributions under AS 39.30.170 shall be increased by three-  
8 fourths of one per cent of the average monthly compensation times the  
9 years of credited service with the state. An actuarial adjustment must  
10 be made for an early retirement benefit.

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

12 (d) The monthly amount of an occupational disability pension is  
13 the greater of 40 per cent of the disabled employee's gross monthly com-  
14 penetration at the time of termination due to disability or the amount  
15 determined in accordance with AS 39.35.370(c) considering the employee's  
16 credited service and compensation before termination of employment.

17 \* Sec. 6. AS 39.30 is amended by adding new sections to read:

18 ARTICLE 4. SUPPLEMENTARY EMPLOYEE BENEFITS ON WITHDRAWAL  
19 FROM FEDERAL SOCIAL SECURITY.

20 Sec. 39.30.150. SURVIVOR'S BENEFITS. (a) The State of Alaska  
21 shall provide for survivor's benefits for occupational and non-occupa-  
22 tional death effective as of an employee's first day of employment, or  
23 January 1, 1980, whichever is later, to employees of the state who are  
24 making contributions under AS 39.30.170 as follows:

25 (1) for all casual, emergency or temporary employees not  
26 covered by the Alaska Public Employees' Retirement System (AS 39.35) or  
27 the Alaska Teachers' Retirement System (AS 14.25) the benefit payable to  
28 the beneficiary shall be a lump sum of \$15,000.

29 (2) for all employees other than those covered under (1) of

1 this subsection, the benefit payable to the beneficiary shall be a lump  
2 sum equal to 12 times the employee's basic monthly compensation at the  
3 time of death;

4 (b) For purposes of this section, "basic monthly compensation at  
5 the time of death" means the employee's basic monthly compensation for  
6 the last full month of employment immediately preceding his death or  
7 disability leading to his death.

8 Sec. 39.30.160. DISABILITY BENEFIT. (a) The state shall provide  
9 an occupational and non-occupational disability benefit program covering  
10 each employee of the state making contributions under AS 39.30.170.  
11 Coverage shall begin on the first day of employment or January 1, 1980,  
12 whichever is later. Disability payments are not payable during the  
13 first six months of disability.

14 (b) In this section, "disability" means the complete inability of  
15 the employee to engage in his regular occupation during the first 12  
16 months of disability, and thereafter the complete inability to engage in  
17 any employment or occupation for which he is reasonably fitted by reason  
18 of education, training or experience.

19 (c) For a casual, emergency or temporary employee not covered by  
20 the Alaska Public Employees' Retirement System (AS 39.35) or the Alaska  
21 Teachers' Retirement System (AS 14.25), the disability benefit is \$100  
22 per week and shall be payable only if the disabled employee fulfills the  
23 requirements set out in (e) of this section. The last payment shall be  
24 for the week in which (1) the death of the disabled employee occurs, or  
25 (2) the disabled employee reaches the age of 65, whichever occurs first.

26 (d) For all employees other than those covered in (c) of this  
27 section, the monthly disability benefit shall be 60 per cent of the  
28 first \$5,000 of the employee's basic monthly earnings at the date of  
29 disability less any disability benefits the employee is entitled to

1 under Social Security or any other disability plan to which the state  
2 makes contributions on behalf of that employee. The disability benefit  
3 shall be payable only if the disabled employee fulfills the requirements  
4 set out in (e) of this section. The last payment shall be for (1) the  
5 month in which the death of the disabled employee occurs, or (2) the  
6 month the disabled employee reaches normal retirement age, or (3) the  
7 month the disabled employee reaches the age of 65, whichever comes  
8 first.

9 (e) An employee receiving a disability benefit under this section  
10 shall provide the director of the division of retirement and benefits,  
11 one year after appointment to disability benefits and once each year  
12 thereafter until disability benefits cease, satisfactory proof of con-  
13 tinuing disability. If the employee provides satisfactory proof that  
14 the disability is permanent, the requirement of submitting further proof  
15 of continuing disability may be waived by the director.

16 Sec. 39.30.165. BASIC MONTHLY COMPENSATION. In secs. 150 - 160 of  
17 this chapter, "basic monthly compensation" means the amount earned by  
18 the employee during the month, including normal overtime; however,  
19 unusual or seasonal overtime or work of a seasonal nature may be ad-  
20 justed to reflect a 12-month average.

21 Sec. 39.30.170. CONTRIBUTIONS. (a) The amounts which both the  
22 state and the employee of the state would have otherwise paid into the  
23 federal Social Security System at the rate then in effect had the state  
24 continued in the federal Social Security System shall be paid into  
25 special employee benefit account in the Department of Administration to  
26 be used to provide employee retirement and death and disability benefits  
27 for each of the following groups:

28 (1) employees covered under the Alaska Public Employees'  
29 Retirement System (AS 39.35), except peace officers and firemen (as

1 defined in AS 39.35.680(27));

2 (2) peace officers and firemen covered under AS 39.35 (PERS);

3 (3) employees covered under the Judicial Retirement System  
4 (AS 22.25);

5 (4) emergency, temporary or casual workers not covered under  
6 AS 39.35 (PERS) or AS 14.25 (TRS);

7 (5) employees of the division of marine transportation en-  
8 gaged in operating the state ferry system who are covered by a maritime  
9 union contract and are not covered under AS 39.35 (PERS).

10 (b) There shall be determined the cost of providing the survivor  
11 and disability benefits provided under AS 39.30.150 and AS 39.30.160  
12 expressed as a percentage of payroll for each of the groups set out  
13 under (a) of this section, except that all employees covered under AS  
14 39.35 (PERS) shall be considered as one group for purposes of this  
15 subsection.

16 (c) From the employee benefit accounts established under (a) of  
17 this section, the Department of Administration shall deduct:

18 (1) from each benefit account, the amount determined under  
19 (b) of this section to pay the cost of providing benefits under secs.  
20 150 and 160 of this chapter for each employee in that group;

21 (2) from the account for the group listed in (a)(1) of this  
22 section, an additional 7.1 per cent of gross monthly compensation for  
23 each employee in that group;

24 (3) from the account for the group listed in (a)(2) of this  
25 section, an additional 6.2 per cent of gross monthly compensation for  
26 each employee in that group.

27 (d) The balance in each employee benefit account shall, after  
28 deduction of the amounts specified in (c) of this section, be allocated  
29 on a pro rata basis to those employees for whom contributions under (a)

1 of this section exceeded deductions under (c) of this section and be de-  
2 posited in individual deferred compensation accounts in the names of  
3 those employees. The director of the division of retirement and bene-  
4 fits shall administer the deferred compensation program and shall, by  
5 regulation, establish operating procedures for the program which allow  
6 for deferment of the state and federal income tax until benefits are  
7 receivable in accordance with federal requirements under the Internal  
8 Revenue Code.

9 \* Sec. 7. If approved by employees of the State of Alaska as set out in  
10 sec. 8 of this Act, the state's notice of intention to withdraw from the  
11 federal Social Security System shall be allowed to become effective January  
12 1, 1980.

13 \* Sec. 8. The Department of Administration shall conduct an election by  
14 secret ballot by September 25, 1979. The department shall, at least 90 days  
15 before the election, prepare a list of all affected state employees, in-  
16 cluding permanent, seasonal and temporary employees, who shall be eligible to  
17 vote, along with mailing addresses, and make the list available to interested  
18 persons or employee representative organizations. The question on the ballot  
19 shall read: "Do you favor withdrawal from the Social Security System?" The  
20 ballot shall contain a description of the benefits provided for in this Act  
21 which would be provided in lieu of further benefits under the Social Security  
22 System. No other information concerning the election issue may be distri-  
23 buted with or attached to the ballot. A simple majority of those employees  
24 voting shall determine the outcome of this issue.

25 \* Sec. 9. Sections 1 - 7 of this Act take effect on January 1, 1980 if  
26 approved by a majority of the votes cast by affected state employees under  
27 sec. 8 of this Act. Section 8 of this Act takes effect immediately in accor-  
28 dance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for Senate Bill 25  
 Title An Act relating to withdrawal from the federal Social Security  
 Requested by System; and providing for a date. Date 3-17-79

II. FISCAL DETAIL

Agency Affected Division of Retirement & Benefits  
 Program Category Affected \_\_\_\_\_  
 Budget Request Unit(s) Affected \_\_\_\_\_

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

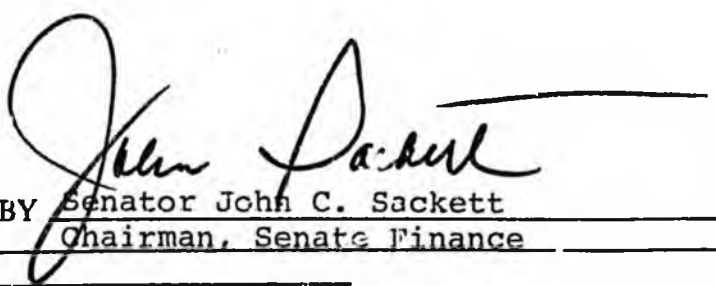
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						
	0	0	0	0	0	0

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 3-17-79 PREPARED BY Senator John C. Sackett  
 AGENCY Chairman, Senate Finance  
 PHONE \_\_\_\_\_  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1979

SUBJECT: SB 25; Summary and Analysis Correction

TO: The Honorable Clem Tillion  
President of the Senate

FROM: Ken Humphreys *J.K.H.*  
Senior Policy Analyst

*9- (?)  
anything needs to be  
done.*

The summary for SB 25 which was included in the February 16 report of the Legislative Board of Retirement Benefits was in error in that it treated a section of last year's bill. The current version of the bill would not include marine employees in PERS. A corrected summary is attached, and the board's analysis should reflect that the fiscal impact has not yet been determined.

Please contact me if you have questions.

KH:jm  
Attachment

cc: Chairmen of the House and Senate Finance and State Affairs Committees  
Chairman of the Legislative Council

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations  
on:

Senate Bill No. 25

As SB 25 is currently drafted, the fiscal impact has not been determined. More detailed fiscal information will be available soon and the board will make a recommendation at that time.

(corrected 2/27/79)

SUMMARY OF SENATE BILL NO. 25

Retirement system affected: PERS

Provides for an election in which the state employees who are currently covered by federal social security may choose whether to continue that coverage, or to continue the same contributions required by social security, opt out and receive an alternative package of benefits provided by the state.

Provides that an occupational disability pension be the greater of 40 percent of the disabled employee's compensation or the accrued retirement benefit.

The alternate package of benefits for affected state employees includes:

- (1) allows the employees of the division of marine transportation who are covered by a maritime union contract to bargain collectively for inclusion in the PERS;
- (2) a 25-and-out provision for PERS employees;
- (3) an additional three-fourths of one percent on the PERS benefit crediting factor for each year of service;
- (4) survivor's and disability insurance; and
- (5) a mandatory deferred compensation program for contributions in excess of deductions.

March 29, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:

CS for Senate Bill 25 am :

The costs of establishing and administering the alternate benefit program which the state might have to bear under CSSB 25 am have not yet been accurately determined. The direct savings which would accrue to the state over time since the bill freezes the contribution rate would, however, almost certainly offset the costs.

A majority of the members of the board recommend that CSSB 25 am do pass and one member has no recommendation; one member was absent and there is one vacancy on the board.