

BILLS 1981 - 1982
HB 121 cont. - CSHB 121

1445

1445

1 the benefit. Benefits payable under this subsection are effective the
2 first day of the month following that in which eligibility has been es-
3 tablished.

4 * Sec. 26. AS 39.35.360(b) is amended to read:

5 (b) An employee who is entitled to credited service for employ-
6 ment before January 1, 1961, under (a) of this section is not required
7 to make retroactive contributions under this chapter.

8 * Sec. 27. AS 39.35.370(c) is repealed and reenacted to read:

9 (c) The monthly amount of the retirement benefit for a peace
10 officer or fireman with less than 10 years of credited service is two
11 percent of the average monthly compensation times the years of credited
12 service. The monthly amount of the retirement benefit for a peace
13 officer or fireman with 10 years or more of credited service is two and
14 one-half percent of the average monthly compensation times the years of
15 credited service. The monthly amount of the retirement benefit for all
16 other employees with less than 10 years of credited service is two
17 percent of the average monthly compensation times the years of credited
18 service. The monthly amount of the retirement benefit for all other
19 employees with 10 years or more of credited service but less than 20
20 years of credited service is two and one-quarter percent of the average
21 monthly compensation times the years of credited service. The monthly
22 amount of the retirement benefit for all other employees with 20 years
23 or more of credited service is two and one-half percent of the average
24 monthly compensation times the years of credited service. An actuarial
25 adjustment must be made for an early retirement benefit.

26 * Sec. 28. AS 39.35.385(d) is repealed and reenacted to read:

27 (d) The monthly amount of a conditional service retirement benefit
28 shall be calculated in accordance with AS 39.35.370(c).

29 * Sec. 29. AS 39.35.385(c) is amended to read:

1 (c) Credited service for which contributions were refunded is not
2 creditable under this section unless the refunded contributions have
3 been repaid. For purposes of (a) and (b) of this section, a member or
4 former member does not have to be reemployed under this system in order
5 to pay refunded contributions. Compound interest at the rate pre-
6 scribed by regulation must be added to the reinstatement indebtedness
7 from the date of the refund to the date of repayment.

8 * Sec. 30. AS 39.35.420(b) is amended to read:

9 (b) If the death of a vested member or deferred vested member oc-
10 curs from nonoccupational causes, the surviving spouse may at his or
11 her discretion receive either the amounts set out in (c) [BENEFITS
12 DESCRIBED IN (a)] of this section or a 50 percent joint and survivor
13 option based upon credited service to the date of the employee's death
14 or termination. Benefits accrue from the first day of the month fol-
15 lowing the employee's death and are payable the last day of the month.

16 * Sec. 31. AS 39.35.420 is amended by adding a new subsection to read:

17 (c) If no spouse survives the death of a vested or deferred
18 vested member, the designated beneficiary shall be paid: (1) the
19 balance of the deceased member's contribution account; (2) the balance
20 of the deceased member's savings account; (3) the deceased member's
21 final monthly benefit payment; and (4) a lump-sum death benefit. The
22 amount of the lump-sum death benefit is \$100 times the years of credited
23 service of the deceased member plus \$1,000.

24 * Sec. 32. AS 39.35.430 is amended by adding a new subsection to read:

25 (f) If the death of an employee occurs from occupational causes
26 but no surviving spouse or dependent children exist at the time of the
27 death, the employee's designated beneficiary is entitled to receive
28 those benefits available to a beneficiary under AS 39.35.420(a) or (c).

29 * Sec. 33. AS 39.35.440(b) is amended to read:

1 (b) Upon the death of a disabled employee who is receiving or is
2 entitled to receive an occupational disability benefit, a surviving
3 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]
4 monthly compensation at the termination of employment because of occu-
5 pational disability shall be paid to his surviving spouse. If there is
6 no surviving spouse, the survivor's pension shall be paid in equal
7 parts to the dependent children of the employee. On the date the
8 normal retirement of the employee would have occurred if he had lived,
9 monthly payments shall equal the monthly amount of the normal retire-
10 ment benefit to which the employee, had he lived and continued his
11 employment until his normal retirement date, would have been entitled
12 with an average monthly compensation as existed at his death and the
13 credited service to which he would have been entitled. If the death of
14 an employee occurs from occupational causes but no surviving spouse or
15 dependent children exist at the time of the death, the employee's
16 designated beneficiary shall be paid those benefits available to a
17 beneficiary under AS 39.35.420(a) or (c).

18 * Sec. 34. AS 39.35.475 is repealed and reenacted to read:

19 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
20 each year the administrator shall increase benefit payments to eligible
21 disabled members and persons age 55 or older receiving benefits under
22 this system in the preceding calendar year.

23 (b) The increase in benefit payments applies to total benefit
24 payments exclusive only of the cost-of-living allowance under AS 39.-
25 35.480. The amount of the increase is a percentage of the current
26 benefit equal to

27 (1) the lesser of 75 percent of the increase in the cost-of-
28 living in the preceding calendar year or nine percent, for recipients
29 who on July 1 are at least 65 years old;

1 (2) the lesser of 50 percent of the increase in the cost-of-
2 living in the preceding calendar year or six percent, for recipients
3 who on July 1 are at least 60 but less than 65 years old and for members
4 receiving disability benefits who are less than 65 years old; and

5 (3) the lesser of 25 percent of the increase in the cost-of-
6 living in the preceding calendar year or three percent, for recipients
7 who on July 1 are at least 55 but less than 60 years old.

8 (c) If a recipient was not receiving benefits during the entire
9 preceding calendar year, the increase in benefits under this section
10 shall be adjusted by multiplying it by the fraction whose numerator is
11 the number of months for which benefits were received in the preceding
12 calendar year and whose denominator is 12.

13 (d) If at the time of first receiving a retirement benefit a
14 member was receiving a disability benefit under this system, the admin-
15 istrator shall, at the time the member is appointed to retirement,
16 increase the retirement benefit by a percentage equal to the total
17 cumulative percentage increase which has been applied to the member's
18 disability benefit under this section.

19 (e) When computing a joint and survivor benefit under AS 39.35.-
20 450 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjust-
21 ments granted to the deceased member under this section shall be in-
22 cluded.

23 (f) An increase in benefit payments under this section is effec-
24 tive July 1 of each year and is based on the percentage increase in the
25 consumer price index for Anchorage, Alaska during the previous calendar
26 year as determined by the United States Department of Labor, Bureau of
27 Labor Statistics.

28 * Sec. 35. AS 39.35.460 is amended to read:

29 Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN

1 EARLY] retirement pension begins before age 6] [THE EARLIEST AGE AS OF
2 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-
3 FIT], the amount of pension payable before and after that age may be
4 adjusted so that an increased amount will be paid before the time that
5 full social security benefits become available and a reduced amount af-
6 ter that time, so that the employee may [WILL] receive a more level
7 [RETIREMENT] income for life. The aggregate value of all adjusted
8 payments may [, HOWEVER, SHALL] not exceed the actuarial equivalent of
9 the value of the pension otherwise payable to the employee.

10 * Sec. 36. AS 39.35 is amended by adding a new section to read:

11 Sec. 39.35.527. ELECTION TO TERMINATE COVERAGE AS A PEACE OFFICER
12 OR FIREMAN. (a) An employee occupying a position as a peace officer
13 or fireman may irrevocably elect to relinquish his peace officer or
14 fireman status with the system and receive credited service other than
15 as a peace officer or fireman in an amount equal to the credited service
16 as a peace officer or fireman.

17 (b) An employee who elects to relinquish his peace officer or
18 fireman status with the system must be currently employed as a peace
19 officer or fireman and must file a written request with the administra-
20 tor

21 (1) by January 1, 1982 if the employee wants the election to
22 be effective January 16, 1982; or

23 (2) within six months of employment or reemployment in a
24 position in the peace officer or fireman category if the election is to
25 be effective on the date of employment or reemployment.

26 (c) An employee who relinquishes peace officer or fireman service
27 under this section shall receive a refund equal to the amount by which
28 his accumulated contributions exceed the contributions which would
29 otherwise have been required for the same period of service.

1 * Sec. 37. AS 39.35.485(a) is amended to read:

2 (a) An employee who is eligible for a benefit calculated in
3 accordance with AS 39.35.370(c) is entitled to a benefit of at least
4 \$25 a month for each year of credited service, not including adjust-
5 ments made under AS 39.35.340 for military service, AS 39.35.350 for
6 reinstatement of credited service, AS 39.35.360 for credit for earlier
7 service, AS 39.35.370(c) for early retirement, AS 39.35.420 for non-
8 occupational death benefits [AS 39.35.380, 39.35.410], AS 39.35.450
9 for the survivor's option, AS 39.35.460 for the level income option,
10 AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.-
11 480 for the cost of living.

12 * Sec. 38. AS 39.35.535 is repealed and reenacted to read:

13 Sec. 39.35.535. MEDICAL BENEFITS. (a) The following are entitled
14 to major medical insurance coverage:

15 (1) a person receiving a monthly benefit from the system;

16 (2) the spouse of a person receiving a monthly benefit from
17 the system;

18 (3) a natural or adopted child of a person receiving a
19 monthly benefit from the system, if the child is a dependent child
20 under AS 39.35.680(11).

21 (b) Major medical insurance coverage takes effect on the same
22 date as retirement benefits begin, and stops when the retired employee
23 or survivor is no longer eligible to receive a monthly benefit. The
24 coverage for persons 65 or older is the same coverage available for a
25 person under 65. The benefits payable to those persons 65 or older
26 supplement those afforded under the federal old age survivor and dis-
27 ability insurance program, if any.

28 * Sec. 39. AS 39.35.560 is amended to read:

29 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND

1 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PART-
2 LY BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may
3 request to become an employer in this system. The request shall be
4 made after adoption of a resolution by the governing body of the public
5 organization. A certified copy of the resolution shall be filed with
6 the administrator. If the administrator approves the request for par-
7 ticipation, the public organization is an employer of the system.

8 *Sec. 40. AS 39.35.680(8) is amended to read:

9 (8) "compensation" means the total remuneration earned by an
10 employee for personal services rendered, including cost-of-living dif-
11 ferentials, payments for leave which is actually used by the employee,
12 the amount by which the employee's wages are reduced under AS 39.30.-
13 150(c), and any amount deferred under the state deferred compensation
14 plan, but does not include retirement benefits, welfare benefits, per
15 diem, expense allowances, workers' compensation payments or payments
16 for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee whether
17 those leave payments are scheduled payments, lump-sum payments, dona-
18 tions or cash-ins;

19 * Sec. 41. AS 39.35.680(13) is amended to read:

20 (13) "early retirement" means retirement for a member who is
21 not eligible for normal retirement and who is at least 50 years old and
22 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.-
23 35.385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

24 * Sec. 42. AS 39.35.680(25) is amended to read:

25 (25) "normal retirement" means retirement for a member who is
26 at least 55 years old and is eligible to receive benefits under AS 39.-
27 35.370(a) or under AS 39.35.385(a) or (f) [HAS A MINIMUM OF FIVE YEARS
28 CREDITED SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CRED-
29 ITED SERVICE, OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20

1 YEARS OR MORE OF CREDITED SERVICE];

2 * Sec. 43. AS 39.35.680(27) is amended to read:

3 (27) "peace officer" or "fireman" means an employee occupying
4 a position as a peace officer, chief of police, correctional officer,
5 correctional superintendent, [QUALIFIED EMPLOYEE OF THE DEPARTMENT OF
6 FISH AND GAME,] fireman, or fire chief;

7 * Sec. 44. AS 39.35.680 is amended by adding a new paragraph to read:

8 (39) "public organization" means an organization or entity

9 (A) created by the constitution or laws of the state for
10 the purpose of administering state programs;

11 (B) whose officers and employees are paid by a method
12 other than by the state payroll prepared by the Department of
13 Administration; and

14 (C) whose employees are not required by law to partici-
15 pate in the system.

16 * Sec. 45. AS 39.35.680(32) is repealed.

17 * Sec. 46. A person holding a position as a "qualified employee of the
18 Department of Fish and Game" on June 30, 1981, shall continue to be treated
19 as a peace officer under AS 39.35 until he

20 (1) terminates his employment with the Department of Fish and Game
21 before eligibility for or appointment to retirement or disability; or

22 (2) elects to irrevocably relinquish his peace officer status
23 under AS 39.35.527.

24 * Sec. 47. Sections 9 and 34 of this Act apply to persons receiving
25 benefits under the retirement systems on the effective date of this Act.
26 Benefits shall be recomputed as of July 1, 1981, under AS 14.25.143 and
27 AS 39.35.475 to include adjustments under AS 14.25.143 or AS 39.35.475 for
28 each year since the person first began receiving a benefit. If the recom-
29 puted benefit exceeds the current benefit, the current benefit shall be

1 increased accordingly effective July 1, 1982. Payment of the increased
2 benefit shall begin no later than January 1, 1982, but no retroactive
3 benefit payments may be made under this section for any period before
4 July 1, 1981.

5 * Sec. 48. Sections 5 and 27 of this Act take effect July 1, 1982.

6 * Sec. 49. Sections 1 - 4, 6 - 26, and 28 - 47 of this Act take effect
7 July 1, 1981.

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 121 (State Affairs)
 Title An Act Relating to PERS, TRS, JRS, and National Guard Benefits
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01 (PERS)

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		23.6				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		36,500.0	51,150.0	56,265.0	61,891.5	68,080.6
TOTAL	0	36,523.6	51,150.0	56,265.0	61,891.5	68,080.6

FUNDING (Thousands of Dollars)

GENERAL FUND	29,893.5	41,891.8	46,081.0	50,689.2	55,758.0
FEDERAL FUNDS	1,679.0	2,352.9	2,588.2	2,847.0	3,131.7
VETERAN'S FUND	73.0	102.3	112.5	123.8	136.2
FISH & GAME FUND	219.0	306.9	337.6	371.3	408.5
HIGHWAY FUND	474.5	665.0	731.5	804.6	885.0
AIRPORT FUND	1,058.5	1,483.3	1,631.7	1,794.9	1,974.3
CAPITAL FUND	3,102.5	4,347.8	4,782.5	5,260.7	5,786.9
PERS		23.6			
TRS					

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

1. Estimate FY 82 covered State PERS payroll to be \$296,614,000.
2. Increase in State contribution rate would be 12.31% of covered State PERS payroll in FY 82.
3. Estimate future State PERS payroll to increase 10% annually.
4. Estimate long-term inflation rate of 7.5%.
5. The cost to political subdivision is estimated to be \$32.5 million in FY 82.

IV. DATE 5-18-81 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) Representative Duncan
 Office of the Governor (Keith Specking)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 121 (State Affairs)
 Title An act relating to PERS, TRS, JRS and National Guard benefits.
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		23.6				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		23,010.0	50,511.0	33,562.1	36,918.3	40,610.1
100 BENEFITS		4,160.3	5,522.8	6,075.1	6,682.6	7,350.8
TOTAL	-0-	27,193.9	36,033.8	39,637.2	43,600.9	47,960.9

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		27,170.3	35,033.8	39,637.2	43,600.9	47,960.9
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		23.6				

POSITIONS None

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate long-term inflation rate of 7.5%.
2. To fund this bill, the TRS contribution rate must be increased by 17.58% of payroll in FY 82 of covered TRS payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
3. Estimate FY 82 TRS covered payroll @ \$261,775,000.
4. Estimate the TRS covered payroll will increase at 10% annually.

IV. DATE 5/18/81 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) Representative Duncan
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. CS HB121(SA)

ASSUMPTIONS:

1. Estimated FY 82 Payroll (Total System) =	\$261,775,000
2. State Contribution Rate to Fund Bill =	8.79%
3. State TRS Matching Rate to Fund Bill =	8.79%
4. School District Rate to Fund Bill =	8.79%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 4,712,000	X	8.79%	\$ 414.2	To Their Budget
2. University of Alaska	42,617,000	X	8.79%	\$3,746.1	To Their Budget
				<u>\$4,160.3</u>	
3. State TRS Matching	\$261,775,000	X	8.79%	\$23,010.0	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ -0-	To Personal
Travel				\$ -0-	To Travel
Contractual				\$ 23.6	To Contractual
Commodities				\$ -0-	To Commodities
Equipment				\$ -0-	To Equipment
				<u>\$27,193.9</u>	
5. All School Districts	\$214,446,000	X	8.79%	\$18,849.8	
				<u>\$46,043.7</u>	

REMARKS:

C3/M1

Introduced: 2/5/81
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY DUNCAN AND MILLER

2 HOUSE BILL NO. 121

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring annual adjustments under the
7 teachers' and public employees' retirement systems;
8 and providing for an effective date."

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

10 * Section 1. AS 14.25.143(a) is amended to read:

11 (a) When the administrator determines that the cost of living has
12 increased as determined by reference to the consumer price index as com-
13 puted for Anchorage, he [AND THAT THE FINANCIAL CONDITION OF THE RETIRE-
14 MENT FUND PERMITS, THE ADMINISTRATOR] shall increase benefit payments
15 to persons receiving benefits under this system.

16 * Sec. 2. AS 14.25.143(b) is repealed and reenacted to read:

17 (b) The percent of increase of benefits under this section is
18 equal to the percentage increase in the consumer price index since the
19 date of retirement as computed for Anchorage and reported by the Bureau
20 of Labor Statistics of the United States Department of Labor.

21 * Sec. 3. AS 39.35.475(a) is amended to read:

22 (a) When the administrator determines that the cost of living has
23 increased, as determined by reference to the consumer price index as com-
24 puted for Anchorage [AND THE FINANCIAL CONDITION OF THE RETIREMENT FUND
25 PERMITS] he shall increase benefit payments to persons receiving bene-
26 fits under this system.

27 * Sec. 4. AS 39.35.475(b) is repealed and reenacted to read:

28 (b) The percent of increase of pension payments under this section
29 equals the percentage increase in the consumer price index since the

1 date of retirement as computed for Anchorage and reported by the Bureau
2 of Labor Statistics of the United States Department of Labor.

3 * Sec. 5. This Act takes effect July 1, 1981.
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1/12/82

FISCAL NOTE

REQUEST

Bill/Resolution No. SCS CS HB 121 (R1s) am S re-eng
Title An Act Relating to PERS, TRS, JRS, EPORS and NGRS benefits
Requested by _____ Date _____

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	30.8	32.7	34.6	36.7	38.9	41.2
200 TRAVEL						
300 CONTRACTUAL	77.0					
400 COMMODITIES	2.4	2.6	2.9	3.2	3.5	3.9
500 EQUIPMENT	1.8					
600 LAND & STRUCTURES						
700 STATE TRS MATCHING	36,437.2	40,080.9	44,089.0	48,497.9	53,347.7	58,682.5
100 BENEFITS	58,760.8	64,635.3	71,097.0	78,204.8	86,023.4	94,623.7
TOTAL	95,310.0	104,751.5	115,223.5	126,742.6	139,413.5	153,351.3

FUNDING (Thousands of Dollars)

GENERAL FUND	85,855.9	94,439.8	103,882.1	114,268.3	125,693.3	138,260.6
FEDERAL FUNDS	2,374.2	2,611.7	2,872.8	3,160.1	3,476.1	3,823.7
VETERAN'S FUND	103.2	113.6	124.9	137.4	151.1	166.3
FISH & GAME FUND	309.7	340.6	374.7	412.2	453.4	498.8
HIGHWAY FUND	671.0	738.1	811.9	893.1	982.4	1,080.6
AIRPORT FUND	1,496.8	1,646.5	1,811.1	1,992.2	2,191.5	2,410.6
CAPITAL FUND	4,387.2	4,825.9	5,308.5	5,839.4	6,423.3	7,065.6
PERS	87.0	35.3	37.5	39.9	42.4	45.1
TRS	25.0					

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME						
TEMPORARY						

1. This fiscal note represents the total costs to the State for this bill.
2. Attached hereto are the individual fiscal notes for PERS, TRS, EPORS, and JRS.
3. The cost to political subdivisions and school districts is estimated to be \$68,954,600 in FY 83.

Paul B. Arnoldt

DATE January 6, 1982 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) Representative Duncan
Office of the Governor (Keith Specking)

Recd
1/12/82

I. REQUEST

Bill/Resolution No. SCS CS HB 121 (RIs) am S re - eng

Title An Act Relating to PERS, TRS, JRS, EPORS and NGRS Benefits

Requested by _____

Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Centralized Admin. Services

BRU, Program, or Subprogram(s) Affected 02-95-8-01-01 (PERS)

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	30.8	32.7	34.6	36.7	38.9	41.2
200 TRAVEL						
300 CONTRACTUAL	52.0					
400 COMMODITIES	2.4	2.6	2.9	3.2	3.5	3.9
500 EQUIPMENT	1.8					
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS	51,614.0	56,775.4	62,452.9	68,698.2	75,568.0	83,124.8
TOTAL	51,701.0	56,810.7	62,490.4	68,738.1	75,610.4	83,169.9

FUNDING (Thousands of Dollars)

GENERAL FUND	42,271.9	46,499.0	51,149.0	56,263.8	61,890.2	68,079.2
FEDERAL FUNDS	2,374.2	2,611.7	2,872.8	3,160.1	3,476.1	3,823.7
VETERAN'S FUND	103.2	113.6	124.9	137.4	151.1	166.3
FISH & GAME FUND	309.7	340.6	374.7	412.2	453.4	498.8
HIGHWAY FUND	671.0	738.1	811.9	893.1	982.4	1,080.6
AIRPORT FUND	1,496.8	1,646.5	1,811.1	1,992.2	2,191.5	2,410.6
CAPITAL FUND	4,387.2	4,825.9	5,308.5	5,839.4	6,423.3	7,065.6
PERS	87.0	35.3	37.5	39.9	42.4	45.1
TRS						

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME						
TEMPORARY						

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

1. This fiscal note includes additional costs as a result of the Senate Finance amendment, section 32, which would reduce the contribution required for temporary service credit under AS 39.35.345.
2. Estimate FY 83 covered State PERS payroll to be \$345,475,000, and increasing 10% annually.
3. Increase in State contribution rate would be 14.94% of State PERS payroll in FY 83.
4. Estimate long term inflation rate of 7.5%.
5. The cost to political subdivisions is estimated to be \$39,243,200 in FY 83.

Pratt

1	POSITION TITLE Retirement and Benefits Technician			RANGE/STEP 12 B	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: This person will be responsible for verifying and recording the additional credited service granted for past temporary membership employment, for calculating the additional benefit, and for handling correspondence.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY \$1946/mo			\$23,352					
5	BENEFITS			3,790					
6	SBS			1,431					
7	FIXED BENEFITS			2,196					
8	TOTAL PERSONAL SERVICES			01	\$30,769				
9	TRAVEL			02					
10	CONTRACTUAL			03	4,000				
11	COMMODITIES			04	2,400				
12	EQUIPMENT			05	1,800				
13	OTHER								
14	TOTAL COST				\$38,969				
	RECEIPT CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004							
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER <i>PERS</i>		\$38,969					
21	CONTINUATION		FOR B&M USE ONLY						
22	ADDITION								
4A KEY NUMBER _____				COLUMN NO. _____					

AGENCY Administration PROGRAM Centralized Admin. Services

BRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION.

Page 3 of 7 REVISED DATE _____

FY 83

I. REQUEST
 Bill Resolution No. SCS CS HB 121 (R1s) am S re-eng.
 Title An Act Relating to PERS, TRS, JRS, EPORS, and NGRS Benefits
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Central Admin. Services & Elem. & Sec. Education
 BRU Program or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS Match)
 (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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	25.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING	36,437.2	40,080.9	44,089.0	48,497.9	53,347.7	58,682.5
100 BENEFITS	6,725.7	7,398.3	8,138.1	8,951.9	9,847.1	10,831.8
TOTAL	43,187.9	47,479.2	52,227.1	57,449.8	63,194.8	69,514.3

FUNDING (Thousands of Dollars)

GENERAL FUND	43,162.9	47,479.2	52,227.1	57,449.8	63,194.8	69,514.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
TRS	25.0					

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

- To fund this bill the TRS contribution rate must be increased by 24.54% of covered payroll (the TRS contribution rate is split 50/50 between the State and employers in the system).
- Estimate FY 83 TRS covered payroll at \$296,962,000, and increasing 10% annually.
- Estimate long term inflation rate of 7.5%.
- The cost to school districts is estimated to be \$29,711,400 in FY 83.

PRK

Bill/Resolution No. SCS CS HB 121 (R1s) am S Re-eng

ASSUMPTIONS:

1.	Estimated FY83 Payroll (Total System)	=	\$296,962,000
2.	State Contribution Rate to Fund Bill	=	12.27%
3.	State TRS Matching Rate to Fund Bill	=	12.27%
4.	School District Rate to Fund Bill	=	12.27%

COST ANALYSIS:

	<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1.	Department of Education	\$ 5,133,000 X	12.27%	\$ 629.8	To Their Budget
2.	University of Alaska	\$ 49,681,000 X	12.27%	\$ 6,095.9	To Their Budget
				<u>\$6,725.7</u>	
3.	State TRS Matching	\$296,962,000 X	12.27%	\$36,437.2	To TRS Match
4.	State TRS Regular Budget:				
	Personal Services			\$ -0-	To Personal
	Travel			\$ -0-	To Travel
	Contractual			\$ 25.0	To Contractual
	Commodities			\$ -0-	To Commodities
	Equipment			\$ -0-	To Equipment
				<u>\$43,187.9</u>	
5.	All School Districts	\$242,148,000 X	12.27%	\$29,711.4	
				<u>\$72,899.3</u>	
				<u><u>\$72,899.3</u></u>	

REMARKS:

I. REQUEST

Bill/Resolution No. SCS CS HB121 (Rls) am S re-eng
 Title An Act Relating to PERS, TRS, EPORS, and NGRS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-02-04 (EPORS)

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS	63.2	67.9	73.0	78.4	84.3	90.7
TOTAL	63.2	67.9	73.0	78.4	84.3	90.7

FUNDING (Thousands of Dollars)

GENERAL FUND	63.2	67.9	73.0	78.4	84.3	90.7
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. This fiscal note reflects the additional costs to the state as a result of the Senate Finance amendment, section 55, which would allow participants in the Elected Public Officers Retirement System to retire at an earlier age.
2. Estimate FY 83 state EPORS payroll to be \$660,224, and increasing 7.5% annually.
3. Costs of the provisions of this bill associated with EPORS are estimated to be approximately 9.57% of state EPORS payroll in FY 83.

PKX

I. REQUEST

Bill/Resolution No. SCS CS HB121 (R1s) am S re-eng
 Title An Act Relating to PERS, TRS, EPORS, and NGRS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-02-07 (JRS)

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS	357.9	393.7	433.0	476.3	524.0	576.4
TOTAL	357.9	393.7	433.0	476.3	524.0	576.4

FUNDING (Thousands of Dollars)

GENERAL FUND	357.9	393.7	433.0	476.3	524.0	576.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. This fiscal note reflects the additional costs to the state as a result of the Senate Finance amendments, section 16 and 17, which would allow justices and judges to retire at an earlier age.
2. Estimate FY 83 state JRS payroll to be \$3,740,000, and increasing 10% annually.
3. Increase in state contribution rate would be approximately 9.57% of state JRS payroll.

PKA

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 121
 Title An Act Requiring Annual Adjustments Under The TRS And PERS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01 (PERS)
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		89,340.1	98,274.2	108,101.6	118,911.7	130,802.9
TOTAL		89,340.1	98,274.2	108,101.6	118,911.7	130,802.9

FUNDING (Thousands of Dollars)

GENERAL FUND		73,169.6	80,486.6	88,535.3	97,388.7	107,127.7
FEDERAL FUNDS		4,109.6	4,520.6	4,972.7	5,469.9	6,016.9
VETERAN'S FUND		178.7	196.5	216.2	237.8	261.6
FISH & GAME FUND		536.0	589.6	648.6	713.5	784.8
HIGHWAY FUND		1,161.4	1,277.6	1,405.3	1,545.9	1,700.4
AIRPORT FUND		2,590.9	2,850.0	3,134.9	3,448.4	3,793.3
CAPITAL FUND		7,593.9	8,353.3	9,188.6	10,107.5	11,118.2
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate FY 82 covered State PERS payroll to be \$296,614,000.
2. Increase in State contribution rate would be 30.12% of covered State PERS payroll.
3. Estimate future State PERS payroll to increase 10% annually.
4. Estimate long-term inflation rate of 7.5%.
5. The cost to political subdivision is estimated to be \$76.7 million in FY 82 increasing at 10% each year thereafter.

IV. DATE 2/23/81 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
 Office of the Governor (Keith Specking)



FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 121

Title An Act Requiring Annual Adjustments Under the TRS and PERS.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services and Elementary & Secondary Education

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		63,899.3	70,289.2	77,318.1	85,049.9	93,554.9
100 BENEFITS		11,553.0	12,708.3	13,979.1	15,377.0	16,914.7
TOTAL		75,452.3	82,997.5	91,297.2	100,426.9	110,469.6

FUNDING (Thousands of Dollars)

GENERAL FUND		75,452.3	82,997.5	91,297.2	100,426.9	110,469.6
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate long-term inflation rate of 7.5%.
2. An automatic PRPA with no ceiling will increase the contribution rate by 48.82% of covered TRS payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
3. Estimate FY 82 TRS covered payroll @ \$261,775,000.
4. Estimate the TRS covered payroll will increase at 10% annually.

IV. DATE 2/23/81 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
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. HB 121ASSUMPTIONS:

1. Estimated FY 82 Payroll (Total System)	=	\$261,775,000
2. State Contribution Rate to Fund Bill	=	24.41%
3. State TRS Matching Rate to Fund Bill	=	24.41%
4. School District Rate to Fund Bill	=	24.41%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 4,712,000	X	24.41%	\$ 1,150.2	To Their Budget
2. University of Alaska	\$ 42,617,000	X	24.41%	\$10,402.8	To Their Budget
				<u>\$11,553.0</u>	
3. State TRS Matching	\$261,775,000	X	24.41%	\$63,899.3	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ -0-	To Personal
Travel				\$ -0-	To Travel
Contractual				\$ -0-	To Contractual
Commodities				\$ -0-	To Commodities
Equipment				\$ -0-	To Equipment
				<u>\$75,452.3</u>	
5. All School Districts	\$214,446,000	X	24.41%	\$ 52,346.3	
				<u>\$127,798.6</u>	

REMARKS:

COMMITTEE REPORT

HOUSE

5/7/81

FURTHER:

(11)

Date: _____

Mr. Speaker:

The Committee on FINANCE has had 18/81

Act relating to the Alaska Workers' Compensation Board and the
Federal Injury Fund established under the Alaska Workers' Compensation
Act and providing for an effective date

under consideration and reports it back as follows:

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

4/21/81 for 797.4
4/21/81 for 55.7
5/12/81 for 1600

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill No. 94
 Title "An Act relating to Workers' Compensation . . ."
 Requested by House Labor & Commerce Committee Date April 27, 1981

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Second Injury Fund
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	87.1	97.6	109.3	122.4	137.1
TOTAL	0	87.1	97.6	109.3	122.4	137.1

FUNDING (Thousands of Dollars)

GENERAL FUND		¹⁾ 799.4	215.4	232.6	251.2	271.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Second Injury Fund		(799.4)	(215.4)	(232.6)	(251.2)	(271.3)
Second Injury Fund ²⁾	0	87.1	97.6	109.3	122.4	137.1

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

1) The FY '82 General Fund request will allow the Fund to meet its outstanding obligations. Because of a shortfall in revenues the Fund has accumulated approximately \$600.0 in unpaid obligations. Failure to pay these obligations as they become due is in violation of AS 23.30.205, which requires the Fund to reimburse the employer/carrier in full for compensation paid to injured workers under certain prescribed conditions. Since enactment of the Second Injury Fund statutes in 1959, total operating costs of the program have been paid from revenues contributed by employers/carriers. During recent hearings held by the Workers' Compensation Study Commission, employers and their carriers voiced strong concern as to why administrative costs of the program are being paid from the Second Injury Fund rather than out of the State General Fund. Present Second Injury Fund statutes provide for payments to be made to the Fund and disbursements to be made from the Fund under certain prescribed conditions. There is no provision however, that addresses the payment of administrative costs.

IV. DATE April 27, 1981 PREPARED BY *Nico Bus* Finance Officer
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

This fiscal note reflects the impact on the General Fund and the Second Injury Fund when administrative cost will be paid out of General Funds for FY 1982 through FY 1986.

Assumes an inflation factor of 8%.

Assumes an effective date of July 1, 1981.

- 2) Assumes an annual increase of 20% as a result of the raise in the maximum from \$5,000 to \$10,000 for vocational retraining and rehabilitation benefits.

In the department's estimation, the proposed bill will provide adequate revenue for the Second Injury Fund to meet its statutory obligations to the Alaskan worker, employer and insurance carrier and preclude the use of State General Funds in future years.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 94
Title An Act Relating to Workers' Compensation and providing
Requested by House Labor and Commerce Committee

20 COPIES
FILE
HB 94

II. FISCAL DETAIL

Agency Affected Workers' Compensation Division, Department of Labor
Program Category Affected Worker Protection
BRU, Program, or Subprogram(s) Affected Workers' Compensation

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		43.5	47.0	50.8	54.9	59.3
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		9.8	10.6	11.5	12.4	13.4
400 COMMODITIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		1.4				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	55.7	58.7	63.5	68.6	74.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	0	55.7	58.7	63.5	68.6	74.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	2	2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) (see attached form 13's)

- 1.) Personal Services Cost at current salary and benefit cost (1/1/81).
- 2.) Contractual Services - includes Indirect Cost (Administrative Services), rental space and other.
- 3.) Equipment - one time items to set up the new employees with desk, chair, cabinets and partitions.
- 4.) Assumes effective date July 1, 1981.
- 5.) Inflation factor used 8%, all items.

IV. DATE

4/27/81

PREPARED BY

Nicholas W. Burr, Finance Officer

AGENCY

LABOR

PHONE

465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

1.	Position Title Clerk I			Range/Step 6 A	Barg. Unit G	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leq.		
3.	Type of Expenditure			Amount					
	1		2	3					
4.	Personal Services:								
	Salary 1249 x 12		14,988						
5.	Benefits 15.87		2,379						
6.	FICA .0613		919						
7.	Health Ins.		1,800						
8.	Total Personal Services 01		20,086						
9.	Travel 02								
10.	Contractual 03		4,161						
11.	Commodities 04		500						
12.	Equipment 05		700						
13.	Other								
14.	Total Cost		25,447						
	CODE	FUNDING SOURCE							
15.		FED RECPT. 1002							
16.		GF MATCH. 1003							
17.		GEN. FUND 1004			25,447				
18.		I-A RCPTS. 1005							
19.		PGM RCPTS 1028							
20.		OTHER							
21.	CONTINUATION								
22.	ADDITION								
FOR B&M USE ONLY									
4A KEY NUMBER _____					COLUMN NO. _____				

The 4.2 contractual consists of 2.7 space rental and 1.5 indirect (Administrative Services). The .5 commodities is for office supplies; the .7 equipment is a desk and chair.

This position will provide full-time filing and general clerical assistance to the Division. The additional reports required of employers insurance carriers will be distributed and filed by this position. A full-time filing position will allow the filing to be kept current and avoid delays in searching for unfiled reports.

AGENCY Labor

PROGRAM Worker Protection

REVISED
DATE _____

BRU Workers' Compensation

PAGE 1 OF 2 **FY 82**

COMPONENT Workers' Compensation

13 REQUEST FOR NEW
POSITION.

1

1.	Position Title Data Control Clerk I				Range/Step 9 A	Barg. Unit G	Location Juneau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.			

3. Type of Expenditure			Amount
1	2	3	
Personal Services:			
4. Salary	1475 x 12		17,700
5. Benefits	15.87		2,809
6. FICA	.0613		1,085
7. Health Ins.			1,800
8. Total Personal Services	01		23,394
9. Travel	02		-0-
10. Contractual	03		5,626
11. Commodities	04		500
12. Equipment	05		700
13. Other			
14. Total Cost			30,220

The 5.6 contractual consists of 2.7 space rental, 1.7 indirect (Administrative Services) and 1.2 for computer terminal leasing. The .5 commodities is for office supplies. The .7 equipment is a desk and chair.

This position will handle part of the increased workload in the filing and coding units due to the increased reporting requirements of employers' insurance carriers. The information from the additional reports will be entered via computer terminal into our new information handling system. This data will give the Division accurate statistics on all costs of every claim as well as precise computations as to the carrier's change in any claimant payment.

	CODE	FUNDING SOURCE	
15.		FED RECPT. 1002	
16.		GF MATCH. 1003	
17.		GEN. FUND 1004	30,220
18.		I-A RCPTS. 1005	
19.		PGM RCPTS 1028	
20.		OTHER	
21.	CONTINUATION		
22.	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Worker Protection

REVISED
DATE _____

BRU Workers' Compensation

PAGE 2 OF FY 82

COMPONENT Workers' Compensation

13 REQUEST FOR NEW
POSITION.



THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS HB 94 (L&C) -- Rehabilitation amendment
 Title An Act relating to workers compensation
 Requested by Rogers Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Labor
 Program Category Affected Administration of Workers' Compensation
 BRU, Program, or Subprogram(s) Affected Public Protection

(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				95.0	0	
200 TRAVEL				25.0	0	
300 CONTRACTUAL				40.0	0	
400 COMMODITIES				0	0	
500 EQUIPMENT				0	0	
600 LAND & STRUCTURES				0	0	
700 GRANTS, CLAIMS, ETC.				0	0	
TOTAL				160.0	0	

FUNDING (Thousands of Dollars)

GENERAL FUND				160.0		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY				5		

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

100. PERSONAL SERVICES:	Project Coordinator (6 months temporary)	30.0
	Legal Researcher & Drafter (6 months temp)	25.0
	Research Analyst (6 months temporary)	15.0
	Secretarial/Clerical (2 @ 6month temp)	25.0
		<u>95.0</u>
200. TRAVEL AND PER DIEM:	In-state (includes 3 public hearings)	10.0
	Out-of-state (consult with other states)	15.0
300. CONTRACTUAL:	Technical consultations	15.0
	Office costs and support	25.0
		<u>160.0</u>

IV. DATE 5/12/81 PREPARED BY Brian P. Legicki
 AGENCY Legislature

Original: Legislative Finance PHONE 465-4525
 cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 94 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation; and provid-
7 ing for an effective date."

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

9 * Section 1. AS 23.30.005(a) is amended to read:

10 (a) The Alaska Workers' Compensation Board shall consist of nine
11 [SEVEN] members, including a southern panel of three members sitting
12 for the first judicial district, a northern panel of three members
13 sitting for the second and fourth judicial districts, AND] a south-
14 central panel of three members sitting for the third judicial district,
15 and one panel of three members which may sit in any judicial district.

16 Each panel shall include the commissioner of labor or his designated
17 representative, a representative of industry and a representative of
18 labor. The latter two members of each panel shall be appointed by the
19 governor. All panel members are subject to confirmation by a majority
20 of the members of the legislature in joint session.

21 * Sec. 2. AS 23.30.040 is repealed and reenacted to read:

22 Sec. 23.30.040. SECOND INJURY FUND. (a) There is created a
23 second injury fund, administered by the commissioner of labor. Money
24 in the second injury fund may only be paid for the benefit of those
25 persons entitled to payment of benefits from the second injury fund
26 under this chapter. Payments from the second injury fund must be made
27 by the commissioner of labor in accordance with the orders and awards
28 of the board.

29 (b) If an employee suffers a compensable injury which results in

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total disability, temporary partial disability, permanent
 disability, or permanent total disability, the employer or
 carrier shall contribute to the second injury fund. The
 contribution shall be made by one year from the date of the injury or
 the date of the employee's claim, whichever is sooner. If the
 claim is not terminated within one year, subsequent contributions shall
 be made monthly until the termination of the employee's claim. The
 amount of the contribution is the product of the compensation to which
 the employee is entitled for temporary total disability, temporary
 partial disability, permanent partial disability, permanent total
 disability, or for rehabilitation under AS 23.30.191 and the applicable
 contribution rate set out in column A of this subsection. By
 the first of each year the commissioner shall determine and make
 known to the public the applicable contribution rate for the follow-
 ing year according to the reserve rate of the second injury
 fund set out in column B of this subsection:

Column A Second Injury Fund Contribution Rate (Percent)	Column B Reserve Rate	
	At Least (Percent)	But Less Than (Percent)
6	0	50
5	50	75
4	75	100
3	100	125
2	125	150
1	150	175
0	175	-

When an employee suffers a compensable injury which results in
 the death of the employee and the employee is not survived by a widow, widower, child, or

1 dependent relative eligible to receive death benefits under AS 23.-
2 30.215, the employer or insurance carrier shall pay \$10,000 to the
3 second injury fund.

4 (d) The board may refund a payment made into the second injury
5 fund if the employer or insurance carrier shows that it made the pay-
6 ment by mistake or inadvertence, or if it shows there existed at the
7 time of the death of the employee a beneficiary entitled to benefits
8 under AS 23.30.215.

9 (e) The board may direct and provide the vocational retraining
10 and vocational rehabilitation of a permanently disabled person whose
11 condition is a result of an injury compensable under this chapter by
12 making cooperative arrangements with insurance carriers, private organ-
13 izations and institutions, or state or federal agencies. The person
14 being retrained or rehabilitated is entitled to receive additional
15 compensation from the second injury fund for maintenance during the
16 period of retraining and rehabilitation in the sum which the board
17 considers necessary, not to exceed \$200 a month. The total expendi-
18 tures for maintenance, retraining, rehabilitation, and necessary trans-
19 portation may not exceed \$10,000 for one person.

20 (f) All amounts collected as civil penalties under AS 23.30.-
21 155(c) shall be paid into the second injury fund.

22 (g) The attorney general may investigate claims and hire expert
23 witnesses necessary to prevent fraudulent or excessive claims for money
24 in the second injury fund.

25 (h) Administration expenses of the state under this section and
26 AS 23.30.205 shall be paid from the general fund.

27 * Sec. 3. AS 23.30.155 is amended to read:

28 Sec. 23.30.155. PAYMENT OF COMPENSATION. (a) Compensation
29 under this chapter shall be paid periodically, promptly, and directly

1 to the person entitled to it, without an award, except where liability
2 to pay compensation is controverted by the employer. To controvert a
3 claim the employer must file a notice, on a form prescribed by the
4 board, stating

5 (1) that the right of the employee to compensation is
6 controverted;

7 (2) the name of the employee;

8 (3) the name of the employer;

9 (4) the date of the alleged injury or death; and

10 (5) the type of compensation and all grounds upon which the
11 right to compensation is controverted.

12 (b) The first installment of compensation becomes due on the 14th
13 day after the employer has knowledge of the injury or death. On this
14 date all compensation then due shall be paid. Subsequent compensation
15 shall be paid in installments, every 14 days [SEMIMONTHLY], except
16 where the board determines that payment in installments should be made
17 monthly or at some other period.

18 (c) Upon making the first payment, and upon an increase, reduc-
19 tion, termination, suspension, resumption or a change in rate or type
20 of compensation paid [OF PAYMENT FOR ANY CAUSE], the employer shall
21 [IMMEDIATELY] notify the board within 14 days, on [IN ACCORDANCE WITH]
22 a form prescribed by the board, that payment of compensation has begun
23 or has been increased, reduced, terminated, resumed, changed, or sus-
24 pending, as the case may be. If the employer fails to notify the board
25 within 14 days, the board shall assess against the employer a civil
26 penalty of \$100 plus \$25 for each day in excess of 14 days that the
27 employer fails to give notice. Total penalties under this section may
28 not exceed \$2,500 for each failure to file a required report.

29 (d) If the employer controverts the right to compensation he

1 shall file with the board on or before the 14th day after he has knowl-
2 edge of the alleged injury or death or on or before an installment of
3 compensation payable without an award is due, a notice of controversion
4 on [, IN ACCORDANCE WITH] a form prescribed by the board [, STATING
5 THAT THE RIGHT TO COMPENSATION IS CONTROVERTED, THE NAME OF THE CLAI-
6 MANT, THE NAME OF THE EMPLOYER, THE DATE OF THE ALLEGED INJURY OR
7 DEATH, AND THE GROUNDS UPON WHICH THE RIGHT TO COMPENSATION IS CONTRO-
8 VERTED].

9 (e) If any installment of compensation payable without an award
10 is not paid within 14 days after it becomes due, as provided in (b) of
11 this section, there shall be added to the unpaid installment an amount
12 equal to 20 percent of it, which shall be paid at the same time as, and
13 in addition to, the installment, unless notice is filed under (d) of
14 this section or unless the nonpayment is excused by the board after a
15 showing by the employer that owing to conditions over which he had no
16 control the installment could not be paid within the period prescribed
17 for the payment.

18 (f) If compensation payable under the terms of an award is not
19 paid within 14 days after it becomes due, there shall be added to that
20 [SUCH] unpaid compensation an amount equal to 20 percent of it, which
21 shall be paid at the same time as, but in addition to, the compen-
22 sation, unless review of the compensation order ~~making~~ the award is had
23 as provided in AS 23.30.125 and an interlocutory injunction staying
24 payments is allowed by the court.

25 [(g) WITHIN 16 DAYS AFTER FINAL PAYMENT OF COMPENSATION HAS BEEN
26 MADE, THE EMPLOYER SHALL SEND TO THE BOARD A NOTICE IN ACCORDANCE WITH
27 A FORM PRESCRIBED BY THE BOARD STATING THE FACT THAT FINAL PAYMENT HAS
28 BEEN MADE, THE TOTAL AMOUNT OF COMPENSATION PAID, THE NAME OF THE
29 EMPLOYEE AND OF ANY OTHER PERSON TO WHOM COMPENSATION HAS BEEN PAID,

1 THE DATE OF THE INJURY OR DEATH, AND THE DATE TO WHICH WHICH COMPENSA-
2 TION HAS BEEN PAID. IF THE EMPLOYER FAILS TO SO NOTIFY THE BOARD WITHIN
3 THIS TIME, THE BOARD SHALL ASSESS AGAINST THE EMPLOYER A CIVIL PENALTY
4 IN THE AMOUNT OF \$100.]

5 (h) The board may upon its own initiative at any time in a case
6 in which payments are being made with or without an award, [AND SHALL
7 IN A CASE] where right to compensation is controverted, or where pay-
8 ments of compensation have been increased, reduced, terminated, changed,
9 [STOPPED] or suspended, upon receipt of notice from a person entitled
10 to compensation, or from the employer, that the right to compensation
11 is controverted, or that payments of compensation have been increased,
12 reduced, terminated, changed, [STOPPED] or suspended, make the investi-
13 gations, cause the medical examinations to be made, or hold the hear-
14 ings, and take the further action which it considers will properly
15 protect the rights of all parties.

16 (i) When the board considers it advisable it may require an
17 employer to make a deposit with the Department of Revenue to secure the
18 prompt and convenient payment of the compensation, and payments from
19 the deposit upon an award shall be made upon order of the board.

20 (j) If an employer has made advance payments of compensation, he
21 is entitled to be reimbursed out of any unpaid installment or install-
22 ments of compensation due.

23 (k) An injured employee or in case of death his dependents or
24 personal representative, shall give receipts for payment of compensation
25 to the employer paying it and the employer shall produce them for
26 inspection by the board, whenever required.

27 (l) (repealed)

28 (m) An employer shall file on or before the date one year from
29 the date of injury or upon termination of the claim, whichever is

1 sooner, a report on a form prescribed by the board, showing the total
2 amount of all compensation, medical and related benefits, legal fees,
3 and penalties paid during the period since the injury including the
4 name of the claimant, the date of injury, and the claim number. If the
5 claim is not terminated within one year, subsequent reports shall be
6 made yearly until the termination of the claim.

7 * Sec. 4. AS 23.30.265 is amended by adding a new paragraph to read:

8 (28) "reserve rate" means the unencumbered second injury fund
9 balance on October 31 of each year as a percentage of disbursements
10 from the second injury fund during the 12-month period ending on June 30
11 of the same calendar year.

12 * Sec. 5. AS 23.30.155(g), is repealed.

13 * Sec. 6. The amount of a payment to the second injury fund and the
14 conditions under which a payment is required of an employer or insurance
15 carrier must be in accordance with the version of AS 23.30.040(b) in effect
16 on the date that the injury to the employee occurred.

17 * Sec. 7. Notwithstanding the provisions of AS 23.30.040(b) as reenacted
18 in sec. 2 of this Act, the contribution rate for the second injury fund is
19 six percent from July 1, 1981, until December 31, 1982.

20 * Sec. 8. The division of workers' compensation in the Department of
21 Labor shall undertake a comprehensive study of vocational rehabilitation of
22 injured workers to include the following topics: (1) the organizational
23 planning for a central agency to supervise and control the sequence, timeli-
24 ness, duration and quality of rehabilitative care; (2) the coordination of
25 programs for the distribution of services with other involved agencies; (3)
26 the determination of the relationship of the obligations of employers and
27 employees in the rehabilitative process as well as the accountability for
28 the performance of rehabilitation facilities; (4) the development of methods
29 to minimize the adversary environment and create an atmosphere conducive to

1 successful reemployment; (5) the development of reemployment programs for
2 disabled workers; (6) the integration of workers' compensation with other
3 programs for the disabled; and (7) a review of incentives and disincentives
4 for employees, employers, and insurers involved in the rehabilitative process.
5 The division of workers' compensation shall report its recommendations for
6 legislation or administrative action by the 30th day of the Second Session
7 of the Twelfth Legislature.

8 * Sec. 9. This Act takes effect on July 1, 1981.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill No. 94 amended
 Title "An Act relating to Workers' Compensation . . ."
 Requested by Senate Finance Committee Date June 11, 1981

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Second Injury Fund
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	87.1	97.6	109.3	122.4	137.1
TOTAL	0	87.1	97.6	109.3	122.4	137.1

FUNDING (Thousands of Dollars)

GENERAL FUND		199.4	215.4	232.6	251.2	271.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Second Injury Fund		(199.4)	(215.4)	(232.6)	(251.2)	(271.3)
Second Injury Fund 2)	0	87.1	97.6	109.3	122.4	137.1

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

- 1) Since enactment of the Second Injury Fund statutes in 1959, total operating costs of the program have been paid from revenues contributed by employers/carriers. During recent hearings held by the Workers' Compensation Study Commission, employers and their carriers voiced strong concern as to why administrative costs of the program are being paid from the Second Injury Fund rather than out of the State General Fund. Present Second Injury Fund statutes provide for payments to be made to the Fund and disbursements to be made from the Fund under certain prescribed conditions. There is no provision however, that addresses the payment of administrative costs.

This fiscal note reflects the impact on the General Fund and the Second Injury Fund when administrative cost will be paid out of General Funds for FY 1982 through FY 1986.

Assumes an inflation factor of 8%.

IV. DATE June 11, 1981 PREPARED BY *Mico Bus* Mico Bus, Finance Officer
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Assumes an effective date of July 1, 1981.

- 2) Assumes an annual increase of 20% as a result of the raise in the maximum from \$5,000 to \$10,000 for vocational retraining and rehabilitation benefits.

In the department's estimation, the proposed bill will provide adequate revenue for the Second Injury Fund to meet its statutory obligations to the Alaskan worker, employer and insurance carrier and preclude the use of the State General Fund in future years.

Original sponsor: Rules/Governor

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4 TWELFTH LEGISLATURE - FIRST SESSION

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14 central panel of three members sitting for the third judicial district,
15 and one panel of three members which may sit in any judicial district.

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17 representative, a representative of industry and a representative of
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known to the public the applicable contribution rate for the follow-
ing year according to the reserve rate of the second injury
fund set out in column B of this subsection:

Column A Second Injury Fund Contribution Rate (Percent)	Column B Reserve Rate	
	At Least (Percent)	But Less Than (Percent)
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0	175	-

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10 and vocational rehabilitation of a permanently disabled person whose
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17 monthly or at some other period.

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19 tion, termination, suspension, resumption or a change in rate or type
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5 THAT THE RIGHT TO COMPENSATION IS CONTROVERTED, THE NAME OF THE CLAI-
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24 payments is allowed by the court.

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25 programs for the distribution of services with other involved agencies; (3)
26 the determination of the relationship of the obligations of employers and
27 employees in the rehabilitative process as well as the accountability for
28 the performance of rehabilitation facilities; (4) the development of methods
29 to minimize the adversary environment and create an atmosphere conducive to

1 successful reemployment; (5) the development of reemployment programs for
2 disabled workers; (6) the integration of workers' compensation with other
3 programs for the disabled; and (7) a review of incentives and disincentives
4 for employees, employers, and insurers involved in the rehabilitative process.
5 The division of workers' compensation shall report its recommendations for
6 legislation or administrative action by the 30th day of the Second Session
7 of the Twelfth Legislature.

8 * Sec. 9. This Act takes effect on July 1, 1981.
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Original sponsor: Rules/Governor

Offered: 5/7/81
Referred: Finance

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 94 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation; and provid-
7 ing for an effective date."

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

9 * Section 1. AS 23.30.005(a) is amended to read:

10 (a) The Alaska Workers' Compensation Board shall consist of nine
11 [SEVEN] members, including a southern panel of three members sitting
12 for the first judicial district, a northern panel of three members
13 sitting for the second and fourth judicial districts, [AND] a south-
14 central panel of three members sitting for the third judicial district,
15 and one panel of three members which may sit in any judicial district.
16 Each panel shall include the commissioner of labor or his designated
17 representative, a representative of industry and a representative of
18 labor. The latter two members of each panel shall be appointed by the
19 governor. All panel members are subject to confirmation by a majority
20 of the members of the legislature in joint session.

21 * Sec. 2. AS 23.30.040 is repealed and reenacted to read:

22 Sec. 23.30.040. SECOND INJURY FUND. (a) There is created a
23 second injury fund, administered by the commissioner of labor. Money
24 in the second injury fund may only be paid for the benefit of those
25 persons entitled to payment of benefits from the second injury fund
26 under this chapter. Payments from the second injury fund must be made
27 by the commissioner of labor in accordance with the orders and awards
28 of the board.

29 (b) If an employee suffers a compensable injury which results in

1 temporary total disability, temporary partial disability, permanent
 2 partial disability, or permanent total disability, the employer or
 3 insurance carrier shall contribute to the second injury fund. The
 4 contribution shall be made by one year from the date of the injury or
 5 on termination of the employee's claim, whichever is sooner. If the
 6 claim is not terminated within one year, subsequent contributions shall
 7 be made yearly until the termination of the employee's claim. The
 8 amount of the contribution is the product of the compensation to which
 9 the employee is entitled for temporary total disability, temporary
 10 partial disability, permanent partial disability, permanent total
 11 disability, or for rehabilitation under AS 23.30.191 and the applicable
 12 contribution rate set out in column A of this subsection. By
 13 December 15 of each year the commissioner shall determine and make
 14 available to the public the applicable contribution rate for the follow-
 15 ing calendar year according to the reserve rate of the second injury
 16 fund in Column B of this subsection:

Column A Second Injury Fund Contribution Rate (Percent)	Column B Reserve Rate	
	At Least (Percent)	But Less Than (Percent)
6	0	50
5	50	75
4	75	100
3	100	125
2	125	150
1	150	175
0	175	-

28 (c) If an employee suffers a compensable injury which results in
 29 death and the employee is not survived by a widow, widower, child, or

1 dependent relative eligible to receive death benefits under AS 23.-
2 30.215, the employer or insurance carrier shall pay \$10,000 to the
3 second injury fund.

4 (d) The board may refund a payment made into the second injury
5 fund if the employer or insurance carrier shows that it made the pay-
6 ment by mistake or inadvertence, or if it shows there existed at the
7 time of the death of the employee a beneficiary entitled to benefits
8 under AS 23.30.215.

9 (e) The board may direct and provide the vocational retraining
10 and vocational rehabilitation of a permanently disabled person whose
11 condition is a result of an injury compensable under this chapter by
12 making cooperative arrangements with insurance carriers, private organ-
13 izations and institutions, or state or federal agencies. The person
14 being retrained or rehabilitated is entitled to receive additional
15 compensation from the second injury fund for maintenance during the
16 period of retraining and rehabilitation in the sum which the board
17 considers necessary, not to exceed \$200 a month. The total expendi-
18 tures for maintenance, retraining, rehabilitation, and necessary trans-
19 portation may not exceed \$10,000 for one person.

20 (f) All amounts collected as civil penalties under AS 23.30.-
21 155(c) shall be paid into the second injury fund.

22 (g) The attorney general may investigate claims and hire expert
23 witnesses necessary to prevent fraudulent or excessive claims for money
24 in the second injury fund.

25 (h) Administration expenses of the state under this section and
26 AS 23.30.205 shall be paid from the general fund.

27 * Sec. 3. AS 23.30.155 is amended to read:

28 Sec. 23.30.155. PAYMENT OF COMPENSATION. (a) Compensation
29 under this chapter shall be paid periodically, promptly, and directly

1 to the person entitled to it, without an award, except where liability
2 to pay compensation is controverted by the employer. To controvert a
3 claim the employer must file a notice, on a form prescribed by the
4 board, stating

5 (1) that the right of the employee to compensation is
6 controverted;

7 (2) the name of the employee;

8 (3) the name of the employer;

9 (4) the date of the alleged injury or death; and (5) the type
10 of compensation and all grounds upon which the right to compensation
11 is controverted.

12 (b) The first installment of compensation becomes due on the 14th
13 day after the employer has knowledge of the injury or death. On this
14 date all compensation then due shall be paid. Subsequent compensation
15 shall be paid in installments, every 14 days [SEMIMONTHLY], except
16 where the board determines that payment in installments should be made
17 monthly or at some other period.

18 (c) Upon making the first payment, and upon an increase, reduc-
19 tion, termination, suspension, resumption or a change in rate or type
20 of compensation paid [OF PAYMENT FOR ANY CAUSE], the employer shall
21 [IMMEDIATELY] notify the board within 14 days, on [IN ACCORDANCE WITH]
22 a form prescribed by the board, that payment of compensation has begun
23 or has been increased, reduced, terminated, resumed, changed, or sus-
24 pended, as the case may be. If the employer fails to notify the board
25 within 14 days, the board shall assess against the employer a civil
26 penalty of \$100 plus \$25 for each day in excess of 14 days that the
27 employer fails to give notice. Total penalties under this section may
28 not exceed \$2,500 for each failure to file a required report.

29 (d) If the employer controverts the right to compensation he

1 shall file with the board on or before the 14th day after he has knowl-
2 edge of the alleged injury or death or on or before an installment of
3 compensation payable without an award is due, a notice of controversion
4 on [, IN ACCORDANCE WITH] a form prescribed by the board [, STATING
5 THAT THE RIGHT TO COMPENSATION IS CONTROVERTED, THE NAME OF THE CLAI-
6 MANT, THE NAME OF THE EMPLOYER, THE DATE OF THE ALLEGED INJURY OR
7 DEATH, AND THE GROUNDS UPON WHICH THE RIGHT TO COMPENSATION IS CONTRO-
8 VERTED].

9 (e) If any installment of compensation payable without an award
10 is not paid within 14 days after it becomes due, as provided in (b) of
11 this section, there shall be added to the unpaid installment an amount
12 equal to 20 percent of it, which shall be paid at the same time as, and
13 in addition to, the installment, unless notice is filed under (d) of
14 this section or unless the nonpayment is excused by the board after a
15 showing by the employer that owing to conditions over which he had no
16 control the installment could not be paid within the period prescribed
17 for the payment.

18 (f) If compensation payable under the terms of an award is not
19 paid within 14 days after it becomes due, there shall be added to that
20 [SUCH] unpaid compensation an amount equal to 20 percent of it, which
21 shall be paid at the same time as, but in addition to, the compen-
22 sation, unless review of the compensation order making the award is had
23 as provided in AS 23.30.125 and an interlocutory injunction staying
24 payments is allowed by the court.

25 [(g) WITHIN 16 DAYS AFTER FINAL PAYMENT OF COMPENSATION HAS BEEN
26 MADE, THE EMPLOYER SHALL SEND TO THE BOARD A NOTICE IN ACCORDANCE WITH
27 A FORM PRESCRIBED BY THE BOARD STATING THE FACT THAT FINAL PAYMENT HAS
28 BEEN MADE, THE TOTAL AMOUNT OF COMPENSATION PAID, THE NAME OF THE
29 EMPLOYEE AND OF ANY OTHER PERSON TO WHOM COMPENSATION HAS BEEN PAID,

1 THE DATE OF THE INJURY OR DEATH, AND THE DATE TO WHICH WHICH COMPENSA-
2 TION HAS BEEN PAID. IF THE EMPLOYER FAILS TO SO NOTIFY THE BOARD WITHIN
3 THIS TIME, THE BOARD SHALL ASSESS AGAINST THE EMPLOYER A CIVIL PENALTY
4 IN THE AMOUNT OF \$100.]

5 (h) The board may upon its own initiative at any time in a case
6 in which payments are being made with or without an award, [AND SHALL
7 IN A CASE] where right to compensation is controverted, or where pay-
8 ments of compensation have been increased, reduced, terminated, changed,
9 [STOPPED] or suspended, upon receipt of notice from a person entitled
10 to compensation, or from the employer, that the right to compensation
11 is controverted, or that payments of compensation have been increased,
12 reduced, terminated, changed, [STOPPED] or suspended, make the investi-
13 gations, cause the medical examinations to be made, or hold the hear-
14 ings, and take the further action which it considers will properly
15 protect the rights of all parties.

16 (i) When the board considers it advisable it may require an
17 employer to make a deposit with the Department of Revenue to secure the
18 prompt and convenient payment of the compensation, and payments from
19 the deposit upon an award shall be made upon order of the board.

20 (j) If an employer has made advance payments of compensation, he
21 is entitled to be reimbursed out of any unpaid installment or install-
22 ments of compensation due.

23 (k) An injured employee or in case of death his dependents or
24 personal representative, shall give receipts for payment of compensation
25 to the employer paying it and the employer shall produce them for
26 inspection by the board, whenever required.

27 (l) (repealed)

28 (m) An employer shall file on or before the date one year from
29 the date of injury or upon termination of the claim, whichever is

1 sooner, a report on a form prescribed by the board, showing the total
2 amount of all compensation, medical and related benefits, legal fees,
3 and penalties paid during the period since the injury including the
4 name of the claimant, the date of injury, and the claim number. If the
5 claim is not terminated within one year, subsequent reports shall be
6 made yearly until the termination of the claim.

7 * Sec. 4. AS 23.30.265 is amended by adding a new paragraph to read:

8 (28) "reserve rate" means the unencumbered second injury fund
9 balance on October 31 of each year as a percentage of disbursements
10 from the second injury fund during the 12-month period ending on June 30
11 of the same calendar year.

12 * Sec. 5. AS 23.30.155(g), is repealed.

13 * Sec. 6. The amount of a payment to the second injury fund and the
14 conditions under which a payment is required of an employer or insurance
15 carrier must be in accordance with the version of AS 23.30.040(b) in effect
16 on the date that the injury to the employee occurred.

17 * Sec. 7. Notwithstanding the provisions of AS 23.30.040(b) as reenacted
18 in sec. 2 of this Act, the contribution rate for the second injury fund is
19 six percent from July 1, 1981, until December 31, 1982.

20 * Sec. 8. This Act takes effect on July 1, 1981.
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Introduced: 2/4/81
Referred: Labor & Commerce and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 94

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Workers' Compensation
7 Board, and the second injury fund established under
8 the Alaska Workers' Compensation Act; and providing
9 for an effective date."

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

11 * Section 1. AS 23.30.005(a) is amended to read:

12 (a) The Alaska Workers' Compensation Board shall consist of nine
13 [SEVEN] members, including a southern panel of three members sitting
14 for the first judicial district, a northern panel of three members
15 sitting for the second and fourth judicial districts, [AND] a southcen-
16 tral panel of three members sitting for the third judicial district,
17 and one panel of three members sitting for all judicial districts.

18 Each panel shall include the commissioner of labor or his designated
19 representative, a representative of industry and a representative of
20 labor. The latter two members of each panel shall be appointed by the
21 governor. All panel members are subject to confirmation by a majority
22 of the members of the legislature in joint session.

23 * Sec. 2. AS 23.30.040 is repealed and re-enacted to read:

24 Sec. 23.30.040. SECOND INJURY FUND. (a) There is created a
25 second injury fund, administered by the commissioner of labor. Money
26 in the second injury fund may only be paid for the benefit of those
27 persons entitled to payment of benefits from the second injury fund
28 under this chapter. Payments from the second injury fund must be made
29 by the commissioner of labor in accordance with the orders and awards

1 of the board.

2 (b) If an employee suffers a compensable injury which results in
3 temporary total disability, temporary partial disability, permanent
4 partial disability, or permanent total disability, the employer or in-
5 surance carrier shall pay quarterly into the second injury fund a sum
6 equal to six percent of the compensation to which the employee is
7 entitled for temporary total disability, temporary partial disability,
8 permanent partial disability, permanent total disability, or for re-
9 habilitation under AS 23.30.191.

10 (c) If an employee suffers a compensable injury which results in
11 death and the employee is not survived by a widow, widower, child or
12 dependent relative eligible to receive death benefits under AS 23.30.
13 30.215, the employer or insurance carrier shall pay \$10,000 to the
14 second injury fund.

15 (d) The board may refund a payment made into the second injury
16 fund if the employer or insurance carrier shows that it made the pay-
17 ment by mistake or inadvertence, or if it shows there existed at the
18 time of the death of the employee a beneficiary entitled to benefits
19 under AS 23.30.215.

20 (e) The board may direct and provide the vocational retraining
21 and vocational rehabilitation of a permanently disabled person whose
22 condition is a result of an injury compensable under this chapter by
23 making cooperative arrangements with insurance carriers, private orga-
24 nizations and institutions, or state or federal agencies. The person
25 being retrained or rehabilitated is entitled to receive compensation
26 from the second injury fund for maintenance during the period of re-
27 training and rehabilitation in the sum which the board considers ne-
28 cessary, not to exceed \$200 a month. The total expenditures for main-
29 tenance, retraining, rehabilitation, and necessary transportation may

1 not exceed \$10,000 for one person.

2 (f) All amounts collected as civil penalties under this chapter
3 must be paid into the second injury fund.

4 (g) The attorney general may investigate claims and hire expert
5 witnesses necessary to prevent fraudulent or excessive claims for
6 money in the second injury fund and, subject to an appropriation for
7 this purpose, may be reimbursed from the second injury fund for the
8 cost of investigating claims and defending against those claims.

9 (h) Administration expenses of the state under this section and
10 AS 23.30.205 must be paid from an appropriation from the second injury
11 fund.

12 (i) The provisions of (b) and (c) of this section do not apply
13 during a calendar year if the unencumbered balance of the second in-
14 jury fund on January 1 is equal to or exceeds \$600,000.

15 * Sec. 3. AS 23.30.045(c) is amended to read:

16 (c) For a person eligible for vocational rehabilitation service
17 under AS 23.15.080 [AND] who is placed with an employer for service
18 [WITHOUT WAGES] at the request of the office of vocational rehabili-
19 tation to give him on the job training, work readiness, [OR] work
20 therapy experience, or work sampling, the liability set out in (a) of
21 this section applies to the state rather than to the employer.

22 * Sec. 4. The amount of a payment to the second injury fund and the
23 conditions under which a payment is required of an employer or insurance
24 carrier must be in accordance with the version of AS 23.30.040(b) in ef-
25 fect on the date that the injury to the employee occurred.

26 * Sec. 5. Section 1 of this Act takes effect immediately in accordance
27 with AS 01.10.070(c).

28 * Sec. 6. Sections 2 - 4 of this Act take effect on July 1, 1981.
29

1HB94

January 19, 1981

Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, I am transmitting a bill amending the Workers' Compensation Act to add two statewide members to the Workers' Compensation Board and provide adequate funding for the second injury fund. The bill also amends the conditions under which the state assumes liability for injuries to a person placed by vocational rehabilitation services.

Sincerely,

S/SSH

Jay S. Hammond
Governor

TASK

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill No. 94
 Title "An Act relating to Workers' Compensation . . ."
 Requested by House Labor & Commerce Committee Date April 27, 1981

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Second Injury Fund
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	87.1	97.6	109.3	122.4	137.1
TOTAL	0	87.1	97.6	109.3	122.4	137.1

FUNDING (Thousands of Dollars)

GENERAL FUND		¹⁾ 799.4	215.4	232.6	251.2	271.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Second Injury Fund		(799.4)	(215.4)	(232.6)	(251.2)	(271.3)
Second Injury Fund ²⁾	0	87.1	97.6	109.3	122.4	137.1

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

1) The FY '82 General Fund request will allow the Fund to meet its outstanding obligations. Because of a shortfall in revenues the Fund has accumulated approximately \$600.0 in unpaid obligations. Failure to pay these obligations as they become due is in violation of AS 23.30.205, which requires the Fund to reimburse the employer/carrier in full for compensation paid to injured workers under certain prescribed conditions. Since enactment of the Second Injury Fund statutes in 1959, total operating costs of the program have been paid from revenues contributed by employers/carriers. During recent hearings held by the Workers' Compensation Study Commission, employers and their carriers voiced strong concern as to why administrative costs of the program are being paid from the Second Injury Fund rather than out of the State General Fund. Present Second Injury Fund statutes provide for payments to be made to the Fund and disbursements to be made from the Fund under certain prescribed conditions. There is no provision however, that addresses the payment of administrative costs.

IV. DATE April 27, 1981 PREPARED BY *Nico Bus* Nico Bus, Finance Officer
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

This fiscal note reflects the impact on the General Fund and the Second Injury Fund when administrative cost will be paid out of General Funds for FY 1982 through FY 1986.

Assumes an inflation factor of 8%.

Assumes an effective date of July 1, 1981.

- 2) Assumes an annual increase of 20% as a result of the raise in the maximum from \$5,000 to \$10,000 for vocational retraining and rehabilitation benefits.

In the department's estimation, the proposed bill will provide adequate revenue for the Second Injury Fund to meet its statutory obligations to the Alaskan worker, employer and insurance carrier and preclude the use of State General Funds in future years.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill 94
 Title An Act Relating to Workers' Compensation and providing for an effective date.
 Requested by House Labor and Commerce Committee Date 4/27/81

II. FISCAL DETAIL

Agency Affected Workers' Compensation Division, Department of Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Workers' Compensation
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		43.5	47.0	50.8	54.9	59.3
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		9.8	10.6	11.5	12.4	13.4
400 COMMODITIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		1.4				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	55.7	58.7	63.5	68.6	74.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	0	55.7	58.7	63.5	68.6	74.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	2	2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) (see attached form 13's)

- 1.) Personal Services Cost at current salary and benefit cost (1/1/81).
- 2.) Contractual Services - includes Indirect Cost (Administrative Services), rental space and other.
- 3.) Equipment - one time items to set up the new employees with desk, chair, cabinets and partitions.
- 4.) Assumes effective date July 1, 1981.
- 5.) Inflation factor used 8%, all items.

IV. DATE

4/27/81

PREPARED BY

Michael W. Bas, Finance Officer

AGENCY

LABOR

PHONE

465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

HB 94

1. Position Title Clerk I	Range/Step 6 A	Barg. Unit G	Location Juneau	Approv. Gov.	Disapp.
2. Type of Position DET	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line Leg.

3. Type of Expenditure	1	2	3	Amount
Personal Services:				
4. Salary 1249 x 12				14,988
5. Benefits 15.87				2,379
6. FICA .0613				929
7. Health Ins.				1,000
8. Total Personal Services	01			20,086
9. Travel	02			
10. Contractual	03			4,161
11. Commodities	04			500
12. Equipment	05			700
13. Other				
14. Total Cost				25,447

The 4.2 contractual consists of 2.7 space rental and 1.5 indirect (Administrative Services). The .5 commodities is for office supplies; the .7 equipment is a desk and chair.

This position will provide full-time filing and general clerical assistance to the Division. The additional reports required of employers insurance carriers will be distributed and filed by this position. A full-time filing position will allow the filing to be kept current and avoid delays in searching for unfiled reports.

CODE	FUNDING SOURCE	Amount
15.	FED RCPT. 1002	
16.	GF MATCH. 1003	
17.	GEN. FUND 1004	25,447
18.	I-A RCPTS. 1005	
19.	BGM RCPTS 1029	
20.	OTHER	
21. CONTINUATION		
22. ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Worker Protection

REVISED DATE _____

BRU Workers' Compensation

PAGE 1 OF EV 82

13 REQUEST FOR NEW POSITION.

COMPONENT Workers' Compensation



1. Position Title	Range/Step	Barg. Unit	Location	Approv.	Osapp.
Data Control Clerk I	9 A	G	DunEAU	Gov.	
2. Type of Position	Staff Months	RD No.	PCN No.	Priority	Form 12 page/line
NET	12				12
3. Type of Expenditure	Amount				
	1	2	3		

4. Salary	1475 x 12	17,700	
5. Benefits	15.87	2,806	
6. FICA	.0612	1,085	
7. Health Ins.		1,800	
8. Total Personal Services	01		23,394
9. Travel	02		-0-
10. Contractual	03		5,526
11. Commodities	04		500
12. Equipment	05		700
13. Other			
14. Total Cost			30,220

The 5.6 contractual consists of 2.7 space rental, 1.7 indirect (Administrative Services) and 1.2 for computer terminal leasing. The .5 commodities is for office supplies. The .7 equipment is a desk and chair.

This position will handle part of the increased workload in the filing and coding units due to the increased reporting requirements of employers' insurance carriers. The information from the additional reports will be entered via computer terminal into our new information handling system. This data will give the Division accurate statistics on all costs of every claim as well as precise computations as to the carrier's change in any claimant payment.

	CODE	FUNDING SOURCE	
15.		FED REPT. 1002	
16.		GF MATCH. 1003	
17.		GEN. FUND 1004	30,220
18.		I-A RCPTS. 1005	
19.		PGM RCPTS 1028	
20.		OTHER	
21.	CONTINUATION		
22.	ADDITION		

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Worker Protection

REVISED DATE _____

BRU Workers' Compensation

PAGE 2 OF EV 82

COMPONENT Workers' Compensation

13 REQUEST FOR NEW POSITION.



THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for House Bill No. 94
 Title "An Act relating to Workers' Compensation . . ."
 Requested by House Labor & Commerce Committee Date April 27, 1981

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Second Injury Fund
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	87.1	97.6	109.3	122.4	137.1
TOTAL	0	87.1	97.6	109.3	122.4	137.1

FUNDING (Thousands of Dollars)

GENERAL FUND		¹⁾ 799.4	215.4	232.6	251.2	271.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Second Injury Fund		(799.4)	(215.4)	(232.6)	(251.2)	(271.3)
Second Injury Fund ²⁾	0	87.1	97.6	109.3	122.4	137.1

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

1) The FY '82 General Fund request will allow the Fund to meet its outstanding obligations. Because of a shortfall in revenues the Fund has accumulated approximately \$600.0 in unpaid obligations. Failure to pay these obligations as they become due is in violation of AS 23.30.205, which requires the Fund to reimburse the employer/carrier in full for compensation paid to injured workers under certain prescribed conditions. Since enactment of the Second Injury Fund statutes in 1959, total operating costs of the program have been paid from revenues contributed by employers/carriers. During recent hearings held by the Workers' Compensation Study Commission, employers and their carriers voiced strong concern as to why administrative costs of the program are being paid from the Second Injury Fund rather than out of the State General Fund. Present Second Injury Fund statutes provide for payments to be made to the Fund and disbursements to be made from the Fund under certain prescribed conditions. There is no provision however, that addresses the payment of administrative costs.

IV. DATE April 27, 1981 PREPARED BY Nico Bus, Finance Officer
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

This fiscal note reflects the impact on the General Fund and the Second Injury Fund when administrative cost will be paid out of General Funds for FY 1982 through FY 1986.

Assumes an inflation factor of 8%.

Assumes an effective date of July 1, 1981.

- 2) Assumes an annual increase of 20% as a result of the raise in the maximum from \$5,000 to \$10,000 for vocational retraining and rehabilitation benefits.

In the department's estimation, the proposed bill will provide adequate revenue for the Second Injury Fund to meet its statutory obligations to the Alaskan worker, employer and insurance carrier and preclude the use of State General Funds in future years.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 94 (Page 1 of 4)
 Bill/Resolution No. _____
 Title "An Act Relating to the Alaska Workers' Compensation Board, and the Second. . ." _____
 Requested by Governor _____ Date 12/29/80 _____

II. FISCAL DETAIL
 Agency Affected Department of Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Second Injury Fund
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	34.8	76.6	131.1	201.0	230.1
TOTAL	0	34.8	76.6	131.1	201.0	230.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Second Injury Fund	0	34.8	76.6	131.1	201.0	230.1

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

Projected Fund Balance reports for both current and new legislation are attached.

Also attached is an analytic statement.

IV. DATE January 8, 1981 PREPARED BY *Nico Bus* Finance Officer
 AGENCY Labor
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Fund receives no federal or state funding and is supported entirely by contributions made by employers/carriers in compliance with decisions and awards of the Workers' Compensation Board. Under currently existing law, the employer or its insurance carrier is required to pay into the Fund a lump sum equal to eight percent of the total compensation to which the injured worker is entitled for permanent partial disability and \$10,000 in cases of death where the employee is not survived by eligible dependents. This present method of funding does not generate adequate revenues to meet the Fund's current obligations.

Because of a short fall in revenues the Fund has accumulated approximately \$500.0 in unpaid obligations as of December 15, 1980. Failure to pay these obligations as they become due is in violation of As 23.30.205, which requires the Fund to reimburse the employer/carriers in full for compensation paid to injured workers under certain prescribed conditions.

This BRU has submitted a Supplemental Budget request for \$600.0 from General Funds. This will allow the Fund to meet its current obligations for FY '81 and provide for any additional awards that may be made by the Workers' Compensation Board during the remainder of this fiscal year.

In the department's estimation, the proposed bill will provide adequate revenues for the Second Injury Fund to meet its statutory obligations to the Alaskan worker, employer and insurance carrier and preclude the use of State General Funds in future years.

Second Injury Fund Projected Fund Balance
From FY '81 to FY '86 Under Current Legislation

<u>Fiscal Year</u>	<u>July 1 Beginning Balance</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>June 30 Ending Balance</u>
FY '81	(1) 42.2	617.8	1,260.0	(2) <600.0>
FY '82	<600.0>	(3) 747.6	1,364.0	<1,416.4>
FY '83	<1,416.4>	775.5	1,737.1	<2,378.0>
FY '84	<2,378.0>	811.4	1,929.8	<3,496.4>
FY '85	<3,496.4>	845.4	2,144.5	<4,795.5>
FY '86	<4,795.5>	874.9	2,383.6	<6,304.4>

(1) Minimum Balance of \$10.0 already deducted.

(2) A Supplemental Request for General Funds has been submitted.

(3) Includes past due collections of \$90.2.

Second Injury Fund Projected Fund Balance
From Effective Date to FY '86 Under Proposed Legislation

<u>Fiscal Year</u>	<u>July 1 Beginning Balance</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>June 30 Ending Balance</u>
FY '82	0	1,752.8	1,598.8	154.0
FY '83	154.0	1,904.7	1,813.7	245.0
FY '84	245.0	2,090.0	2,060.9	274.1
FY '85	274.1	2,285.4	2,345.5	214.0
FY '86	214.0	2,404.8	2,613.7	5.1

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB-94

Title an act relating to the Alaska Workers' Compensation Board, and second injury fund.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Division of Insurance

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
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	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

An Act relating to the Alaska Workers' Compensation Board, and the second injury fund established under the Alaska Workers' Compensation Act; and providing for an effective date.

IV. DATE 2/11/81

PREPARED BY *Kenneth C. Moore* Director
AGENCY Division of Insurance
PHONE 465-2515

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

COMMITTEE REPORT
SENATE

FURTHER: _____

Date: _____

Mr. President:

The Committee on _____ has had _____

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 _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

passed SFC
6/23/81
Delete Sec 16
and Sec. 17

Original sponsors: Duncan and Miller

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 121 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the public employees, teachers,
7 judicial, National Guard, and elected public officer
8 benefits; and providing for an effective date."

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

10 * Section 1. AS 14.20.345(d) is amended to read:

11 (d) The governing body of the district may agree to continue the
12 teacher's retirement contributions if the teacher agrees to pay the
13 percentage required under AS 14.25.050 [REQUIRED SEVEN PERCENT] of the
14 salary the teacher [HE] would have received during the [HIS] leave of
15 absence and reimburse the district for the district's required retire-
16 ment contribution. Each year of leave of absence then would count as a
17 year of retirement service.

18 * Sec. 2. AS 14.25.020(a)(1) is repealed and reenacted to read:

19 (1) formulate and recommend to the Alaska Teachers' Retire-
20 ment Board regulations to govern the operation of the system;

21 * Sec. 3. AS 14.25.022 is amended to read:

22 Sec. 14.25.022. REGULATIONS. Regulations adopted by the Alaska
23 Teachers' Retirement Board [PROMULGATED BY THE ADMINISTRATOR] under
24 AS 14.25.010 - 14.25.220 relate to the internal management of a state
25 agency and their adoption is not subject to the Administrative Proce-
26 dure Act (AS 44.62).

27 * Sec. 4. AS 14.25.035 is amended by adding a new subsection to read:

28 (i) The board may adopt regulations recommended by the adminis-
29 trator to carry out this chapter with modifications it considers proper.

1 * Sec. 5. AS 14.25.050(a) is amended to read:

2 (a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute
3 to the retirement fund an amount equal to nine [SEVEN] percent of his
4 base salary accrued from July 1 to the following June 30. The contri-
5 bution shall be deducted by the employer at the end of each payroll
6 period.

7 * Sec. 6. AS 14.25.060(a) is repealed and reenacted to read:

8 (a) If a member has military service or Alaska Bureau of Indian
9 Affairs (BIA) service, or if a member joined the system before July 1,
10 1978, and has creditable outside service, the member is indebted to the
11 retirement fund as follows:

12 (1) For a member first hired before July 1, 1978, the arrear-
13 age indebtedness for creditable outside service is seven percent of the
14 base salary multiplied by the total number of years of creditable out-
15 side service. Compound interest at the rate prescribed by regulation
16 shall be added to the arrearage indebtedness beginning July 1, 1963, or
17 at the time of first becoming employed as a member, whichever is later,
18 to the date of payment or the date of retirement, whichever occurs first.

19 (2) For a member first hired before July 1, 1982, the arrear-
20 age indebtedness for creditable military and Alaska BIA service is
21 seven percent of the base salary multiplied by the total number of
22 years of military and Alaska BIA service. For a member first hired on
23 or after July 1, 1982, the arrearage indebtedness for military and
24 Alaska BIA service is nine percent of the base salary multiplied by the
25 total number of years of creditable military and Alaska BIA service.
26 Compound interest at the rate prescribed by regulation shall be added
27 to the arrearage indebtedness beginning July 1, 1963, or at the time of
28 first becoming employed as a member, whichever is later, to the date of
29 payment or the date of retirement, whichever occurs first.

1 (3) If a member terminates from the system and is sub-
2 sequently reemployed as a member before July 1, 1982, the arrearage
3 indebtedness to the retirement fund for outside, military, or Alaska
4 BIA service accumulated in the interim is seven percent of the base
5 salary upon reentering membership service, multiplied by the number of
6 years of interim outside, military, and Alaska BIA service. If a
7 member terminates from the system and is subsequently reemployed as a
8 member on or after July 1, 1982, the arrearage indebtedness to the
9 retirement fund for outside, military, or Alaska BIA service accumulated
10 in the interim is nine percent of the base salary upon reentering
11 membership service, multiplied by the number of years of interim out-
12 side, military, and Alaska BIA service. Compound interest at the rate
13 prescribed by regulation shall be added to the arrearage indebtedness
14 beginning July 1, 1963, or the date of reemployment as a member, which-
15 ever is later, to the date of payment or the date of retirement, which-
16 ever occurs first.

17 * Sec. 7. AS 14.25.110(d) is repealed and reenacted to read:

18 (d) The monthly amount of the retirement benefit for a member
19 with less than 10 years credited service is two percent of the member's
20 average base salary divided by 12 times the years of credited service,
21 including credited fractional years. The monthly amount of the retire-
22 ment benefit for a member with at least 10 years but less than 20 years
23 credited service is two and one-quarter percent of the member's average
24 base salary divided by 12 times the years of credited service. The
25 monthly amount of the retirement benefit for a member with at least 20
26 years of credited service is two and one-half percent of the member's
27 average base salary divided by 12 times the years of credited service.
28 An actuarial adjustment must be made for early retirement. An indebted-
29 ness that exists at the time of retirement must be discharged under

1 AS 14.25.063(b).

2 * Sec. 8. AS 14.25.115(a) is amended to read:

3 (a) A teacher in membership service on or after July 1, 1977 who
4 is appointed to retirement on or after July 1, 1978 may elect to apply
5 [HIS] unused sick leave credit in computing the total number of years
6 of creditable service under AS 14.25.110(d) [AS 14.25.120(c)(1) AND
7 (4)]. To obtain service credit for unused sick leave, a teacher must
8 apply to the administrator no later than one year after appointment to
9 retirement. Unused sick leave shall be credited on a day-for-day basis
10 in accordance with the table for service after July 1, 1969 contained
11 in AS 14.25.220(40) [AS 14.25.220(16)]. No teacher contributions may
12 be required for credited unused sick leave.

13 * Sec. 9. AS 14.25.125(d) is repealed and reenacted to read:

14 (d) The monthly amount of a conditional service retirement benefit
15 shall be calculated on the years of fully paid membership service only,
16 in accordance with AS 14.25.110(d), except that

17 (1) a member may irrevocably elect to substitute "average
18 monthly compensation" as defined in AS 39.35.680(4) in place of the
19 member's average base salary, divided by 12; and

20 (2) in determining the percentage multiplier for each year
21 of service under AS 14.25.110(d) the years of credited service under
22 AS 39.35 shall also be considered.

23 * Sec. 10. AS 14.25.130(a) is amended to read:

24 (a) An active [A] member who is terminated as a proximate result
25 of a permanent disability [HAS BECOME PERMANENTLY DISABLED], as defined
26 in AS 14.25.220, after July 1, 1966, before age 55 and who has five or
27 more years of membership service may be retired by the administrator as
28 of the first day of the month following the permanent disability. Af-
29 ter a report of medical examination of the member, an application, and

1 other requested information has been submitted, the administrator shall
2 determine if the member is physically or mentally incapacitated for
3 further performance of duty, and if the incapacity is likely to be per-
4 manent and whether the member should receive disability benefits.

5 * Sec. 11. AS 14.25.143 is repealed and reenacted to read:

6 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
7 each year the administrator shall increase benefit payments to eligible
8 disabled members and persons age 55 or older receiving benefits under
9 this system in the preceding calendar year.

10 (b) The increase in benefit payments applies to total benefit
11 payments except for the cost-of-living allowance under AS 14.25.142.
12 The amount of the increase is a percentage of the current benefit equal
13 to

14 (1) the lesser of 75 percent of the increase in the cost of
15 living in the preceding calendar year or nine percent, for recipients
16 who on July 1 are at least 65 years old;

17 (2) the lesser of 50 percent of the increase in the cost of
18 living in the preceding calendar year or six percent, for recipients
19 who on July 1 are at least 60 but less than 65 years old and for members
20 receiving disability benefits who are less than 65 years old; and

21 (3) the lesser of 25 percent of the increase in the cost of
22 living in the preceding calendar year or three percent, for recipients
23 who on July 1 are at least 55 but less than 60 years old.

24 (c) If a recipient was not receiving benefits during the entire
25 preceding calendar year, the increase in benefits under this section
26 shall be adjusted by multiplying it by the fraction whose numerator is
27 the number of months for which benefits were received in the preceding
28 calendar year and whose denominator is 12.

29 (d) If at the time of first receiving a retirement benefit a

1 member was receiving a disability benefit under this system, the admin-
2 istrator shall, at the time the member is appointed to retirement,
3 increase the retirement benefit by a percentage equal to the total
4 cumulative percentage increase which has been applied to the member's
5 disability benefit under this section.

6 (e) When computing a spouse's pension under AS 14.25.164, adjust-
7 ments granted to the deceased member under this section shall be in-
8 cluded.

9 (f) An increase in benefit payments under this section is effec-
10 tive July 1 of each year and is based on the percentage increase in the
11 consumer price index for urban wage earners and clerical workers for
12 Anchorage, Alaska during the previous calendar year as determined by
13 the United States Department of Labor, Bureau of Labor Statistics.

14 * Sec. 12. AS 14.25.168 is repealed and reenacted to read:

15 Sec. 14.25.168. MEDICAL BENEFITS. (a) The following are entitled
16 to major medical insurance coverage:

17 (1) a person receiving a monthly benefit from the system;

18 (2) the spouse of a person receiving a monthly benefit from
19 the system;

20 (3) a natural or adopted child of a person receiving a
21 monthly benefit, if the child is a dependent child as defined in AS 14.-
22 25.220(12).

23 (b) Major medical insurance coverage takes effect on the same
24 date as retirement benefits begin and stops when the retired person or
25 survivor is no longer eligible to receive a monthly benefit. The
26 coverage for persons over age 65 is the same as that available for
27 persons under age 65. The benefits payable to those persons 65 or
28 older supplement those afforded under the federal old age survivor and
29 disability insurance program, if any.

1 * Sec. 13. AS 14.25.220(9) is amended to read:

2 (9) "compensation" means the total remuneration paid under
3 contract to a member for services rendered during a school year, i.i-
4 cluding cost-of-living differentials, payments for leave that is
5 actually used by the member, the amount by which the member's wages
6 are reduced under AS 39.30.150(c), and the amount deferred under the
7 state deferred compensation plan or the tax shelter annuity plan ap-
8 proved by the Department of Education, but does not include retirement
9 benefits, welfare benefits, per diem, expense allowances, workers' com-
10 ensation payments, or payments for leave not used by the member,
11 whether those leave payments are scheduled payments, lump sum payments,
12 donations, or cash-ins; for purposes of AS 14.25.050, compensation paid
13 includes any payment made after June 30 of a school year for services
14 rendered before the end of the school year;

15 * Sec. 14. AS 14.25.220(10) is amended to read:

16 (10) "credited service" means all membership service as pro-
17 vided in (20) of this section, territorial employment as defined in
18 (41) of this section, plus outside, military, and BIA service not ex-
19 ceeding 15 years, with outside and military service limited to 10 years
20 except under the conditions set out in AS 14.25.100;

21 * Sec. 15. AS 14.25.220 is amended by adding a new paragraph to read:

22 (41) "territorial employment" means non-teaching employment
23 with the Territory of Alaska as provided under AS 14.25.105; territor-
24 ial employment is not membership service.

25 ~~* Sec. 16. AS 22.25.010(d) is amended to read:~~

26 ~~(d) A justice or judge may voluntarily retire at any time and~~
27 ~~shall have a vested right to his accrued retirement pay if he has~~
28 ~~served five or more years. Retirement pay shall not commence until he~~
29 ~~has reached age 55 {60}; except that an actuarially equivalent retire-~~

1 ~~ment pay may be commenced after he has reached age 50 [55] or upon his~~
2 ~~-serving 20 years as a justice or judge. The provisions of (b) of this~~
3 ~~section are an exception to this rule. A justice or judge desiring to~~
4 ~~retire under this subsection shall file with the governor a notice of~~
5 ~~his desire, together with a sworn statement of the facts establishing~~
6 ~~his eligibility to retire. The governor shall certify those facts to~~
7 ~~the commissioner of administration and declare, in writing, the eligi-~~
8 ~~bility or ineligibility for retirement of the justice or judge. If a~~
9 ~~justice or judge is eligible to receive retirement pay at the time of~~
10 ~~his retirement, his retirement pay shall commence on the first day of~~
11 ~~the month coinciding with or after the date the written declaration of~~
12 ~~the governor is filed with the commissioner of administration. If a~~
13 ~~justice or judge is not eligible to receive retirement pay at the time~~
14 ~~of his retirement, his retirement pay shall commence on the first day~~
15 ~~of the month he reaches age 55 [60] or the month he becomes eligible~~
16 ~~for an actuarial equivalent if he has applied for this option.~~

17 * Sec. 17. AS 22.25.010 is amended by adding a new subsection to read:

18 ~~(h) A justice or judge may elect to receive full retirement~~
19 ~~benefits with no actuarial reduction upon attaining 20 years of credit-~~
20 ~~able service if, beginning the first day of the month following an~~
21 ~~election made under this subsection, the justice or judge contributes~~
22 ~~to the retirement system two percent of his base annual salary. This~~
23 ~~contribution is in addition to any contribution required under AS 22.-~~
24 ~~25.011 and must be made even if the justice or judge is not required to~~
25 ~~contribute under AS 22.25.011. An election under this subsection is~~
26 ~~irrevocable and must be made in writing to the commissioner of adminis-~~
27 ~~tration not later than December 31, 1982, or within 18 months after~~
28 ~~appointment for a justice or judge appointed after July 1, 1981.~~

29 * Sec. 18. AS 22.25.011 is amended to read:

1 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed
2 after July 1, 1978 shall contribute seven percent of the [HIS] base
3 annual salary received by the justice or judge to the judicial retire-
4 ment system. Contributions shall be made for all creditable service
5 under this chapter up to a maximum of 15 years. This contribution is
6 made in the form of a deduction from compensation, and is made notwith-
7 standing that the compensation paid in cash to the justice or judge is
8 reduced thereby below the minimum prescribed by law. Each justice and
9 judge is considered to consent to the deduction [MADE] from [HIS]
10 compensation. Payment of compensation less the deduction constitutes a
11 full and complete discharge and acquittance of all claims and demands
12 for the services rendered by the justice or judge [HIM] during the
13 period covered by the payment, except as to the benefits provided for
14 under AS 22.25.010 - 22.25.090. The contributions shall be credited
15 to the judicial retirement fund established in accordance with AS 22.-
16 25.048 [INTO THE GENERAL FUND OF THE STATE].

17 * Sec. 19. AS 22.25 is amended by adding a new section to read:

18 Sec. 22.25.048. ACCOUNTING AND INVESTMENT. (a) The commissioner
19 of administration shall establish a fund for the judicial retirement
20 system and shall maintain accounts and records for the judicial retire-
21 ment system.

22 (b) All income of the judicial retirement fund and all disburse-
23 ments made by the fund must be credited or charged, whichever is appro-
24 priate, to the following accounts:

25 (1) an individual account that contains the mandatory contri-
26 butions collected from a person under AS 22.25.011;

27 (2) an account that is credited with the contributions of
28 the state court system;

29 (3) a retirement reserve account; and

1 (4) an expense account for the judicial retirement system
2 that shall be credited with funds transferred from the account des-
3 cribed in (b)(2) of this section.

4 (c) Investment of surplus amounts in the fund may be made as
5 provided in AS 39.35.110.

6 (d) Within one year following retirement, an amount actuarially
7 determined as necessary to pay fully for the benefits to be received by
8 a person receiving a benefit under this chapter shall be transferred
9 first from the individual account described in (b)(1) of this section
10 and, after the individual contributions have been exhausted, then from
11 the court system account described in (b)(2) of this section, into the
12 retirement reserve account described in (b)(3) of this section.

13 (e) The contributions of the court system to the retirement
14 reserve account shall contain the actuarially determined amount neces-
15 sary to fully fund the pension, death benefits, and other benefits paid
16 under the judicial retirement system to a person receiving a benefit
17 under this chapter.

18 (f) The investment income of the judicial retirement fund shall
19 be allocated in proportion to the balances of assets first to the
20 retired reserve account described in (b)(3) of this section and then to
21 the account described in (b)(2) of this section.

22 (g) The account described in (b)(4) of this section is charged
23 with all disbursements representing the administrative expenses in-
24 curred by the judicial retirement system. Expenditures from this
25 account shall be included in the budget of the governor for each fiscal
26 year.

27 * Sec. 20. AS 22.25.090 is repealed and reenacted to read:

28 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following are entitled
29 to major medical insurance coverage:

1 (1) a person receiving a monthly benefit under this chapter;
2 (2) the spouse of a justice, judge, or administrative direc-
3 tor receiving a monthly benefit under this chapter;

4 (3) a natural or adopted child of a justice, judge, or
5 administrative director receiving a monthly benefit under this chapter,
6 if the child is a dependent child under (c) of this section.

7 (b) Major medical insurance coverage takes effect on the same
8 date as retirement benefits begin, and stops when the retired person or
9 survivor is no longer eligible to receive a monthly benefit. The
10 coverage for persons 65 or older is the same as that available for
11 persons under 65. The benefits payable to those persons 65 or older
12 supplement the benefits provided under the federal old age survivor and
13 disability insurance program, if any.

14 (c) In this section "dependent child" means an unmarried child of
15 a justice, judge, or administrative director receiving a monthly benefit
16 under this chapter, including an adopted child, who is dependent on the
17 justice, judge, or administrative director for support and who is
18 either (1) less than 19 years old, or (2) less than 23 years old and
19 registered at and attending on a full-time basis an accredited educa-
20 tional or technical institution recognized by the Department of Educa-
21 tion. The age limits set out in this subsection do not apply to a
22 child who is totally and permanently disabled.

23 * Sec. 21. AS 26.05.227 is amended to read:

24 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228
25 [AS 26.05.222 - 26.05.226],

26 (1) "beneficiary" means a person designated by a member to
27 receive benefits that may be due from the system upon the death of a
28 member;

29 (2) "member" means a commissioned or warrant officer or an

1 enlisted person in the Alaska National Guard or Alaska Naval Militia;

2 (3) "system" means the Alaska National Guard retirement
3 system.

4 * Sec. 22. AS 26.05 is amended by adding a new section to read:

5 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner
6 of administration shall establish a fund for the system and maintain
7 accounts and records for the system.

8 (b) All income of the fund and all disbursements made by the fund
9 must be credited or charged, whichever is appropriate, to the following
10 accounts:

11 (1) an individual account for each retired member of the
12 system that records the benefits paid under this system to the member
13 or surviving beneficiary;

14 (2) a separate account for the Department of Military Affairs'
15 contribution to fund the system based on the actuarial requirements of
16 the system as established by the commissioner of administration under
17 this chapter;

18 (3) an expense account for the system; this account is
19 charged with all disbursements representing administrative expenses
20 incurred by the system; expenditures from this account are included in
21 the governor's budget for each fiscal year.

22 (c) Investment of surplus amounts in the fund may be made as
23 provided in AS 39.35.110.

24 * Sec. 23. AS 39.30.090 is amended to read:

25 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department
26 of Administration may obtain a policy or policies of group insurance
27 covering state employees, persons entitled to coverage under AS 14.-
28 25.168, AS 22.25.090, AS 39.35.535, or under former AS 39 37.145 or
29 [AND] employees of other participating governmental units subject to

1 the following conditions:

2 (1) A group insurance policy shall provide one or more of
3 the following benefits: life insurance, accidental death and dismem-
4 berment insurance, weekly indemnity insurance, hospital expense insur-
5 ance, surgical expense insurance, dental expense insurance, audio-vis-
6 ual insurance, or other medical care insurance.

7 (2) Each eligible employee of the state, the [HIS] spouse
8 and the [HIS] unmarried children chiefly dependent on the eligible
9 employee [HIM] for support and each eligible employee of another parti-
10 cipating governmental unit shall be covered by the group policy, unless
11 exempt under regulations adopted by the commissioner of administration.

12 (3) A governmental unit may participate under a group policy
13 if

14 (A) its governing body adopts a resolution authorizing
15 participation, and payment of required premiums;

16 (B) a certified copy of the resolution is filed with
17 the Department of Administration; and

18 (C) the commissioner of administration approves the
19 participation in writing.

20 (4) (repealed).

21 (5) (repealed).

22 (6) The Department of Administration shall obtain the insur-
23 ance policy from any insurer authorized to transact business in the
24 state under AS 21.09 and AS 21.90.

25 (7) The Department of Administration shall make available
26 bid specifications for desired insurance benefits to all insurance car-
27 riers licensed in the state and qualified to provide the desired bene-
28 fits. The specifications shall be made available on or before July 1,
29 1965, and at least once every succeeding five years. The lowest re-

1 sponsible bid submitted by an insurance carrier with adequate servicing
2 facilities shall govern selection of a carrier under this section.

3 (8) If the aggregate of dividends payable under the group
4 insurance policy exceeds the governmental unit's share of the premium,
5 the excess shall be applied by the governmental unit for the sole bene-
6 fit of the employees.

7 (9) A person receiving benefits under AS 14.25.110, AS 22.25
8 or AS 39.35 who is not 65 years of age may continue the [OBTAIN MAJOR
9 MEDICAL AND] life insurance coverage that was in effect under this sec-
10 tion at the time of separation from employment with the state or parti-
11 cipating governmental unit [FOR HIMSELF AND ANY DEPENDENTS WHO HAVE NOT
12 REACHED THE AGE OF 65 YEARS].

13 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-
14 25 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS
15 WHO ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPEN-
16 DENTS UNDER THIS SECTION.]

17 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-
18 25 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE
19 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH
20 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY INSUR-
21 ANCE PROGRAM.]

22 (12) A person electing to have insurance under (9) [, (10) OR
23 (11)] of this section shall pay the cost of this insurance.

24 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR
25 (11) OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVER-
26 AGE UNDER THIS SECTION.]

27 (14) For each permanent part-time employee electing coverage
28 under this section, the state shall contribute one-half the state con-
29 tribution rate for permanent full-time state employees, and the perman-