

BILLS 1981 - 1982
CSHB 121 cont. - SSHB 126

Loan Finance 1446

1446

1 ent part-time employee shall contribute the other one-half.

2 (15) A person receiving benefits under AS 14.25 or AS 39.35
3 may obtain auditory, visual, and dental insurance [FOR HIMSELF] under
4 this section. The level of coverage for persons over 65 shall be the
5 same as that available before reaching age 65 except that the benefits
6 payable shall be supplemental to those afforded under the federal old
7 age [,] survivors [,] and disability insurance program, if any. A
8 person electing to have insurance under this paragraph shall pay the
9 cost of the insurance. The commissioner of administration shall adopt
10 regulations implementing this paragraph.

11 * Sec. 24. AS 39.30 is amended by adding a new section to read:

12 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of
13 administration shall establish the group health and life benefits fund
14 to provide group insurance benefits for group life and health insurance
15 policies obtained under AS 39.30.090. The commissioner shall maintain
16 accounts and records for the fund. The fund consists of employer
17 contributions, employee contributions, appropriations from the legisla-
18 ture, and interest earned on investment of the fund as provided in (d)
19 of this section.

20 (b) After obtaining the advice of an actuary, the commissioner of
21 administration shall determine the amount necessary to provide benefits
22 under AS 39.30.090 and shall set the rate of employer contribution and
23 employee contribution, if any. The commissioner of administration
24 shall pay premiums and claims in accordance with the insurance policies
25 in effect under AS 39.30.090 with money in the group health and life
26 benefits fund.

27 (c) The commissioner of administration or the designee of the
28 commissioner is administrator of the fund.

29 (d) If the commissioner of administration determines that there

1 is more money in the fund than the amount needed to pay premiums or
2 benefits for the current fiscal year, the surplus, or so much of it as
3 the commissioner of administration considers advisable, may be invested
4 by the commissioner of revenue in the same manner as retirement funds
5 are invested under AS 39.35.110.

6 (e) In this section, "fund" means the group health and life
7 benefits fund.

8 * Sec. 25. AS 39.35.100(b)(1) is amended to read:

9 (1) An [AN] individual account shall be maintained for each
10 employee to record the amount of the [HIS] mandatory contributions
11 collected under AS 39.35.160(a). As of the last day of each calendar
12 year and each fiscal year beginning with June 30, 1969, this account
13 shall be credited with interest, by applying one half of the prescribed
14 rate of interest to the balance in the account as of that date. Within
15 one year following [UPON] retirement, the amount actuarially determined
16 as necessary to fully fund the benefits to be received shall be trans-
17 ferred first from the employee contribution account and, after the em-
18 ployee contribution account has been exhausted, then from the employer
19 contribution account into the retirement reserve account.

20 * Sec. 26. AS 39.35.100(b)(3) is amended to read:

21 (3) A separate account for each employer shall be maintained.
22 The account shall be credited with contributions of the employer. This
23 account shall be charged with the employer's actuarial charge for pen-
24 sion, death benefits, and other benefits paid under this system to or
25 on behalf of the employee of the employer. After an allowance for in-
26 terest credited to employee contribution accounts and employee savings
27 accounts, the investment income of the pension fund shall be allocated
28 to the retirement reserve account and to each employer asset share
29 account according to the ratio that the average of the assets in the

1 [AN EMPLOYER'S] account as of the beginning and as of the end of the
2 fiscal year bears to the total of the average balance of the retirement
3 reserve account and all employer accounts [EMPLOYERS].

4 * Sec. 27. AS 39.35.160 is amended to read:

5 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While partici-
6 pating in the system each peace officer and each fireman shall contri-
7 bute seven [FIVE] percent and every other employee shall contribute six
8 [FOUR] and one-quarter percent of their [HIS] compensation to the
9 public employees' retirement system.

10 * Sec. 28. AS 39.35.200(b) is amended to read:

11 (b) If, upon termination of employment, an employee has credited
12 service of less than five years and has less than \$1,000 in the [HIS]
13 employee contribution account, a refund of the employee contribution
14 account and the employee savings account ~~must~~ be made unless the
15 employee indicates in writing that future retirement is intended and
16 contributions should not be refunded. An employee who is reemployed
17 with an employer and whose contributions have ~~not~~ been refunded before
18 reemployment [RE-EMPLOYMENT] is not eligible for a refund.

19 * Sec. 29. AS 39.35 is amended by adding a new section to article 5 to
20 read:

21 Sec. 39.35.305. CREDITED SERVICE FOR EMPLOYMENT WITH THE DIVISION
22 OF MARINE TRANSPORTATION. (a) A vested employee who is a member of
23 the system on July 1, 1981, is entitled to credited service for periods
24 of employment before January 1, 1977, with the division of marine
25 transportation for which the employee was credited with service under a
26 marine retirement trust. The credited service allowed under this
27 section may not exceed an aggregate of five years. Benefits are not
28 payable on service credited under this section unless the employee
29 makes retroactive contributions to the system for the period of time

1 for which service credit is claimed.

2 (b) In order to obtain credited service under this section, an
3 employee shall make an election to do so and shall verify the period of
4 service. When eligibility for credited service has been established,
5 an indebtedness shall be determined as follows: (1) the employee's
6 actual compensation, or the calculated annual compensation for an
7 employee working less than 12 months, during the calendar year 1981 or
8 the year in which an employee first becomes vested under this chapter,
9 whichever is later, multiplied by (2) eight percent, and this product
10 multiplied by (3) the number years of service credited under this
11 section. Interest as prescribed by regulation accrues on this indebted-
12 ness beginning on July 1, 1981, or one year following the date a person
13 first becomes vested, whichever is later. Any outstanding indebtedness
14 that exists at the time a person is appointed to retirement will neces-
15 sitate an actuarial adjustment to the benefits payable based upon
16 service credited under this section.

17 * Sec. 30. AS 39.35.340(b) is amended to read:

18 (b) In order to obtain credited service under this section, an
19 employee shall make an election to do so and shall verify the [HIS]
20 period of military service. When eligibility for credited service for
21 military service has been established, an indebtedness shall be deter-
22 mined as follows: (1) the employee's actual compensation, or the
23 calculated annual compensation for those employees working less than 12
24 months, during the calendar year 1976 or the year in which an employee
25 first becomes vested under this chapter, whichever is later, multiplied
26 by (2) [SIX PERCENT, THIS PRODUCT MULTIPLIED BY (3)] the number of
27 years of military service credited under this section, and this pro-
28 duct multiplied by (3) six percent for members who are first eligible
29 to claim this military service before July 1, 1982, or eight percent

1 for members who are first eligible to claim this military service on
2 or after July 1, 1982. Interest as prescribed by regulation accrues on
3 this indebtedness beginning [COMMENCING] on July 1, 1977, or one year
4 following the date a person first becomes vested, whichever is later.
5 Any outstanding indebtedness that [WHICH] exists at the time a person
6 is appointed to retirement will necessitate an actuarial adjustment to
7 the benefits payable based upon that military service.

8 * Sec. 31. AS 39.35.340(g) is amended to read:

9 (g) A surviving spouse receiving or entitled to receive benefits
10 [A SURVIVING SPOUSE'S PENSION] under AS 39 35.420(b), 39.35.430 or
11 39.35.440 or benefits under a joint and survivor option filed under
12 AS 39.35.450 is eligible to receive increased benefits based upon
13 military service as described in (a) of this section. To receive
14 credited service for military service, the surviving spouse must verify
15 the employee's military service. When verified, the surviving spouse
16 is entitled to receive an increased benefit which shall be actuarially
17 adjusted to reflect his or her indebtedness for that credit. The
18 indebtedness shall be calculated in the same manner as described in (b)
19 of this section except that it shall be based on the average monthly
20 compensation used in calculating the benefit. Benefits payable under
21 this subsection are effective the first day of the month following that
22 in which eligibility has been established.

23 * ~~Sec. 32. AS 39.35.345 is repealed and reenacted to read:~~

24 Sec. 39.35.345. TEMPORARY SERVICE CREDIT. (a) A vested employee
25 is entitled to credited service for periods in which he regularly
26 rendered full-time personal service to an employer but was not qualified
27 to participate in the system because of the exclusion of temporary
28 workers as described in AS 39.35.680(21)(C)(iii). Benefits are not
29 payable on this credited service unless the employee makes retroactive

1 contributions to the system for the period of time that credited service
2 is claimed. When the employee claims retroactive credited service, an
3 indebtedness of the employee to the system shall be established. The
4 amount of this indebtedness is equal to the contributions the employee
5 should have made if he had been eligible for membership in the system.

6 (b) To obtain credited service under this section, an employee
7 must elect to do so and must verify his period of temporary service
8 before July 1, 1982, or within one year following the date when the
9 employee first becomes vested under this chapter, if later. When
10 eligibility for temporary service credit has been established, an
11 indebtedness shall be determined as provided in (a) of this section.
12 Interest as prescribed by regulation accrues on that indebtedness
13 beginning July 1, 1982, or one year following the date an employee
14 first becomes vested, whichever is later. Any outstanding indebtedness
15 existing at the time an employee retires will require an actuarial
16 adjustment to the benefits payable based on the temporary service.

17 (c) A deferred vested employee on July 1, 1981, is eligible to
18 claim credited service under (a) of this section. To obtain credited
19 service under this section, a deferred vested employee must elect to do
20 so and must verify his period of temporary service before July 1, 1982.
21 When eligibility for temporary service credit has been established, an
22 indebtedness shall be determined as provided in (a) of this section.
23 Interest as prescribed by regulation accrues on that indebtedness
24 beginning July 1, 1982. Any outstanding indebtedness existing at the
25 time a deferred vested employee retires will require an actuarial
26 adjustment to the benefits payable based on the temporary service.

27 (d) The credited service granted under this section may be used
28 to satisfy the credited service requirements for normal or early retire-
29 ment.

1 * Sec. 33. AS 39.35.360(b) is amended to read:

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

5 * Sec. 34. AS 39.35.370(c) is repealed and reenacted to read:

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

23 * Sec. 35. AS 39.35.370 is amended by adding a new subsection to read:

24 (g) A member may not receive retirement benefits under this
25 section based on a period of employment for which the member received
26 credited service under AS 39.35.305 if the member is receiving retire-
27 ment benefits from a marine retirement trust based on the same period
28 of employment.

29 * Sec. 36. AS 39.35.385(d) is repealed and reenacted to read:

1 (d) The monthly amount of a conditional service retirement benefit
2 shall be calculated in accordance with AS 39.35.370(c), except that

3 (1) the member may irrevocably elect to substitute one-
4 twelfth of the "average base salary" as defined in AS 14.25.220(5) in
5 place of average monthly compensation; and

6 (2) in determining the percentage multiplier for each year
7 of service under AS 39.35.370(c) the years of credited service under
8 AS 14.25 shall also be considered.

9 * Sec. 37. AS 39.35.385(c) is amended to read:

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

17 * Sec. 38. AS 39.35.420(b) is amended to read:

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

25 * Sec. 39. AS 39.35.420 is amended by adding a new subsection to read:

26 (c) If no spouse survives the death of a vested or deferred vested
27 member, the designated beneficiary shall be paid: (1) the balance of
28 the deceased member's contribution account; (2) the balance of the
29 deceased member's savings account; (3) the deceased member's final

1 monthly benefit payment; and (4) a lump-sum death benefit. The amount
2 of the lump-sum death benefit is \$100 times the years of credited ser-
3 vice of the deceased member plus \$1,000.

4 * Sec. 40. AS 39.35.430 is amended by adding a new subsection to read:

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

9 * Sec. 41. AS 39.35.440(b) is amended to read:

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

28 * Sec. 42. AS 39.35.475 is repealed and reenacted to read:

29 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once

1 each year the administrator shall increase benefit payments to eligible
2 disabled members and persons age 55 or older receiving benefits under
3 this system in the preceding calendar year.

4 (b) The increase in benefit payments applies to total benefit
5 payments exclusive only of the cost-of-living allowance under AS 39.-
6 35.480. The amount of the increase is a percentage of the current
7 benefit equal to

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

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

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

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

23 (d) If at the time of first receiving a retirement benefit a
24 member was receiving a disability benefit under this system, the admin-
25 istrator shall, at the time the member is appointed to retirement,
26 increase the retirement benefit by a percentage equal to the total
27 cumulative percentage increase which has been applied to the member's
28 disability benefit under this section.

29 (e) When computing a joint and survivor benefit under AS 39.35.-

1 450 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjust-
2 ments granted to the deceased member under this section shall be in-
3 cluded.

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

9 * Sec. 43. AS 39.35.460 is amended to read:

10 Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN
11 EARLY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF
12 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-
13 FIT], the amount of pension payable before and after that age may be
14 adjusted so that an increased amount will be paid before the time that
15 full social security benefits become available and a reduced amount af-
16 ter that time, so that the employee may [WILL] receive a more level
17 [RETIREMENT] income for life. The aggregate value of all adjusted
18 payments may [, HOWEVER, SHALL] not exceed the actuarial equivalent of
19 the value of the pension otherwise payable to the employee.

20 * Sec. 44. AS 39.35 is amended by adding a new section to read:

21 Sec. 39.35.527. ELECTION TO TERMINATE COVERAGE AS A PEACE OFFICER
22 OR FIREMAN. (a) An employee occupying a position as a peace officer
23 or fireman may irrevocably elect to relinquish peace officer or fireman
24 status with the system and receive credited service other than as a
25 peace officer or fireman in an amount equal to the credited service as
26 a peace officer or fireman.

27 (b) An employee who elects to relinquish peace officer or fireman
28 status with the system must be currently employed as a peace officer or
29 fireman and must file a written request with the administrator

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

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

6 (c) An employee who relinquishes peace officer or fireman service
7 under this section shall receive a refund equal to the amount by which
8 the employee's accumulated contributions exceed the contributions which
9 would otherwise have been required for the same period of service.

10 * Sec. 45. AS 39.35.485(a) is amended to read:

11 (a) An employee who is eligible for a benefit calculated in
12 accordance with AS 39.35.370(c) is entitled to a benefit of at least
13 \$25 a month for each year of credited service, not including adjust-
14 ments made under AS 39.35.340 for military service, AS 39.35.350 for
15 reinstatement of credited service, AS 39.35.360 for credit for earlier
16 service, AS 39.35.370(c) for early retirement, AS 39.35.420 for non-
17 occupational death benefits [AS 39.35.380, 39.35.410], AS 39.35.450
18 for the survivor's option, AS 39.35.460 for the level income option,
19 AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.-
20 480 for the cost of living.

21 * Sec. 46. AS 39.35.535 is repealed and reenacted to read:

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

- 24 (1) a person receiving a monthly benefit from the system;
25 (2) the spouse of a person receiving a monthly benefit from
26 the system;
27 (3) a natural or adopted child of a person receiving a
28 monthly benefit from the system, if the child is a dependent child
29 under AS 39.35.680(11).

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

8 * Sec. 47. AS 39.35.560 is amended to read:

9 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND
10 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PARTLY
11 BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may
12 request to become an employer in this system. The request shall be
13 made after adoption of a resolution by the governing body of the public
14 organization. A certified copy of the resolution shall be filed with
15 the administrator. If the administrator approves the request for par-
16 ticipation, the public organization is an employer of the system.

17 * Sec. 48. AS 39.35.680(8) is amended to read:

18 (8) "compensation" means the total remuneration earned by an
19 employee for personal services rendered, including cost-of-living dif-
20 ferentials, payments for leave that is actually used by the employee,
21 the amount by which the employee's wages are reduced under AS 39.30.-
22 150(c), and any amount deferred under the state deferred compensation
23 plan, but does not include retirement benefits, welfare benefits, per
24 diem, expense allowances, workers' compensation payments or payments
25 for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee whether
26 those leave payments are scheduled payments, lump-sum payments, dona-
27 tions or cash-ins;

28 * Sec. 49. AS 39.35.680(13) is amended to read:

29 (13) "early retirement" means retirement for a member who is

1 not eligible for normal retirement and who is at least 50 years old and
2 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.-
3 35.385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

4 * Sec. 50. AS 39.35.680(25) is amended to read:

5 (25) "normal retirement" means retirement for a member who is
6 at least 55 years old and is eligible to receive benefits under AS 39.-
7 35.370(a) or under AS 39.35.385(a) or (f) [HAS A MINIMUM OF FIVE YEARS
8 CREDITED SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CRED-
9 ITED SERVICE, OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20
10 YEARS OR MORE OF CREDITED SERVICE];

11 * Sec. 51. AS 39.35.680(27) is amended to read:

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

16 * Sec. 52. AS 39.35.680 is amended by adding a new paragraph to read:

17 (39) "public organization" means an organization or entity
18 (A) created by the constitution or laws of the state for
19 the purpose of administering state programs;
20 (B) whose officers and employees are paid by a method
21 other than by the state payroll prepared by the Department of
22 Administration; and
23 (C) whose employees are not required by law to partici-
24 pate in the system.

25 * Sec. 53. AS 39.35.680(32) is repealed.

26 * Sec. 54. A person holding a position as a "qualified employee of the
27 Department of Fish and Game" on June 30, 1981, shall continue to be treated
28 as a peace officer under AS 39.35 until that person

29 (1) terminates employment with the Department of Fish and Game

1 before eligibility for or appointment to retirement or disability; or

2 (2) elects to irrevocably relinquish peace officer status under
3 AS 39.35.527.

4 * Sec. 55. (a) Notwithstanding the provisions of former AS 39.37.040(a)
5 and (c), an elected public officer eligible for retirement benefits under
6 former AS 39.37 is eligible to receive retirement pay under former AS 39.37
7 after he has reached age 55 or an actuarially reduced equivalent retirement
8 pay after he has reached age 50 or upon attaining 20 years of creditable
9 service.

10 (b) An elected public officer eligible for retirement benefits under
11 former AS 39.37 may elect to receive full retirement benefits with no
12 actuarial reduction upon attaining 20 years of creditable service if, begin-
13 ning the first day of the month following an election made under this sub-
14 section, the elected public officer contributes to the retirement system two
15 percent of his compensation in addition to the contribution required under
16 former AS 39.37.070(a). An election under this subsection is irrevocable
17 and must be made in writing to the commissioner of administration no later
18 than December 31, 1982.

19 * Sec. 56. Sections 11 and 42 of this Act apply to persons receiving
20 benefits under the retirement systems on July 1, 1982. Benefits shall be
21 recomputed as of July 1, 1982, under AS 14.25.143 and AS 39.35.475 to include
22 adjustments under AS 14.25.143 or AS 39.35.475 for each year since the
23 person first began receiving a benefit. If the recomputed benefit exceeds
24 the current benefit, the current benefit shall be increased accordingly
25 effective July 1, 1982. Payment of the increased benefit shall begin no
26 later than January 1, 1983, but no retroactive benefit payments may be made
27 under this section for any period before July 1, 1982.

28 * Sec. 57. Sections 5 - 7, 11, 27, 30, 34, 42, and 56 of this Act take
29 effect July 1, 1982.

1 * Sec. 58. Sections 1 - 4, 8 - 10, 12 - 26, 28, 29, 31 - 33, 35 - 41,
2 and 43 - 55 of this Act take effect July 1, 1981:
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SCS HB 121 (Finance)
 Title _____
 Requested by Senator Ferguson Date June 23, 1981

II. FISCAL DETAIL
 Agency Affected Administration
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Retirement and Benefits 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			150.0	150.0	150.0	150.0
200 TRAVEL						
300 CONTRACTUAL			* 50.0			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND			200.0	150.0	150.0	150.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

150.0 - Retirement Benefits
 50.0 - One-time Data Processing Charge
 200.0

IV. DATE June 23, 1981 PREPARED BY *Frank Ferguson*
 AGENCY Legislature
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SCCSHB 121 (Finance)
 Title An Act Relating to the public employees, teachers, judicial, and National Guard benefits
 Requested by _____ Date June 22, 1981

II. FISCAL DETAIL
 Agency Affected Department of Administration
 Program Category Affected Division of Retirement and Benefits
 BRU, Program, or Subprogram(s) Affected P.E.R.S., T.E.R.S and OTHER
 (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 30	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			725,264.0			

FUNDING (Thousands of Dollars)

GENERAL FUND			725,264.0			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

	%	Total Salaries	Cost
Current Cost	96.02	3,258,144	3,128,470
Current Cost of Current Plan (Recomputed based on new Judicial appointments)	104.78	3,258,144	3,413,883
Retirement at Age 55	113.86	3,258,144	3,709,723
Retirement after 20 yrs of service	108.39	3,258,144	3,531,502
Retirement at Age 55 or 20 years of service	114.35	3,258,144	3,725,688

NET COST OF:

Retirement at Age 55: \$295,840 20 Years Service: \$117,619 53 and 20 Years: \$311,805

IV. DATE June 22, 1981 PREPARED BY Senator Don Bennett
 AGENCY Senate Finance Committee
 PHONE 465-3714

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

WILLIAM M.
MERCER
INCORPORATED

Benefit Services / Consulting Actuaries

June 4, 1981

Mr. Richard P. Barrier
Deputy Administrative Director
Alaska Court System
303 K Street
Anchorage, AK 99501


Dear Rick:

Confirming our phone conversation of yesterday, the cost of the current Judicial Retirement Program and other options are as follows:

<u>Description</u>	<u>% of Pay</u>
(1) Current Plan	104.78%
(2) Retirement At Age 55	113.86%
(3) Retirement After 20 Years of Service	108.39%
(4) Retirement At Age 55 or 20 Years of Service	114.35%

If you have any questions on these costs, please feel free to call me.

Sincerely,


John W. Atteridg, ASA
Actuary

JWA:js

cc: Mr. Arthur H. Snowden

REQUEST

Bill/Resolution No. CS for House Bill No. 121 (Finance) #1

Title An Act Relating to PERS, TRS, JRS, and National Guard Benefits

Requested by House Finance

Date June 19, 1981

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (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 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		180.7	54,230.6	59,653.4	65,618.5	72,180.1
TOTAL	-0-	204.3	54,230.6	59,653.4	65,618.5	72,180.1

FUNDING (Thousands of Dollars)

GENERAL FUND		148.0	44,414.9	48,856.1	53,741.6	59,115.5
FEDERAL FUNDS		8.3	2,494.6	2,744.1	3,018.5	3,320.3
VETERAN'S FUND		.4	108.4	119.3	131.2	144.4
FISH & GAME FUND		1.1	325.4	357.9	393.7	433.1
HIGHWAY FUND		2.3	705.0	775.5	853.0	938.3
AIRPORT FUND		5.2	1,572.7	1,729.9	1,902.9	2,093.2
CAPITAL FUND		15.4	4,609.6	5,070.6	5,577.6	6,135.3
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 \$295,614,000
2. Increase in State contribution rate would be .06% of State PERS payroll in FY 82.
3. Increase in State contribution rate would be 16.62% 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 \$152,800 in FY 82.
6. The cost to political subdivisions is estimated to be \$46.5 million in FY 83.

IV. DATE 6/19/81

PREPARED BY

Paul E. Arnoldt
Paul E. Arnoldt, Director

AGENCY

Division of Retirement & Benefits

PHONE

465-4450

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Representative Duncan

Office of the Governor (Keith Specking)

I. REQUEST

Bill/Resolution No. CS for House Bill No. 121 (Finance) # 2

Title An Act Relating to FERS, TRS, JRS and National Guard Benefits

Requested by House Finance

Date June 19, 1981

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and 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		143.9	32,351.8	35,587.0	39,145.7	43,060.3
100 BENEFITS		26.0	5,855.6	6,441.2	7,085.3	7,793.8
TOTAL	-0-	193.5	38,207.4	42,028.2	46,231.0	50,854.1

FUNDING (Thousands of Dollars)

GENERAL FUND		169.9	38,207.4	42,028.2	46,231.0	50,854.1
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TFS		23.6				

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

- To fund this bill, the TFS contribution rate must be increased by .11% of payroll in FY 82 and by 22.47% in FY 83 (the TRS contribution rate is split 50/50 between the State matching contribution and the District contribution).
- Estimate FY 82 TRS covered payroll at \$261,775,000.
- Estimate long-term inflation rate of 7.5%

IV. DATE 06-19-81

PREPARED BY Paul R. 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 Sneekins)

ATTACHMENT

Bill/Resolution No. CS HB 121

ASSUMPTIONS:

- 1. Estimated FY82 Payroll (Total System) = \$261,775,000
- 2. State Contribution Rate to Fund Bill = .055%
- 3. State TRS Matching Rate to Fund Bill = .055%
- 4. School District Rate to Fund Bill = .055%

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	.055%	\$ 2.6	To Their Budget
2. University of Alaska	\$ 42,617,000	X	.055%	\$ 23.4	To Their Budget
				<u>\$ 26.0</u>	
3. State TRS Matching	\$261,775,000	X	.055%	\$ 143.9	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>\$ 193.5</u>	
5. All School Districts	\$214,466,000	X	.055%	<u>\$ 117.9</u>	
				<u>\$ 311.4</u>	

REMARKS:

SBS/L1/32

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 (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)

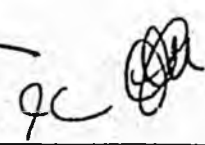
GENERAL FUND	29,893.5	41,891.8	46,081.0	50,689.2	55,758.0
FEDERAL FUNDS	1,679.0	2,352.9	2,588.2	2,847.0	3,131.7
VETERAN'S FUND	73.0	102.3	112.5	123.8	136.2
FISH & GAME FUND	219.0	306.9	337.6	371.3	408.5
HIGHWAY FUND	474.5	665.0	731.5	804.6	885.0
AIRPORT FUND	1,058.5	1,483.3	1,631.7	1,794.9	1,974.3
CAPITAL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

Paul B. Arnoldt 

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	30,511.0	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)

GENERAL FUND		27,170.3	36,033.8	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

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
Paul B. Arnoldt, Director

AGENCY _____

Division of Retirement & Benefits

PHONE _____

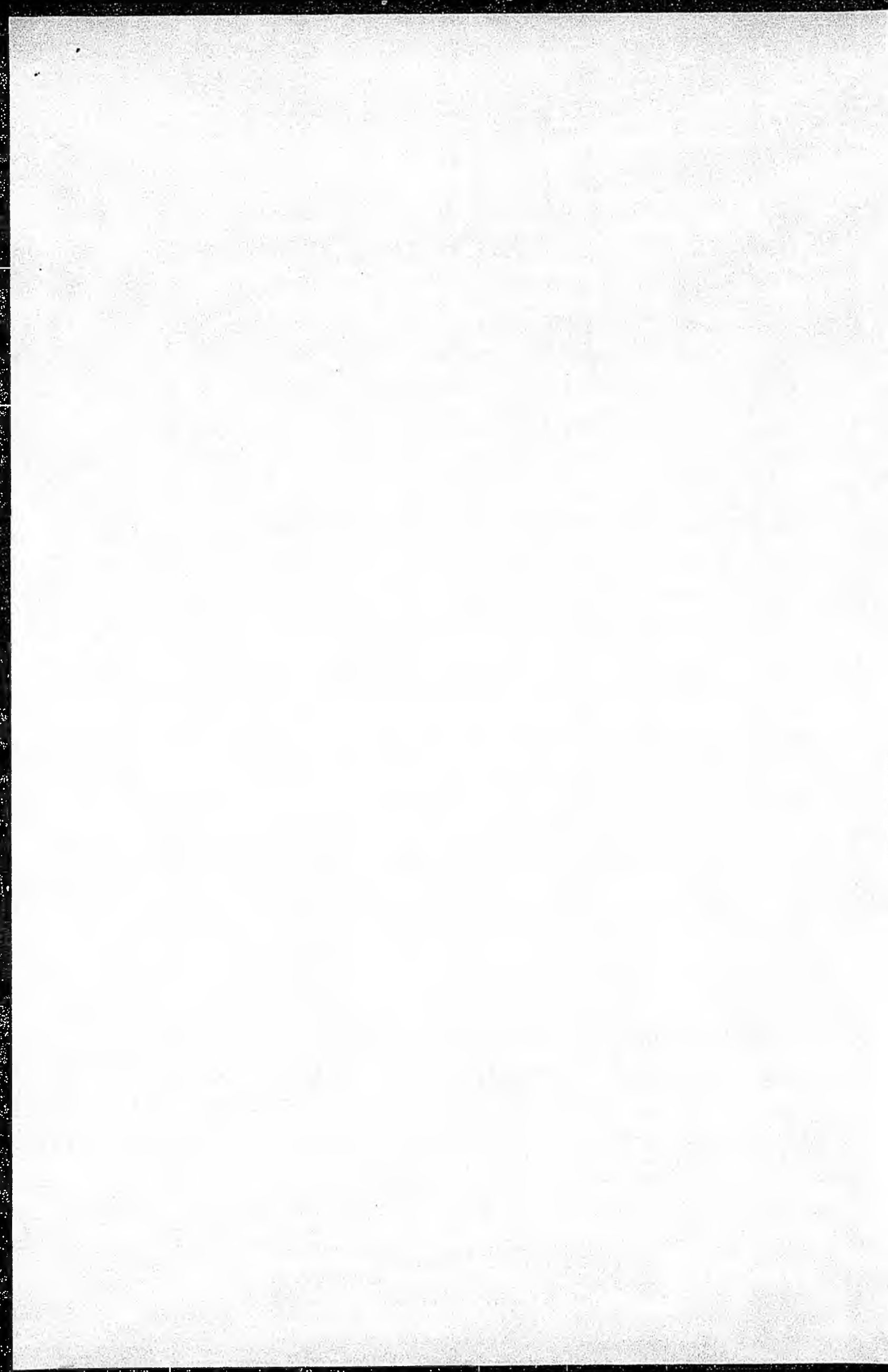
465-4460

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

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

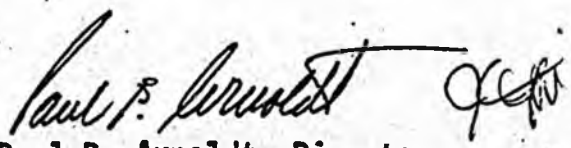
FULL TIME					
PART TIME					
TEMPORARY					

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)



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
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:



SB 356

From The
**SENATE
FINANCE COMMITTEE**

9/25/81

Sec. 32 of this bill
was inserted into
HB 121. Current
status of HB 121 is:
House is awaiting
concurrance from Senate.

SB 356 is currently
in Senate State Affairs.



From The
**SENATE
FINANCE COMMITTEE**

6/23/81

\$ for 1 position required
as a result
of Sec. 32

Sec. 32 came from

SB 356

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

REQUEST

Bill/Resolution No. Senate Bill 355
Title An Act relating to temporary service credit with the DPS
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		28.3	30.0	31.8	33.8	35.8
200 TRAVEL						
300 CONTRACTUAL		22.7				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		1.8				
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		145.6	160.2	176.2	193.8	213.2
TOTAL		198.6	190.4	208.2	227.8	249.2

FUNDING (Thousands of Dollars)

GENERAL FUND		119.2	131.2	144.3	159.7	176.5
FEDERAL FUNDS		6.7	7.4	8.1	8.9	9.8
VETERAN'S FUND		0.3	.3	.3	.4	.4
FISH & GAME FUND		0.9	1.0	1.1	1.2	1.3
HIWAY FUND		1.9	2.1	2.3	2.5	2.9
AIRPORT FUND		4.2	4.6	5.1	5.6	6.2
CAPITAL FUND		12.4	13.6	15.0	16.5	18.1
PERS						
TRS						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

1. Estimate FY 82 state covered payroll to be \$295,614,000; increasing 10% annually.
2. Increase in state contribution rate would be .0491% of covered payroll.
3. Estimate personnel services to increase at 6% per year.
4. Estimate approximately 5000 affected members.
5. Estimate the average service per affected member to be approximately three months.
6. The cost to political subdivisions is estimated to be \$125,000 in FY 82 increasing at 10% each year thereafter.

IV. DATE 4-9-81 PREPARED BY Paul B. Arnoldt, Director
AGENCY Division of Retirement & Benefits
PHONE 455-4460

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

Ken Humphreys, for

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12/B	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	HP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	GOV	APPROV	DISAPP

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY \$1,814/month	\$21,768	
5	BENEFITS	3,437	
6	FICA	1,334	
7	HEALTH INS.	1,800	
8	TOTAL PERSONAL SERVICES	01	\$28,339
9	TRAVEL	02	
10	CONTRACTUAL	03	2,700
11	COMMODITIES	04	200
12	EQUIPMENT	05	1,800
13	OTHER		
14	TOTAL COST		\$33,039

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.

	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	\$33,039

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

AA-KEY-NUMBER

COLUMN NO.

AGENCY ADMINISTRATION PROGRAM LABOR SERVICES

BRU RETIREMENT & BENEFITS

COMPONENT PERS

Page 2 of 2

REVISED DATE _____

13 REQUEST FOR NEW POSITION.

FY 82

Original sponsors: Duncan and Miller

Offered: 6/19/81
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 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, and National Guard benefits; and providing
8 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, in-
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
8 approved by the Department of Education, but does not include retire-
9 ment benefits, welfare benefits, per diem, expense allowances, workers'
10 compensation 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 22.25.011 is amended to read:

26 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed
27 after July 1, 1978 shall contribute seven percent of the [HIS] base
28 annual salary received by the justice or judge to the judicial retire-
29 ment system. Contributions shall be made for all creditable service

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

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

14 Sec. 22.25.048. ACCOUNTING AND INVESTMENT. (a) The commissioner
15 of administration shall establish a fund for the judicial retirement
16 system and shall maintain accounts and records for the judicial retire-
17 ment system.

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

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

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

25 (3) a retirement reserve account; and

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

29 (c) Investment of surplus amounts in the fund may be made as

1 provided in AS 39.35.110.

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

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

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

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

23 * Sec. 18. AS 22.25.090 is repealed and reenacted to read:

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

- 26 (1) a person receiving a monthly benefit under this chapter;
27 (2) the spouse of a justice, judge, or administrative direc-
28 tor receiving a monthly benefit under this chapter;
29 (3) a natural or adopted child of a justice, judge, or

1 administrative director receiving a monthly benefit under this chapter,
2 if the child is a dependent child under (c) of this section.

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

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

19 * Sec. 19. AS 26.05.227 is amended to read:

20 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228
21 [AS 26.05.222 - 26.05.226],

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

25 (2) "member" means a commissioned or warrant officer or an
26 enlisted person in the Alaska National Guard or Alaska Naval Militia;

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

29 * Sec. 20. AS 26.05 is amended by adding a new section to read:

1 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner
2 of administration shall establish a fund for the system and maintain
3 accounts and records for the system.

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

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

10 (2) a separate account for the Department of Military Affairs'
11 contribution to fund the system based on the actuarial requirements of
12 the system as established by the commissioner of administration under
13 this chapter;

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

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

20 * Sec. 21. AS 39.30.090 is amended to read:

21 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department
22 of Administration may obtain a policy or policies of group insurance
23 covering state employees, persons entitled to coverage under AS 14.-
24 25.168, AS 22.25.090, AS 39.35.535, or under former AS 39.37.145 or
25 [AND] employees of other participating governmental units subject to
26 the following conditions:

27 (1) A group insurance policy shall provide one or more of
28 the following benefits: life insurance, accidental death and dismem-
29 berment insurance, weekly indemnity insurance, hospital expense insur-

1 ance, surgical expense insurance, dental expense insurance, audio-vis-
2 ual insurance, or other medical care insurance.

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

8 (3) A governmental unit may participate under a group policy
9 if

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

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

14 (C) the commissioner of administration approves the
15 participation in writing.

16 (4) (repealed).

17 (5) (repealed).

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

21 (7) The Department of Administration shall make available
22 bid specifications for desired insurance benefits to all insurance car-
23 riers licensed in the state and qualified to provide the desired bene-
24 fits. The specifications shall be made available on or before July 1,
25 1965, and at least once every succeeding five years. The lowest re-
26 sponsible bid submitted by an insurance carrier with adequate servicing
27 facilities shall govern selection of a carrier under this section.

28 (8) If the aggregate of dividends payable under the group
29 insurance policy exceeds the governmental unit's share of the premium,

1 the excess shall be applied by the governmental unit for the sole bene-
2 fit of the employees.

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

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

13 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-
14 25 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE
15 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH
16 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY INSUR-
17 ANCE PROGRAM.]

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

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

23 (14) For each permanent part-time employee electing coverage
24 under this section, the state shall contribute one-half the state con-
25 tribution rate for permanent full-time state employees, and the perman-
26 ent part-time employee shall contribute the other one-half.

27 (15) A person receiving benefits under AS 14.25 or AS 39.35
28 may obtain auditory, visual, and dental insurance [FOR HIMSELF] under
29 this section. The level of coverage for persons over 65 shall be the

1 same as that available before reaching age 65 except that the benefits
2 payable shall be supplemental to those afforded under the federal old
3 age [,] survivors [,] and disability insurance program, if any. A
4 person electing to have insurance under this paragraph shall pay the
5 cost of the insurance. The commissioner of administration shall adopt
6 regulations implementing this paragraph.

7 * Sec. 22. AS 39.30 is amended by adding a new section to read:

8 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of
9 administration shall establish the group health and life benefits fund
10 to provide group insurance benefits for group life and health insurance
11 policies obtained under AS 39.30.090. The commissioner shall maintain
12 accounts and records for the fund. The fund consists of employer
13 contributions, employee contributions, appropriations from the legisla-
14 ture, and interest earned on investment of the fund as provided in (d)
15 of this section.

16 (b) After obtaining the advice of an actuary, the commissioner of
17 administration shall determine the amount necessary to provide benefits
18 under AS 39.30.090 and shall set the rate of employer contribution and
19 employee contribution, if any. The commissioner of administration
20 shall pay premiums and claims in accordance with the insurance policies
21 in effect under AS 39.30.090 with money in the group health and life
22 benefits fund.

23 (c) The commissioner of administration or the designee of the
24 commissioner is administrator of the fund.

25 (d) If the commissioner of administration determines that there
26 is more money in the fund than the amount needed to pay premiums or
27 benefits for the current fiscal year, the surplus, or so much of it as
28 the commissioner of administration considers advisable, may be invested
29 by the commissioner of revenue in the same manner as retirement funds

1 are invested under AS 39.35.110.

2 (e) In this section, "fund" means the group health and life
3 benefits fund.

4 * Sec. 23. AS 39.35.100(b)(1) is amended to read:

5 (1) An [AN] individual account shall be maintained for each
6 employee to record the amount of the [HIS] mandatory contributions
7 collected under AS 39.35.160(a). As of the last day of each calendar
8 year and each fiscal year beginning with June 30, 1969, this account
9 shall be credited with interest, by applying one half of the prescribed
10 rate of interest to the balance in the account as of that date. Within
11 one year following [UPON] retirement, the amount actuarially determined
12 as necessary to fully fund the benefits to be received shall be trans-
13 ferred first from the employee contribution account and, after the em-
14 ployee contribution account has been exhausted, then from the employer
15 contribution account into the retirement reserve account.

16 * Sec. 24. AS 39.35.100(b)(3) is amended to read:

17 (3) A separate account for each employer shall be maintained.
18 The account shall be credited with contributions of the employer. This
19 account shall be charged with the employer's actuarial charge for pen-
20 sion, death benefits, and other benefits paid under this system to or
21 on behalf of the employee of the employer. After an allowance for in-
22 terest credited to employee contribution accounts and employee savings
23 accounts, the investment income of the pension fund shall be allocated
24 to the retirement reserve account and to each employer asset share
25 account according to the ratio that the average of the assets in the
26 [AN EMPLOYER'S] account as of the beginning and as of the end of the
27 fiscal year bears to the total of the average balance of the retirement
28 reserve account and all employer accounts [EMPLOYERS].

29 * Sec. 25. AS 39.35.160 is amended to read:

1 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While partici-
2 pating in the system each peace officer and each fireman shall contri-
3 bute seven [FIVE] percent and every other employee shall contribute six
4 [FOUR] and one-quarter percent of their [HIS] compensation to the
5 public employees' retirement system.

6 * Sec. 26. AS 39.35.200(b) is amended to read:

7 (b) If, upon termination of employment, an employee has credited
8 service of less than five years and has less than \$1,000 in the [HIS]
9 employee contribution account, a refund of the employee contribution
10 account and the employee savings account must be made unless the
11 employee indicates in writing that future retirement is intended and
12 contributions should not be refunded. An employee who is reemployed
13 with an employer and whose contributions have not been refunded before
14 reemployment [RE-EMPLOYMENT] is not eligible for a refund.

15 * Sec. 27. AS 39.35 is amended by adding a new section to article 5 to
16 read:

17 Sec. 39.35.305. CREDITED SERVICE FOR EMPLOYMENT WITH THE DIVISION
18 OF MARINE TRANSPORTATION. (a) A vested employee who is a member of
19 the system on July 1, 1981, is entitled to credited service for periods
20 of employment before January 1, 1977, with the division of marine
21 transportation for which the employee was credited with service under a
22 marine retirement trust. The credited service allowed under this
23 section may not exceed an aggregate of five years. Benefits are not
24 payable on service credited under this section unless the employee
25 makes retroactive contributions to the system for the period of time
26 for which service credit is claimed.

27 (b) In order to obtain credited service under this section, an
28 employee shall make an election to do so and shall verify the period of
29 service. When eligibility for credited service has been established,

1 an indebtedness shall be determined as follows: (1) the employee's
2 actual compensation, or the calculated annual compensation for an
3 employee working less than 12 months, during the calendar year 1981 or
4 the year in which an employee first becomes vested under this chapter,
5 whichever is later, multiplied by (2) eight percent, and this product
6 multiplied by (3) the number years of service credited under this
7 section. Interest as prescribed by regulation accrues on this indebted-
8 ness beginning on July 1, 1981, or one year following the date a person
9 first becomes vested, whichever is later. Any outstanding indebtedness
10 that exists at the time a person is appointed to retirement will neces-
11 sitate an actuarial adjustment to the benefits payable based upon
12 service credited under this section.

13 * Sec. 28. AS 39.35.340(b) is amended to read:

14 (b) In order to obtain credited service under this section, an
15 employee shall make an election to do so and shall verify the [HIS]
16 period of military service. When eligibility for credited service for
17 military service has been established, an indebtedness shall be deter-
18 mined as follows: (1) the employee's actual compensation, or the
19 calculated annual compensation for those employees working less than 12
20 months, during the calendar year 1976 or the year in which an employee
21 first becomes vested under this chapter, whichever is later, multiplied
22 by (2) [SIX PERCENT, THIS PRODUCT MULTIPLIED BY (3)] the number of
23 years of military service credited under this section, and this pro-
24 duct multiplied by (3) six percent for members who are first eligible
25 to claim this military service before July 1, 1982, or eight percent
26 for members who are first eligible to claim this military service on
27 or after July 1, 1982. Interest as prescribed by regulation accrues on
28 this indebtedness beginning [COMMENCING] on July 1, 1977, or one year
29 following the date a person first becomes vested, whichever is later.

1 Any outstanding indebtedness that [WHICH] exists at the time a person
2 is appointed to retirement will necessitate an actuarial adjustment to
3 the benefits payable based upon that military service.

4 * Sec. 29. AS 39.35.340(g) is amended to read:

5 (g) A surviving spouse receiving or entitled to receive benefits
6 [A SURVIVING SPOUSE'S PENSION] under AS 39 35.420(b), 39.35.430 or
7 39.35.440 or benefits under a joint and survivor option filed under
8 AS 39.35.450 is eligible to receive increased benefits based upon
9 military service as described in (a) of this section. To receive
10 credited service for military service, the surviving spouse must verify
11 the employee's military service. When verified, the surviving spouse
12 is entitled to receive an increased benefit which shall be actuarially
13 adjusted to reflect his or her indebtedness for that credit. The
14 indebtedness shall be calculated in the same manner as described in (b)
15 of this section except that it shall be based on the average monthly
16 compensation used in calculating the benefit. Benefits payable under
17 this subsection are effective the first day of the month following that
18 in which eligibility has been established.

19 * Sec. 30. AS 39.35.360(b) is amended to read:

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

23 * Sec. 31. AS 39.35.370(c) is repealed and reenacted to read:

24 (c) The monthly amount of the retirement benefit for a peace
25 officer or fireman with less than 10 years of credited service is two
26 percent of the average monthly compensation times the years of credited
27 service. The monthly amount of the retirement benefit for a peace
28 officer or fireman with 10 years or more of credited service is two and
29 one-half percent of the average monthly compensation times the years of

1. credited service. The monthly amount of the retirement benefit for all
2. other employees with less than 10 years of credited service is two
3. percent of the average monthly compensation times the years of credited
4. service. The monthly amount of the retirement benefit for all other
5. employees with 10 years or more of credited service but less than 20
6. years of credited service is two and one-quarter percent of the average
7. monthly compensation times the years of credited service. The monthly
8. amount of the retirement benefit for all other employees with 20 years
9. or more of credited service is two and one-half percent of the average
10. monthly compensation times the years of credited service. An actuarial
11. adjustment must be made for an early retirement benefit.

12. * Sec. 32. AS 39.35.370 is amended by adding a new subsection to read:

13. (g) A member may not receive retirement benefits under this
14. section based on a period of employment for which the member received
15. credited service under AS 39.35.305 if the member is receiving retire-
16. ment benefits from a marine retirement trust based on the same period
17. of employment.

18. * Sec. 33. AS 39.35.385(d) is repealed and reenacted to read:

19. (d) The monthly amount of a conditional service retirement benefit
20. shall be calculated in accordance with AS 39.35.370(c), except that

21. (1) the member may irrevocably elect to substitute one-
22. twelfth of the "average base salary" as defined in AS 14.25.220(5) in
23. place of average monthly compensation; and

24. (2) in determining the percentage multiplier for each year
25. of service under AS 39.35.370(c) the years of credited service under
26. AS 14.25 shall also be considered.

27. * Sec. 34. AS 39.35.385(c) is amended to read:

28. (c) Credited service for which contributions were refunded is not
29. creditable under this section unless the refunded contributions have

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

6 * Sec. 35. AS 39.35.420(b) is amended to read:

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

14 * Sec. 36. AS 39.35.420 is amended by adding a new subsection to read:

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

22 * Sec. 37. AS 39.35.430 is amended by adding a new subsection to read:

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

27 * Sec. 38. AS 39.35.440(b) is amended to read:

28 (b) Upon the death of a disabled employee who is receiving or is
29 entitled to receive an occupational disability benefit, a surviving

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

17 * Sec. 39. AS 39.35.475 is repealed and reenacted to read:

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

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

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

29 (2) the lesser of 50 percent of the increase in the cost of

1 living in the preceding calendar year or six percent, for recipients
2 who on July 1 are at least 60 but less than 65 years old and for members
3 receiving disability benefits who are less than 65 years old; and

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

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

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

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

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

27 * Sec. 40. AS 39.35.460 is amended to read:

28 Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN
29 EARLY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF

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

9 * Sec. 41. AS 39.35 is amended by adding a new section to read:

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

16 (b) An employee who elects to relinquish peace officer or fireman
17 status with the system must be currently employed as a peace officer or
18 fireman and must file a written request with the administrator

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

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

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

28 * Sec. 42. AS 39.35.485(a) is amended to read:

29 (a) An employee who is eligible for a benefit calculated in

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

10 * Sec. 43. AS 39.35.535 is repealed and reenacted to read:

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

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

14 (2) the spouse of a person receiving a monthly benefit from
15 the system;

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

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

26 * Sec. 44. AS 39.35.560 is amended to read:

27 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND
28 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PART-
29 LY BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may

1 request to become an employer in this system. The request shall be
2 made after adoption of a resolution by the governing body of the public
3 organization. A certified copy of the resolution shall be filed with
4 the administrator. If the administrator approves the request for par-
5 ticipation, the public organization is an employer of the system.

6 * Sec. 45. AS 39.35.680(8) is amended to read:

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

17 * Sec. 46. AS 39.35.680(13) is amended to read:

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

22 * Sec. 47. AS 39.35.680(25) is amended to read:

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

29 * Sec. 48. AS 39.35.680(27) is amended to read:

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

5 * Sec. 49. AS 39.35.680 is amended by adding a new paragraph to read:

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

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

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

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

14 * Sec. 50. AS 39.35.680(32) is repealed.

15 * Sec. 51. A person holding a position as a "qualified employee of the
16 Department of Fish and Game" on June 30, 1981, shall continue to be treated
17 as a peace officer under AS 39.35 until that person

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

20 (2) elects to irrevocably relinquish peace officer status under
21 AS 39.35.527.

22 * Sec. 52. Sections 11 and 39 of this Act apply to persons receiving
23 benefits under the retirement systems on July 1, 1982. Benefits shall be
24 recomputed as of July 1, 1982, under AS 14.25.143 and AS 39.35.475 to include
25 adjustments under AS 14.25.143 or AS 39.35.475 for each year since the
26 person first began receiving a benefit. If the recomputed benefit exceeds
27 the current benefit, the current benefit shall be increased accordingly
28 effective July 1, 1982. Payment of the increased benefit shall begin no
29 later than January 1, 1983, but no retroactive benefit payments may be made

1 under this section for any period before July 1, 1982.

2 * Sec. 53. Sections 5 - 7, 11, 25, 28, 31, 39, and 52 of this Act take
3 effect July 1, 1982.

4 * Sec. 54. Sections 1 - 4, 8 - 10, 12 - 24, 26, 27, 29, 30, 32 - 38, and
5 40 - 51 of this Act take effect July 1, 1981.

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COMMITTEE REPORT

HOUSE

FURTHER:

(11)

3/5/82

Date:

4/1/82

Mr. Speaker:

The Committee on FINANCE has had SSHB 126

"An Act making special appropriations for agricultural development in the Nenana-Totchaket area; and providing for an effective date."

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

[] do pass [] do not pass

[] do pass with attached amendments(s)

[X] replace with CS for SSHB 126 (RCS) [X] same title
and recommends individual rec. [X] new title

[] 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:

R B Britton
Robert Britton

Don't do it
Don't do it
Don't do it
Don't do it
Don't do it
Don't do it

Robert Britton
CHAIRMAN

Original sponsor: Moss

Offered: 3/5/82
Referred: Finance

Funding Information

General Fund	\$600,000
Other Funds	-0-
	<u>\$600,000</u>

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 126 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for a survey of
7 farm lots in the Nenana-Totchaket area; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$600,000 is appropriated from the general fund to
11 the Department of Natural Resources, division of technical services, for a
12 survey of farm lots in the Nenana-Totchaket area.

13 * Sec. 2. The appropriation made by this Act is related to capital
14 projects and is subject to AS 37.25.020.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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rec'd after bill
rep. out 4-2-82

Fiscal Analysis

Sponsor Substitute for HB 126

Assumptions:

1. No new positions are required to carry out the tasks described below.
2. Well-drilling, hydrographic surveying, and related tasks will be provided through contractual services.
3. The Department's laboratory has the capability to carry out the required water quality analysis.

A major question related to a primary Alaskan resource and a rapidly growing Alaskan industry remains unanswered: Does large scale agricultural development significantly affect the quality of public waters in Alaska? The funds requested in this fiscal note are to support water quality monitoring programs intended to answer that question.

Groundwater quality monitoring is an expensive procedure. Supplemental funds are requested because the activity requires expenditures beyond the fiscal capabilities of the Department's routine operating budget.

Groundwater Quality Monitoring: Nenana-Totchaket

The primary source of water in the Nenana-Totchaket area is groundwater; surface water is scarce. Groundwater sampled during the only water quality study that has been undertaken in the area indicated sufficiently high concentrations of arsenic, nickel, iron, and manganese to suggest that problems could develop if the untreated water were to be used for irrigation or drinking. The quality and dynamics of the groundwater resource is of particular significance in this region because it is entirely underlain by dune sand deposits that vary in thickness from 5-200 feet.

An appropriate water quality monitoring program in this area requires the drilling of ten 300'-500' test wells, and analysis of water samples from each well. The sampling period should be three years.

No new positions are required to carry out this program.

The total cost of the monitoring program is \$346,300. Major expenditures are for well-drilling (\$184,000), and for water quality analyses (\$40,000).

Surface Water Quality Monitoring: Delta

Several baseline water quality studies have been carried out in the vicinity of the Delta Project. Most of these studies, however, were completed prior to extensive agricultural development in the study areas. Only two follow-up studies are scheduled to commence in 1982, neither of which are specifically intended to monitor water quality.

Fiscal Analysis

-2-

An appropriate water quality monitoring program in this area requires collection and analysis of a total of 135 surface water samples from three stations over a three-year period.

No new positions are required to carry out this program. The total cost of the monitoring program is (\$92,000). Major expenditures are for water quality laboratory analyses (\$67,500).

Additional information is attached to this fiscal note.

Department of Environmental Conservation Perspective: Water Quality and
Agricultural Development in Alaska

The State of Alaska possesses over 18 million acres of land suitable for intensive agricultural production; nearly 100 million additional acres are suitable for grazing. At present, only a tiny fraction of these lands are devoted to agriculture, and Alaska now imports nearly 95% of its food. In an effort to correct this situation, the state is promoting a program intended to bring 500,000 acres into agricultural production by 1990.

Large scale development of agriculture in Alaska began in 1978, with the launching of the Delta Agricultural Project. The Department of Natural Resources administers land disposal programs through which about 24,000 acres have now been brought to various stages of production. An additional 11,000 acres are scheduled for release in March, 1982 (Delta II East), and an additional 175,000 acres are being considered for agricultural disposal beginning in late 1982 or early 1983 (Nenana-Totchaket).

The rapid development of previously undisturbed land on such a massive scale introduces the threat of significant short term and long term deterioration of water quality in these areas. Potential threats to water quality that are related to agricultural development arise as a result of two major classes of activities: land development and ensuing agricultural operations.

Land development includes surveying, construction of access roads, bridges, and utilities, and land clearing. Primary water quality effects that can result from such activities are increases in sedimentation, suspended load, and concentration of plant nutrients; decreases in light transmission; and changes in temperature.

Agricultural operations include fertilizing, irrigation, seedbed preparation, chemical treatment of seeds, application of fungicides, insecticides, and herbicides, and so on. Primary water quality effects that can result from these activities are similar to those that result from land development, but in addition include introduction of fungicides, insecticides, and herbicides, and decreased concentration of dissolved oxygen.

Alaska's farming community is not unaware of the potential for development of such problems. During early stages of the Delta Project, a poll of the twenty-member Delta Citizen Council indicated unanimous support for allocating state funds for "air and water quality monitoring within the immediate area of the Delta agricultural community," and for assessing "the effect of large scale agriculture on the ecosystem."

The Department of Environmental Conservation -- charged with responsibility for protection of Alaska's public waters -- seeks to correct this situation by participating in resource management planning insofar as water quality is affected, and by undertaking a comprehensive water quality monitoring program in areas of large scale agricultural development.

Several baseline water quality studies have been carried out in the vicinity of the first agricultural development site, Delta I. These studies include a geohydrologic report by U.S.G.S., a water quality study by the Agricultural Experiment Station, a water quality and benthos investigation by the Institute of Water Resources, a pesticide residue sampling report by the U.S. Fish and Wildlife Service, and baseline studies related to air quality and wildlife. None of the studies produced evidence of significant water quality problems.

Most of the studies, however, were completed prior to extensive development in the area. Most of the investigators stressed the importance of continuous long term water quality monitoring in order to determine the effects, if any, of agricultural development on the region's surface and groundwater. Unfortunately, only two followup studies, one on nitrogen fertilizer fate, and another on pesticide residues, are scheduled to commence in 1982, and final results of these studies will probably not be available before 1985. Neither of these studies is specifically intended to monitor water quality.

The situation is considerably different in the Nenana-Totchaket region. Very little surface water is available in this area, which is underlain by formations of wind-deposited, water-bearing sand that ranges in thickness from 5 to 200 feet. Only one water resource investigation has been carried out in this vast area. Water samples taken during this study indicate that state drinking water standards for iron, manganese, and turbidity were exceeded. Concentrations of arsenic and nickel did not exceed state standards, but were sufficiently high to suggest that problems could develop with respect to crop development and dairy application. The investigator concluded that "the data ... indicate potential problems from arsenic and nickel concentrations should ... groundwater be used for irrigation." A minor, but potentially significant result of this study was the detection of a chlorinated hydrocarbon (lindane) in an area in which the substance is not known to have been applied.

The Division of Geological and Geophysical Services plans to drill one or two additional wells in the Nenana-Totchaket area, several miles to the south and west of this well. Scheduling of this activity will depend upon favorable weather conditions. DGGs staff have been careful to point out that the drilling of this additional well(s) will not provide for a comprehensive analysis of the region's groundwater resources.

Hydrological studies are omitted from this report because such studies do not ordinarily fall within the purview of the Department of Environmental Conservation. However, water quality and hydrology are intimately related, and the omission of hydrological studies should not be construed as an indication that such work is not necessary in the Nenana area. A detailed description of hydrological work required in the Nenana area is contained in the Peterson Report cited below:

To summarize:

Delta. Too few followup studies have been undertaken in this area to determine whether or not agricultural development has significant effects on water quality.

Nenana -- Too little preliminary work has been carried out to indicate whether or not ambient water quality is suitable for agricultural development. Evidence indicating the existence of potential groundwater problems has been discovered.

The Department of Environmental Conservation considers that an appropriate monitoring program should address both of these concerns, and should be carried out as follows:

Delta

Surface water samples should be collected at each of 3 to 5 sites on a biweekly basis from April through September, and bimonthly during the rest of the year.

One hundred thirty-five samples should be collected over a three-year study period. Analysis of samples should include the standard suite of water quality parameters, with particular attention to nitrogens and 2-4,D.

Nenana

Groundwater supply sources will predominate in this region; accordingly, water quality studies should focus on this resource. Such studies, exclusive of hydro-logic work, should be conducted as described in the report, "Water Resource Investigation of the Nenana Agricultural Project Area," Larry Peterson et. al., 1981. The work requires the drilling of ten 300'-500' test wells in the study area, and analysis of water samples from each well. Analysis of samples should include the standard suite of water quality parameters, with particular attention to arsenic, nickel, and lindane.

The precise cost of these studies will depend upon how much of the work were to be conducted by DEC staff and lab, and how much conducted by contractual arrangement. A preliminary budget estimate, based on the assumption that most of the work would be assigned by contract, is attached.

Two bills related to agricultural development in the Nenana area (HB 126 and SB 702) are rapidly progressing through the Alaska State Legislature. House Bill 126 proposes allocation of the state funds to the Department of Natural Resources for removal and marketing of timber, agronomic studies, surveys, and planning, processing, and marketing activities. Senate Bill 702 proposes allocation of state funds to the Alaska Agricultural Action Council for survey and disposal activities, land-clearing loans, and road construction.

Allocation of funds for determination and monitoring of water quality in the Delta and Nenana areas have not been included in these bills. The Department of Environmental Conservation proposes that \$438,300 be added to them for the purpose of carrying out the water quality studies that are an essential prerequisite to large scale development of agriculture in Alaska.

Estimated Program Budget - Ground and Surface Water Quality Monitoring and Large Scale Agricultural Development

<u>Groundwater Program</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	
Geologist/Hydrologist - 700 hrs @ \$45/hr.	32,500	-----	-----	
Vehicle/Per Diem - 84 days @ \$125/day	5,750	2,375	2,375	
Drilling ten 400' wells @ \$46/foot	184,000	-----	-----	
Ground Control (survey)	50,000	-----	-----	
Bulldozer (for access) - 200 hrs @ \$75/hr plus mobilization	17,000	-----	-----	
Groundwater quality analysis - 80 @ \$500 each	20,000	10,000	10,000	
Field monitoring equipment (pumps, generators, sensing devices)	10,000	-----	-----	
Equipment (chemicals, samplers, etc)	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>	
	\$321,250	\$13,375	\$13,375	TOTAL \$348,000
<u>Surface Water Program</u>				
Principal - 40 hrs @ \$75/hr	5,000	-----	-----	
Biological technician - 360 hrs @ \$25/each	3,000	3,000	3,000	
Water quality analysis - 135 @ \$500/each	22,500	22,500	22,500	
Vehicle/Per Diem - 48 days @ \$125/day	2,000	2,000	2,000	
Administrative overhead/printing	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	
	\$34,000	\$29,000	\$29,000	TOTAL <u>\$92,000</u>
				PROGRAM TOTAL: \$440,000

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for HB 126
 Title Special Appropriations for Agricultural Development in Nenana - Totchaket
 Requested by Department of Environmental Conservation Date March 1, 1982

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected BRU: EQO (Lab, \$348.0) (NRO \$92.0)
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		3.0	3.0	3.0		
200 TRAVEL		7.8	2.0	2.0		
300 CONTRACTUAL		331.0	34.9	34.9		
400 COMMODITIES		3.5	2.5	2.5		
500 EQUIPMENT		10.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		355.3	42.4	42.4		

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		355.3	42.4	42.4		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

Attached

NOTE: The attached supporting document, "Department of Environmental Conservation Perspective: Water Quality and Agricultural Development in Alaska," was slightly amended on 18 March, 1982.

IV. DATE March 1, 1982 PREPARED BY Bill Leitch
 AGENCY ADEC
 Original: Legislative Finance PHONE 465-2653
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Fiscal Analysis

Sponsor Substitute for HB 126

Assumptions:

1. No new positions are required to carry out the tasks described below.
2. Well-drilling, hydrographic surveying, and related tasks will be provided through contractual services.
3. The Department's laboratory has the capability to carry out the required water quality analysis.

A major question related to a primary Alaskan resource and a rapidly growing Alaskan industry remains unanswered: Does large scale agricultural development significantly affect the quality of public waters in Alaska? The funds requested in this fiscal note are to support water quality monitoring programs intended to answer that question.

Groundwater quality monitoring is an expensive procedure. Supplemental funds are requested because the activity requires expenditures beyond the fiscal capabilities of the Department's routine operating budget.

Groundwater Quality Monitoring: Nenana-Totchaket

The primary source of water in the Nenana-Totchaket area is groundwater; surface water is scarce. Groundwater sampled during the only water quality study that has been undertaken in the area indicated sufficiently high concentrations of arsenic, nickel, iron, and manganese to suggest that problems could develop if the untreated water were to be used for irrigation or drinking. The quality and dynamics of the groundwater resource is of particular significance in this region because it is entirely underlain by dune sand deposits that vary in thickness from 5-200 feet.

An appropriate water quality monitoring program in this area requires the drilling of ten 300'-500' test wells, and analysis of water samples from each well. The sampling period should be three years.

No new positions are required to carry out this program.

The total cost of the monitoring program is \$346,300. Major expenditures are for well-drilling (\$184,000), and for water quality analyses (\$40,000).

Surface Water Quality Monitoring: Delta

Several baseline water quality studies have been carried out in the vicinity of the Delta Project. Most of these studies, however, were completed prior to extensive agricultural development in the study areas. Only two follow-up studies are scheduled to commence in 1982, neither of which are specifically intended to monitor water quality.

Fiscal Analysis

-2-

An appropriate water quality monitoring program in this area requires collection and analysis of a total of 135 surface water samples from three stations over a three-year period.

No new positions are required to carry out this program. The total cost of the monitoring program is (\$92,000). Major expenditures are for water quality laboratory analyses (\$67,500).

Additional information is attached to this fiscal note.

Department of Environmental Conservation Perspective: Water Quality and
Agricultural Development in Alaska

The State of Alaska possesses over 18 million acres of land suitable for intensive agricultural production; nearly 100 million additional acres are suitable for grazing. At present, only a tiny fraction of these lands are devoted to agriculture, and Alaska now imports nearly 95% of its food. In an effort to correct this situation, the state is promoting a program intended to bring 500,000 acres into agricultural production by 1990.

Large scale development of agriculture in Alaska began in 1978, with the launching of the Delta Agricultural Project. The Department of Natural Resources administers land disposal programs through which about 24,000 acres have now been brought to various stages of production. An additional 11,000 acres are scheduled for release in March, 1982 (Delta II East), and an additional 175,000 acres are being considered for agricultural disposal beginning in late 1982 or early 1983 (Nenana-Totchaket).

The rapid development of previously undisturbed land on such a massive scale introduces the threat of significant short term and long term deterioration of water quality in these areas. Potential threats to water quality that are related to agricultural development arise as a result of two major classes of activities: land development and ensuing agricultural operations.

Land development includes surveying, construction of access roads, bridges, and utilities, and land clearing. Primary water quality effects that can result from such activities are increases in sedimentation, suspended load, and concentration of plant nutrients; decreases in light transmission; and changes in temperature.

Agricultural operations include fertilizing, irrigation, seedbed preparation, chemical treatment of seeds, application of fungicides, insecticides, and herbicides, and so on. Primary water quality effects that can result from these activities are similar to those that result from land development, but in addition include introduction of fungicides, insecticides, and herbicides, and decreased concentration of dissolved oxygen.

Alaska's farming community is not unaware of the potential for development of such problems. During early stages of the Delta Project, a poll of the twenty-member Delta Citizen Council indicated unanimous support for allocating state funds for "air and water quality monitoring within the immediate area of the Delta agricultural community," and for assessing "the effect of large scale agriculture on the ecosystem."

The Department of Environmental Conservation -- charged with responsibility for protection of Alaska's public waters -- seeks to correct this situation by participating in resource management planning insofar as water quality is affected, and by undertaking a comprehensive water quality monitoring program in areas of large scale agricultural development.

Several baseline water quality studies have been carried out in the vicinity of the first agricultural development site, Delta I. These studies include a geohydrologic report by U.S.G.S., a water quality study by the Agricultural Experiment Station, a water quality and benthos investigation by the Institute of Water Resources, a pesticide residue sampling report by the U.S. Fish and Wildlife Service, and baseline studies related to air quality and wildlife. None of the studies produced evidence of significant water quality problems.

Most of the studies, however, were completed prior to extensive development in the area. Most of the investigators stressed the importance of continuous long term water quality monitoring in order to determine the effects, if any, of agricultural development on the region's surface and groundwater. Unfortunately, only two followup studies, one on nitrogen fertilizer fate, and another on pesticide residues, are scheduled to commence in 1982, and final results of these studies will probably not be available before 1985. Neither of these studies is specifically intended to monitor water quality.

The situation is considerably different in the Nenana-Totchaket region. Very little surface water is available in this area, which is underlain by formations of wind-deposited, water-bearing sand that ranges in thickness from 5 to 200 feet. Only one water resource investigation has been carried out in this vast area. Water samples taken during this study indicate that state drinking water standards for iron, manganese, and turbidity were exceeded. Concentrations of arsenic and nickel did not exceed state standards, but were sufficiently high to suggest that problems could develop with respect to crop development and dairy application. The investigator concluded that "the data ... indicate potential problems from arsenic and nickel concentrations should ... groundwater be used for irrigation." A minor, but potentially significant result of this study was the detection of a chlorinated hydrocarbon (lindane) in an area in which the substance is not known to have been applied.

The Division of Geological and Geophysical Services plans to drill one or two additional wells in the Nenana-Totchaket area, several miles to the south and west of this well. Scheduling of this activity will depend upon favorable weather conditions. DGGGS staff have been careful to point out that the drilling of this additional well(s) will not provide for a comprehensive analysis of the region's groundwater resources.

Hydrological studies are omitted from this report because such studies do not ordinarily fall within the purview of the Department of Environmental Conservation. However, water quality and hydrology are intimately related, and the omission of hydrological studies should not be construed as an indication that such work is not necessary in the Nenana area. A detailed description of hydrological work required in the Nenana area is contained in the Peterson Report cited below:

To summarize:

Delta. Too few followup studies have been undertaken in this area to determine whether or not agricultural development has significant effects on water quality.

Nenana -- Too little preliminary work has been carried out to indicate whether or not ambient water quality is suitable for agricultural development. Evidence indicating the existence of potential groundwater problems has been discovered.

The Department of Environmental Conservation considers that an appropriate monitoring program should address both of these concerns, and should be carried out as follows:

Delta

Surface water samples should be collected at each of 3 to 5 sites on a biweekly basis from April through September, and bimonthly during the rest of the year.

One hundred thirty-five samples should be collected over a three-year study period. Analysis of samples should include the standard suite of water quality parameters, with particular attention to nitrogens and 2-4,D.

Nenana

Groundwater supply sources will predominate in this region; accordingly, water quality studies should focus on this resource. Such studies, exclusive of hydrologic work, should be conducted as described in the report, "Water Resource Investigation of the Nenana Agricultural Project Area," Larry Peterson et. al., 1981. The work requires the drilling of ten 300'-500' test wells in the study area, and analysis of water samples from each well. Analysis of samples should include the standard suite of water quality parameters, with particular attention to arsenic, nickel, and lindane.

The precise cost of these studies will depend upon how much of the work were to be conducted by DEC staff and lab, and how much conducted by contractual arrangement. A preliminary budget estimate, based on the assumption that most of the work would be assigned by contract, is attached.

Two bills related to agricultural development in the Nenana area (HB 126 and SB 702) are rapidly progressing through the Alaska State Legislature. House Bill 126 proposes allocation of the state funds to the Department of Natural Resources for removal and marketing of timber, agronomic studies, surveys, and planning, processing, and marketing activities. Senate Bill 702 proposes allocation of state funds to the Alaska Agricultural Action Council for survey and disposal activities, land-clearing loans, and road construction.

Allocation of funds for determination and monitoring of water quality in the Delta and Nenana areas have not been included in these bills. The Department of Environmental Conservation proposes that \$438,300 be added to them for the purpose of carrying out the water quality studies that are an essential prerequisite to large scale development of agriculture in Alaska.

Estimated Program Budget - Ground and Surface Water Quality Monitoring and Large Scale Agricultural Development

<u>Groundwater Program</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	
Geologist/Hydrologist - 700 hrs @ \$45/hr.	32,500	-----	-----	
Vehicle/Per Diem - 84 days @ \$125/day	5,750	2,375	2,375	
Drilling ten 400' wells @ \$46/foot	184,000	-----	-----	
Ground Control (survey)	50,000	-----	-----	
Bulldozer (for access) - 200 hrs @ \$75/hr plus mobilization	17,000	-----	-----	
Groundwater quality analysis - 80 @ \$500 each	20,000	10,000	10,000	
Field monitoring equipment (pumps, generators, sensing devices)	10,000	-----	-----	
Equipment (chemicals, samplers, etc)	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>	
	\$321,250	\$13,375	\$13,375	TOTAL \$348,000
<u>Surface Water Program</u>				
Principal - 40 hrs @ \$75/hr	5,000	-----	-----	
Biological technician - 360 hrs @ \$25/each	3,000	3,000	3,000	
Water quality analysis - 135 @ \$500/each	22,500	22,500	22,500	
Vehicle/Per Diem - 48 days @ \$125/day	2,000	2,000	2,000	
Administrative overhead/printing	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	
	\$34,000	\$29,000	\$29,000	TOTAL <u>\$92,000</u>
				PROGRAM TOTAL: \$440,000

RECEIVED

MAR 8 1982

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

LEGISLATIVE FINANCE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute for HB 126
Title Special Appropriations for Agricultural Development in Nenana - Totchaket
Requested by Department of Environmental Conservation Date March 1, 1982

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation
Program Category Affected _____
BRU, Program, Or Subprogram(s) Affected BRU: EQU (Lab, \$348.0) (NRO \$92.0)
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		3.0	3.0	3.0		
200 TRAVEL		7.8	2.0	2.0		
300 CONTRACTUAL		331.0	34.9	34.9		
400 COMMODITIES		3.5	2.5	2.5		
500 EQUIPMENT		10.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		355.3	42.4	42.4		

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		355.3	42.4	42.4		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

Attached

IV. DATE March 1, 1982 PREPARED BY Bill Leitch

AGENCY ADEC

Original: Legislative Finance PHONE 465-2653

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Fiscal Analysis

Sponsor Substitute for HB 126

Assumptions:

1. No new positions are required to carry out the tasks described below.
2. Well-drilling, hydrographic surveying, and related tasks will be provided through contractual services.
3. The Department's laboratory has the capability to carry out the required water quality analysis.

A major question related to a primary Alaskan resource and a rapidly growing Alaskan industry remains unanswered: Does large scale agricultural development significantly affect the quality of public waters in Alaska? The funds requested in this fiscal note are to support water quality monitoring programs intended to answer that question.

Groundwater quality monitoring is an expensive procedure. Supplemental funds are requested because the activity requires expenditures beyond the fiscal capabilities of the Department's routine operating budget.

Groundwater Quality Monitoring: Nenana-Totchaket

The primary source of water in the Nenana-Totchaket area is groundwater; surface water is scarce. Groundwater sampled during the only water quality study that has been undertaken in the area indicated sufficiently high concentrations of arsenic, nickel, iron, and manganese to suggest that problems could develop if the untreated water were to be used for irrigation or drinking. The quality and dynamics of the groundwater resource is of particular significance in this region because it is entirely underlain by dune sand deposits that vary in thickness from 5-200 feet.

An appropriate water quality monitoring program in this area requires the drilling of ten 300'-500' test wells, and analysis of water samples from each well. The sampling period should be three years.

No new positions are required to carry out this program.

The total cost of the monitoring program is \$346,300. Major expenditures are for well-drilling (\$184,000), and for water quality analyses (\$40,000).

Surface Water Quality Monitoring: Delta

Several baseline water quality studies have been carried out in the vicinity of the Delta Project. Most of these studies, however, were completed prior to extensive agricultural development in the study areas. Only two follow-up studies are scheduled to commence in 1982, neither of which are specifically intended to monitor water quality.

Fiscal Analysis

-2-

An appropriate water quality monitoring program in this area requires collection and analysis of a total of 135 surface water samples from three stations over a three-year period.

No new positions are required to carry out this program. The total cost of the monitoring program is (\$92,000). Major expenditures are for water quality laboratory analyses (\$67,500).

Additional information is attached to this fiscal note.

Department of Environmental Conservation Perspective: Water Quality and
Agricultural Development in Alaska

The State of Alaska possesses over 18 million acres of land suitable for intensive agricultural production; nearly 100 million additional acres are suitable for grazing. At present, only a tiny fraction of these lands are devoted to agriculture, and Alaska now imports nearly 95% of its food. In an effort to correct this situation, the state is promoting a program intended to bring 500,000 acres into agricultural production by 1990.

Large scale development of agriculture in Alaska began in 1978, with the launching of the Delta Agricultural Project. The Department of Natural Resources administers land disposal programs through which about 50,000 acres have now been brought to various stages of production. An additional 11,000 acres are scheduled for release in March, 1982 (Delta II East), and an additional 175,000 acres are being considered for agricultural disposal in late 1982 or early 1983 (Nenana-Totchaket).

The rapid development of previously undisturbed land on such a massive scale introduces the threat of significant short term and long term deterioration of water quality in these areas. Potential threats to water quality that are related to agricultural development arise as a result of two major classes of activities: land development and ensuing agricultural operations.

Land development includes surveying, construction of access roads, bridges, and utilities, and land clearing. Primary water quality effects that can result from such activities are increases in sedimentation, suspended load, and concentration of plant nutrients; decreases in light transmission; and changes in temperature.

Agricultural operations include fertilizing, irrigation, seedbed preparation, chemical treatment of seeds, application of fungicides, insecticides, and herbicides, and so on. Primary water quality effects that can result from these activities are similar to those that result from land development, but in addition include introduction of fungicides, insecticides, and herbicides, and decreased concentration of dissolved oxygen.

Alaska's farming community is not unaware of the potential for development of such problems. During early stages of the Delta Project, a poll of the twenty-member Delta Citizen Council indicated unanimous support for allocating state funds for "air and water quality monitoring within the immediate area of the Delta agricultural community," and for assessing "the effect of large scale agriculture on the ecosystem."

Alaska's agricultural lands are being disposed of so rapidly that state agencies have had difficulty completing resource management plans and preliminary resource studies before the lands are released. At present, these plans contain little or no consideration for water quality management.

The Department of Environmental Conservation -- charged with responsibility for protection of Alaska's public waters -- seeks to correct this situation by participating in resource management planning insofar as water quality is affected, and by undertaking a comprehensive water quality monitoring program in areas of large scale agricultural development.

Several baseline water quality studies have been carried out in the vicinity of the first agricultural development site, Delta I. These studies include a geohydrologic report by U.S.G.S., a water quality study by the Agricultural Experiment Station, a water quality and benthos investigation by the Institute of Water Resources, a pesticide residue sampling report by the U.S. Fish and Wildlife Service, and baseline studies related to air quality and wildlife. None of the studies produced evidence of significant water quality problems. Most of the studies, however, were completed prior to extensive development in the area. Most of the investigators stressed the importance of continuous long term water quality monitoring in order to determine the effects, if any, of agricultural development on the region's surface and groundwater. Unfortunately, only two followup studies, one on nitrogen fertilizer fate, and another on pesticide residues, are scheduled to commence in 1982, and final results of these studies will probably not be available before 1985. Neither of these studies is specifically intended to monitor water quality.

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To summarize:

Delta. Too few followup studies have been undertaken in this area to determine whether or not agricultural development has significant effects on water quality.

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The Department of Environmental Conservation considers that an appropriate monitoring program should address both of these concerns, and should be carried out as follows:

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Surface water samples should be collected at each of 3 to 5 sites on a biweekly basis from April through September, and bimonthly during the rest of the year. One hundred thirty-five samples should be collected over a three-year study period. Analysis of samples should include the standard suite of water quality parameters, with particular attention to nitrogens and 2-4,D.

Nenana

Groundwater supply sources will predominate in this region; accordingly, water quality studies should focus on this resource. Such studies, exclusive of hydrologic work, should be conducted as described in the report, "Water Resource Investigation of the Nenana Agricultural Project Area," Larry Peterson et. al., 1981. The work requires the drilling of ten 300'-500' test wells in the study area, and analysis of water samples from each well. Analysis of samples should include the standard suite of water quality parameters, with particular attention to arsenic, nickel, and Lindane.

The precise cost of these studies will depend upon how much of the work were to be conducted by DEC staff and lab, and how much conducted by contractual arrangement. A preliminary budget estimate, based on the assumption that most of the work would be assigned by contract, is attached.

Two bills related to agricultural development in the Nenana area (HB 126 and SB 702) are rapidly progressing through the Alaska State Legislature. House Bill 126 proposes allocation of the state funds to the Department of Natural Resources for removal and marketing of timber, agronomic studies, surveys, and planning, processing, and marketing activities. Senate Bill 702 proposes allocation of state funds to the Alaska Agricultural Action Council for survey and disposal activities, land-clearing loans, and road construction,

Allocation of funds for determination and monitoring of water quality in the Delta and Nenana areas have not been included in these bills. The Department of Environmental Conservation proposes that \$438,300 be added to them for the purpose of carrying out the water quality studies that are an essential prerequisite to large scale development of agriculture in Alaska.

Estimated Program Budget - Ground and Surface Water Quality Monitoring and Large Scale Agricultural Development

<u>Groundwater Program</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	
Geologist/Hydrologist - 700 hrs @ \$45/hr.	32,500	-----	-----	
Vehicle/Per Diem - 84 days @ \$125/day	5,750	2,375	2,375	
Drilling ten 400' wells @ \$46/foot	184,000	-----	-----	
Ground Control (survey)	50,000	-----	-----	
Bulldozer (for access) - 200 hrs @ \$75/hr plus mobilization	17,000	-----	-----	
Groundwater quality analysis - 80 @ \$500 each	20,000	10,000	10,000	
Field monitoring equipment (pumps, generators, sensing devices)	10,000	-----	-----	
Equipment (chemicals, samplers, etc)	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>	
	\$321,250	\$13,375	\$13,375	TOTAL \$348,000
<u>Surface Water Program</u>				
Principal - 40 hrs @ \$75/h.	5,000	-----	-----	
Biological technician - 360 hrs @ \$25/each	3,000	3,000	3,000	
Water quality analysis - 135 @ \$500/each	22,500	22,500	22,500	
Vehicle/Per Diem - 48 days @ \$125/day	2,000	2,000	2,000	
Administrative overhead/printing	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	
	\$34,000	\$29,000	\$29,000	TOTAL <u>\$92,000</u>
				PROGRAM TOTAL: \$440,000

Funding Information
General Fund \$10,050,000
Other Funds -0-
\$10,050,000

Introduced: 1/29/82
Referred: Resources and
Finance

1 IN THE HOUSE

BY MOSS

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 126

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for agricultural
7 development in the Nenana-Totchaket area; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$8,300,000 is appropriated from the general fund
11 to the Department of Natural Resources for a program to clear, harvest,
12 process, and market wood fiber resources in coordination with the City of
13 Nenana.

14 * Sec. 2. The sum of \$500,000 is appropriated from the general fund to
15 the Department of Natural Resources, division of agriculture, for agronomic
16 studies and agricultural design for farm lots and for planning for the Nenana-
17 Totchaket area.

18 * Sec. 3. The sum of \$600,000 is appropriated from the general fund to
19 the Department of Natural Resources, division of technical services, for
20 survey of farm lots in the Nenana-Totchaket area.

21 * Sec. 4. The sum of \$150,000 is appropriated from the general fund to
22 the Alaska Agricultural Action Council to establish a system of farm support
23 and marketing for Nenana-Totchaket farm production in cooperation with the
24 City of Nenana.

25 * Sec. 5. The sum of \$500,000 is appropriated from the general fund to
26 the Department of Natural Resources, division of agriculture, for site loca-
27 tion and engineering design of storage and loading facilities at the Nenana
28 Port, and for a livestock processing facility.

29 * Sec. 6. The appropriations made by secs. 1 - 3 and 5 of this Act are

Original sponsor: Moss

Offered: 3/5/82
Referred: Finance

Funding Information

General Fund	\$600,000
Other Funds	-0-
	<u>\$600,000</u>

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 126 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for a survey of
7 farm lots in the Nenana-Totchaket area; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$600,000 is appropriated from the general fund to
11 the Department of Natural Resources, division of technical services, for a
12 survey of farm lots in the Nenana-Totchaket area.

13 * Sec. 2. The appropriation made by this Act is related to capital
14 projects and is subject to AS 37.25.020.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Funding Information
General Fund \$10,050,000
Other Funds -0-
\$10,050,000

Introduced: 1/29/82
Referred: Resources and
Finance

1 IN THE HOUSE

BY MOSS

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 175

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for agricultural
7 development in the Nenana-Totchaket area; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$8,300,000 is appropriated from the general fund
11 to the Department of Natural Resources for a program to clear, harvest,
12 process, and market wood fiber resources in coordination with the City of
13 Nenana.

14 * Sec. 2. The sum of \$500,000 is appropriated from the general fund to
15 the Department of Natural Resources, division of agriculture, for agronomic
16 studies and agricultural design for farm lots and for planning for the Nenana-
17 Totchaket area.

18 * Sec. 3. The sum of \$600,000 is appropriated from the general fund to
19 the Department of Natural Resources, division of technical services, for
20 survey of farm lots in the Nenana-Totchaket area.

21 * Sec. 4. The sum of \$150,000 is appropriated from the general fund to
22 the Alaska Agricultural Action Council to establish a system of farm support
23 and marketing for Nenana-Totchaket farm production in cooperation with the
24 City of Nenana.

25 * Sec. 5. The sum of \$500,000 is appropriated from the general fund to
26 the Department of Natural Resources, division of agriculture, for site loca-
27 tion and engineering design of storage and loading facilities at the Nenana
28 Port, and for a livestock processing facility.

29 * Sec. 6. The appropriations made by secs. 1 - 3 and 5 of this Act are

1 related to capital projects and are subject to AS 37.25.020.

2 * Sec. 7. The unexpended and unobligated portion of the appropriation
3 made by sec. 4 of this Act lapses into the general fund June 30, 1984.

4 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

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Original sponsor: Moss

Offered: 3/5/82
Referred: Finance

Funding Information

General Fund	\$600,000
Other Funds	-0-
	<u>\$600,000</u>

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 126 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for a survey of
7 farm lots in the Nenana-Totchaket area; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$600,000 is appropriated from the general fund to
11 the Department of Natural Resources, division of technical services, for a
12 survey of farm lots in the Nenana-Totchaket area.

13 * Sec. 2. The appropriation made by this Act is related to capital
14 projects and is subject to AS 37.25.020.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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