

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 88879

HB 87 cont. - HB 91 448 39

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SENATE COMMITTEE REPORT

# No Action taken by SFC

FURTHER

5/4/8

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Finance

CSHB 87 (FIN) am

Committee considered \_\_\_\_\_

state budget and to long-term financial plans for the state; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

**FISCAL NOTE(S)**  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chair: \_\_\_\_\_ signature and recommendation

Committee Backup attached

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 87 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the state budget and to long-term  
7 financial plans for the state; and providing for an  
8 effective date."

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

10 \* Section 1. AS 37.07.020(b) is amended to read:

11 (b) In addition to the budget and general appropriation bill,  
12 the governor shall submit a long-term [CAPITAL IMPROVEMENTS PROGRAM  
13 AND] financial plan. The long-term financial plan must include esti-  
14 mates of expenditures, estimates of annual revenue from all sources,  
15 and recommendations for sources of revenue. The long-term financial  
16 plan must include projections of estimated expenditures covering the  
17 six succeeding [SIX] fiscal years and projections of revenue for the  
18 10 succeeding fiscal years.

19 \* Sec. 2. AS 37.07.020(c) is amended to read:

20 (c) Proposed expenditures may not exceed estimated revenue for  
21 the succeeding fiscal year. The expenditures proposed in the long-  
22 term [SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM AND] financial plan may  
23 not exceed the estimated revenue and bond authorizations passed and  
24 proposed.

25 \* Sec. 3. AS 37.07.030 is amended to read:

26 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-  
27 lature shall

28 (1) provide for a budget review function;

29 (2) analyze the comprehensive operating and capital im-  
H

1 improvements programs and long-term financial plan [PLANS] recommended  
2 by the governor;

3 (3) adopt legislation to authorize implementation of the  
4 governor's comprehensive operating and capital improvements budget  
5 [PROGRAMS AND FINANCIAL PLANS] or appropriate alternatives to that  
6 budget [THOSE PLANS];

7 (4) provide for a post-audit function to cover financial  
8 transactions, program accomplishment, and compliance with legislative  
9 intent;

10 (5) adopt or revise the estimate of receipts required to  
11 balance the succeeding fiscal year's budget in order that proposed  
12 expenditures do not exceed estimated receipts for that fiscal year;

13 (6) adopt, revise, or initiate revenue measures in order to  
14 balance the succeeding fiscal year's budget and the capital improve-  
15 ments section of the budget for the succeeding six years;

16 (7) adopt or revise the long-term financial plan annually  
17 submitted by the governor.

18 \* Sec. 4. AS 37.07.060 is amended to read:

19 Sec. 37.07.060. GOVERNOR'S RECOMMENDATION. (a) The governor  
20 shall formulate the long-term [OPERATING AND CAPITAL IMPROVEMENTS  
21 PROGRAMS AND] financial plan [PLANS] required to be recommended to the  
22 legislature by AS 37.07.020 after considering the state agency pro-  
23 posed program and financial plan [PLANS], and other programs and  
24 alternatives that the governor considers appropriate. The plan  
25 [PLANS] must include the governor's recommended goals and policies,  
26 recommended plans to implement the goals and policies, recommended  
27 operating and capital improvement program for the succeeding six  
28 fiscal [YEAR, RECOMMENDED CAPITAL IMPROVEMENTS PROGRAM FOR THE SUC-  
29 CEEDING SIX FISCAL] years, recommended programs for the upgrading of

1 public buildings and facilities prepared in accordance with AS 35.10.-  
2 015, and recommended revenue measures to support the programs.

3 (b) The governor shall present the proposed budget [COMPRE-  
4 HENSIVE OPERATING AND CAPITAL IMPROVEMENTS PROGRAMS] and long-term  
5 financial plan [PLANS] in a message to a joint session of the legisla-  
6 ture before the fourth legislative day following the convening of the  
7 legislature in regular session. The message must be accompanied by an  
8 explanatory report that summarizes recommended goals, plans, and  
9 appropriations. The report must contain

10 (1) the coordinated program goals and objectives that the  
11 governor recommends to guide the decisions on the proposed program  
12 plans and budget appropriations;

13 (2) the governor's operating program and budget recommenda-  
14 tions for the succeeding fiscal year organized by agency as required  
15 by AS 37.07.020(a);

16 (3) the governor's capital improvements program and budget  
17 recommendations for the six succeeding fiscal [YEAR AND CAPITAL IM-  
18 PROVEMENTS PROGRAM FOR THE SUCCEEDING SIX FISCAL] years, that [WHICH,  
19 must include

20 (A) a description of each project, the estimated  
21 annual maintenance and operation costs for the useful life of the  
22 project, its estimated cost for the year construction is to start  
23 and the estimated cost of the project adjusted for inflation over  
24 the estimated period of construction, and the source of financing  
25 for the project; the project description for a new building or a  
26 new facility or for a major addition to a building or facility  
27 should include a site plan, preliminary drawings, and architect's  
28 or engineer's total cost estimate for the project;

29 (B) a summary of projects previously authorized and

1 not yet completed;

2 (C) a summary, listed by agency, of all previously  
3 proposed projects that have been deferred beyond the period [SIX  
4 YEARS] covered by the plan and the year in which construction has  
5 been rescheduled to begin;

6 (D) a forecast of the debt structure of the state and  
7 the various debt ratios over the life of the state's bonds out-  
8 standing, bonds authorized and to be issued, and bond authoriza-  
9 tions recommended in the plan;

10 (E) a description of additional revenue measures  
11 needed to finance the plan in lieu of debt;

12 (F) bond election bills to authorize the bonds re-  
13 quired to fund the projects scheduled for the first three years  
14 of the plan;

15 (G) projections of population of the state and its  
16 regions and communities;

17 (H) economic data and projections necessary for the  
18 evaluation of the plan;

19 (4) a summary of state receipts in the last fiscal year, a  
20 revised estimate for the current fiscal year, and an estimate for the  
21 succeeding fiscal year;

22 (5) a summary of expenditures during the last fiscal year,  
23 those authorized for the current fiscal year, and an estimate for the  
24 succeeding fiscal year;

25 (6) any additional information that will facilitate under-  
26 standing of the governor's proposed programs and long-term financial  
27 plan [PLANS] by the legislature and the public.

28 \* Sec. 5. AS 37.07.070 is amended to read:

29 Sec. 37.07.070. LEGISLATIVE REVIEW. The legislature shall

1 consider the governor's proposed long-term [COMPREHENSIVE OPERATING  
2 AND CAPITAL IMPROVEMENTS PROGRAMS AND] financial plan [PLANS], evalu-  
3 ate alternatives to the plan [PLANS], make program selections among  
4 the various alternatives and determine, subject to available revenues  
5 the level of funding required to support authorized state services.  
6 The operating and capital budgets of each agency shall be separately  
7 reviewed. During each regular session of the legislature, legislative  
8 review of the governor's supplemental appropriation bills and the  
9 governor's budget amendments shall be governed by the following time  
10 limits:

11 (1) requests [REQUESTS] by the governor for supplemental  
12 appropriations for state agency operating and capital budgets for the  
13 current fiscal year may be introduced by the rules committee only  
14 through the 30th legislative day; [.]

15 (2) requests [REQUESTS] by the governor for budget amend-  
16 ments to state agency budgets for the budget fiscal year may be re-  
17 ceived and reviewed by the finance committees only through the 60th  
18 legislative day.

19 \* Sec. 6. This Act takes effect July 1, 1989.  
20  
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26  
27  
28  
29

STEVE COWPER  
GOVERNOR



cc  
JHB 87

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 17, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill requiring the governor to formulate a long-term financial plan for the state. In my State of the State address I said that I would be introducing a bill to formally establish a long-term financial planning process for the state. This process would require us to look forward five fiscal years in formulating the state budget. It would also require the governor to develop and present annual revenue projections for the succeeding 20 fiscal years. Through this process, I hope that we will be able to divert our attention from short-term solutions and develop a stable long-term plan for financing the public services provided by the state.

I urge your favorable action on this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper".

Steve Cowper  
Governor

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Office of Governor  
 Title: Gov. formulate/submit long-term  
financial plan for state BRU: \_\_\_\_\_  
 Sponsor: Rules Components: \_\_\_\_\_  
 Requestor: Governor

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Alison M. Elmer, Director Phone: 465-3568  
 Division: Budget Review Date: 1/13/89

Approved by Commissioner: James P. Cook Date: 1/14/89  
 Agency: \_\_\_\_\_

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

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# HOUSE COMMITTEE REPORT

(11)

Date Referred: February 23, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/14/89

The FINANCE Committee considered:

HB 89

HOUSE BILL NO. 89 [TEACHERS RETIREMENT ELIGIBILITY]  
"An Act relating to eligibility for retirement under the teachers' retirement system."

### RECOMMENDS:

- replacing with CS HB 89 (HESS)  the same title
- the attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

### ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

### APPROVES PREVIOUS:

- fiscal note(s) published:
- zero fiscal notes(s) published: 2/23/89

### SIGNING DO PASS:

[Signature] HOFFMAN  
[Signature] SWACKHAMMER  
[Signature] KOPONEN  
[Signature] LILMER  
[Signature] BARNES

### SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

[Signature] No Rec LARSON  
[Signature] No Rec SHULT  
[Signature] No Rec PHILLIPS  
[Signature] No Recommendation RIESE

[Signature]  
[Signature]  
[Signature]  
[Signature]

[Signature]  
 Co-chairman's signature  
[Signature]

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An Act relating to eligibility BRU: Retirement and Benefits  
for retirement under the TRS.  
 Sponsor: Navarre Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This bill will not result in increased operational costs to the Division.  
 THIS BILL IS ESTIMATED TO COST THE DEPARTMENT OF EDUCATION AND THE UNIVERSITY OF ALASKA \$33.0  
 IN INCREASED PERSONAL SERVICES COSTS IN FY 90. THIS BILL IS ESTIMATED TO COST SCHOOL DISTRICTS  
 \$203.5 IN INCREASED PERSONAL SERVICE COSTS IN FY 90. Please refer to page 2 for a detailed  
 discussion of these costs.

Prepared By: R. S. Stalushka Phone: 465-4470  
 Division: Retirement and Benefits Date: 1/25/89

Approved by Commissioner: John M. Andrews Date: 1/26/89  
 Agency: Department of Administration

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

House Bill 89  
 Analysis of the Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 20, 1989

Analysis: This bill would enable members of the TRS to receive full credit for part-time and 1/2 year teaching to establish eligibility for benefits. Benefits would continue to be calculated at half-credit. Passage of this bill is estimated to increase the state TRS contribution rate for FY90 by .06%. The FY90 state TRS payroll is estimated to be \$55,085,786 (Department of Education, \$5,025,700; and University of Alaska, \$50,060,086) and remain level for each year thereafter.

The cost to the state of \$33.0 is calculated as follows:

Estimated U of A FY90 payroll	\$ 50,060,086
TRS contribution rate increase	X <u>          .06%</u>
 Total U of A cost.....	 \$       30,000

Estimated D.O.E. FY90 payroll	\$ 5,025,700
TRS contribution rate increase	X <u>          .06%</u>
 Total D.O.E. cost.....	 \$       3,000

In addition to the state cost, there would also be an increase in the school districts' contribution rate of .06%, resulting in a total contribution increase of \$203.5 for FY90 and for each year thereafter.

Estimated School District FY90 payroll	\$ 339,201,043
TRS contribution rate increase	X <u>          .06%</u>
 Total School District cost....	 \$       203,521

There would not be an adverse impact on the actuarial soundness of the TRS fund. The increase in unfunded liability and the decrease in funding ratio would be negligible.

Original sponsors: Navarre and  
Swackhammer

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 89 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to eligibility for retirement under

7

the teachers' retirement system."

8

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

9

\* Section 1. AS 14.25.110(a) is amended to read:

10

(a) Subject to AS 14.25.167, a member is eligible for a normal

11

retirement benefit if the member

12

(1) was first hired before July 1, 1975, has attained the

13

age of 55 years, and has at least 15 years of credited service, the

14

last five of which have been membership service;

15

(2) has attained the age of 55 years and has at least eight

16

years of membership service;

17

(3) has attained the age of 55 years, has at least five

18

years of membership service, and has at least three years of Alaska

19

BIA service;

20

(4) has at least 25 years of credited service, the last

21

five of which have been membership service;

22

(5) has at least 20 years of membership service;

23

(6) has at least 20 years of combined membership service

24

and Alaska BIA service, the last five of which have been membership

25

service; or

26

(7) has, for each of 20 school years,

27

(A) at least one-half year of membership service as a

28

part-time teacher;

29

(B) one full year of membership service as a full-time

1           teacher; or

2                           (C) any combination of service qualified under this

3           paragraph [FOR EACH OF 20 SCHOOL YEARS].

## House Bill 89

### "An Act relating to eligibility for retirement under the teachers' retirement system"

### Justification Summary

#### PURPOSE:

HB 89 was introduced to correct a glaring inequity in the current statute which sets out eligibility requirements for teachers' retirement under the "20 years of membership service" option. This option was designed for teachers wishing to retire before age 55 (a teacher with at least 8 years of membership service is eligible for retirement at age 55).

Here are some examples of how the eligibility statute for normal retirement currently works:

■ Teacher "A" has taught for twenty years as a full-time teacher, and is eligible for normal retirement at any time after 20 years of service.

■ Teacher "B" has taught for twenty years as a part-time teacher, teaching for at least 1/2 year for each of those twenty years, and is eligible for normal retirement at any time after twenty years of service. The benefits reflect the actual time spent teaching.

■ Teacher "C" has taught for twenty years, the first 10 as a part-time teacher (teaching for at least 1/2 year for each of those ten years), the second 10 as a full-time teacher. Teacher "C" is **NOT** eligible for normal retirement after twenty years of service.

Here are some choices available if teacher "C" has not yet reached age 55, and wishes to retire under the normal retirement program:

■ Teach full-time for 5 more years\*  
[10 yrs. part-time + 15 yrs. full-time = 20 yrs. membership service]

■ Teach part-time for 10 more years\*  
[20 yrs. part time + 10 yrs. full-time = 20 yrs. membership service]

■ Wait until age 55 (and retire with full benefits at a level proportionate to actual time worked).

As you can see, unless the statute is changed, teacher "C" **must** teach **considerably more than 20 years** to be eligible for normal retirement, yet teacher "B", with 20 years of **strictly** part-time service **IS** eligible for normal retirement. **This is inconsistent and unfair.**

\* Actually, there are several combinations of part-time and full-time years of additional teaching that teacher "C" could use. The above examples were used for purposes of clarity.

## HB 89, Justification Summary (cont'd)

### COSTS:

According to the Department of Administration, Division of Retirement and Benefits, HB 89 has a zero fiscal impact to the department.

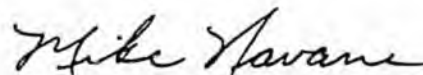
Also according to the division, an actuarial analysis indicates that the effect of HB 89 on the viability of the Teachers Retirement Fund would be negligible, but there would be a required increase of 0.06 percent in employer contributions. Based on FY 90 estimated payrolls, the division outlined an increase in these personnel costs approximately as follows:

- Dept. of Education-----\$ 3,000
- University of Alaska-----\$ 30,000
- All school districts combined----\$ 203,500

My staff contacted Mr. Bob Warren, Director of Human Services (personnel) for the University of Alaska, to get his reaction to both the purpose of the bill, and the increased contribution cost to the University. Mr. Warren agreed with the logic and purpose of HB 89. Regarding the increase in the employer's contribution rate, Mr. Warren pointed out that the rate has some fluctuation anyway, and he did not consider a potential increase of \$30,000 substantial enough to be a problem.

To see what the effect on individual school districts may be, my staff contacted Mr. Dale Sandahl, Asst. Superintendent in charge of personnel at the Kenai Peninsula Borough School District. Like Mr. Warren, Mr. Sandahl also agreed with the logic and purpose of HB 89, and did not see the increased contribution rate as a problem (Kenai has a payroll of approximately \$25 million, so an contribution increase of 0.06 % would equal roughly \$15 thousand).

Additionally, Mr. Sandahl felt certain that some of the teachers made eligible for retirement by HB 89 would opt to retire immediately. New replacement teachers would then be hired at a lower "entry level" salary, so the overall increase in personnel costs would likely be negligible.



---

Rep. Mike Navarre  
prime sponsor HB89

Date: February 24, 1989

**Alaska State Legislature**

WHILE IN SESSION:  
PO BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3779

HOUSE MAJORITY LEADER



HOME ADDRESS:  
PO. BOX 169  
KENAI, ALASKA 99611  
(907) 262-9366

DISTRICT 5

**Representative Mike Navarre**

Date: February 24, 1989

**M E M O R A N D U M**

TO: All members  
House Finance Committee

FROM: Rep. Mike Navarre

SUBJECT: House Bill 89.

---

Attached is a justification summary for HB 89.

This bill was introduced to correct an inequity in the statutes concerning retirement eligibility for teachers who have not yet reached age 55.

Currently, if such a teacher has 20 years of full-time service, that teacher is eligible for retirement. In a similar vein, if that teacher has 20 years of strictly part-time service, that teacher is also eligible for retirement (with lesser benefits, naturally). However, if that teacher has a combination of the two (i.e., 10 years full-time and 10 years part-time), that person is not eligible for retirement.

HB 89 rectifies this situation, making it clear that the 20 year career of a teacher who combines part and full-time teaching is no less valid than that of a person who makes the career choice of one or the other.

I urge your favorable consideration of this measure.

Thank you.



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

December 28, 1988

MEMORANDUM

TO: Representative Mike Navarre

ATTN: Pat Malone

FROM: Tom McKenna *TM*  
Legislative Analyst

RE: Effect of Combining Full-time and Part-time Service Credit in the Teachers' Retirement System  
Research Request 89.102

You asked us to determine the effect of allowing members of the Teachers' Retirement System (TRS) to combine credit for full- and part-time service in qualifying for the 20-year retirement provision. You wanted to know how many teachers would be affected if these retirement criteria were applied, and what the financial effect on the TRS would be.

As you know, the current statute (AS 14.25.110, Attachment A) allows for retirement after 20 years of membership service, or 20 school years that each involve at least one-half year of membership service as a part-time teacher. According to Bob Stalnaker, Deputy Director of the Division of Retirement and Benefits, Department of Administration, full- and part-time service credit is currently combined in determining membership service. A person with 19 years of full-time teaching service, for example, would need 2 years of half-time service in order to qualify for retirement with 20 years of membership service.

The attached memorandum from Bob Stalnaker (Attachment B) summarizes findings of the state's actuarial consultant for the Division of Retirement and Benefits. The actuary's calculations represent the effects of a change that would allow each year spent teaching, in full- or part-time capacity, to count for a year of credit toward the 20-year requirement. The average amounts of part-time service cited in that memorandum are reported in terms of the number of school years spent part-time teaching, and would denote years of credit toward the 20-year requirement under the proposed change. The benefit costs used in the actuarial analysis, however, are based on actual calculated service; a year of half-time service equals one-half year of calculated service.

Representative Navarre  
December 28, 1988  
Page 11

According to the report, the proposed change would affect 947 people, the number of active TRS members who currently have some part-time service. An unfunded liability of \$150,000 would result over the 25-year period of the actuarial analysis. The liability would require employer contributions to be increased by 0.06 percent, and would have a negligible effect on the accrued benefit funding ratio, the measure of the TRS fund's viability.<sup>1</sup>

The majority of projected costs arise from an increase in benefit payments resulting from extended periods of retirement eligibility, according to Mr. Stalnaker. Although members who combine full- and part-time service in order to qualify for the 20-year requirement would receive smaller individual benefit payments, benefits would be paid to these people for longer periods of time. A smaller fraction of the unfunded liability comes from major medical benefit costs, which are automatically awarded to all TRS retirees. Other assumptions used in this actuarial analysis are standard system assumptions, as outlined in the Annual Financial Report of the PERS and TRS funds.<sup>2</sup>

Please call me if you have any questions.

Attachments

---

<sup>1</sup>The accrued benefit funding ratio equals: fund valuation assets (\$)/ present value of accrued benefits (\$).

<sup>2</sup>Bob Stalnaker, personal communication, December 27, 1988.

ATTACHMENT A  
AS 14.25.110

led, § 25 ch 91

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am §§ 5, 7 ch  
13 SLA 1980)

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agency of the  
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(b) A teacher may not be credited with service under this section if credit for service as an employee of the Territory of Alaska was granted for the same period under the public employees' retirement system (AS 39.35).

(c) A teacher who elects to receive credited service under this section for service to the Territory of Alaska shall make a retroactive contribution under this system for the period of territorial employment following June 30, 1955. (§ 1 ch 146 SLA 1980)

**Sec. 14.25.107. Credit for Alaska BIA service.** A member who joins the system on or after July 1, 1978, who has Alaska BIA service may claim all of that service as credited service. A retirement benefit payable under this chapter for Alaska BIA service shall be reduced by an amount equal to the retirement benefits paid to the member by the United States government for the same service. (§ 8 ch 137 SLA 1982)

**Sec. 14.25.110. Retirement benefits.** (a) Subject to AS 14.25.167, a member is eligible for a normal retirement benefit if the member

(1) was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service;

(2) has attained the age of 55 years and has at least eight years of membership service;

(3) has attained the age of 55 years, has at least five years of membership service, and has at least three years of Alaska BIA service;

(4) has at least 25 years of credited service, the last five of which have been membership service;

(5) has at least 20 years of membership service;

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service; or

(7) has at least one-half year of membership service as a part-time teacher for each of 20 school years.

(b) Subject to AS 14.25.167, a member is eligible for an early retirement benefit upon completing any one of the service requirements in (a)(1), (2), or (3) of this section and attaining the age of 50 years.

(c) The burden is on the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator.

(d) The monthly amount of a retirement benefit for a member who has paid the full amount of any indebtedness is two percent of the member's average base salary during any three school years of membership service times the years of credited service, including credited fractional years, divided by 12. An actuarial adjustment must be made for early retirement.

(e) The monthly amount of a retirement benefit must be determined in accordance with (d) of this section as it is in effect on the date of termination of the retiring member's last segment of employment.

(f) The annual amount of retirement benefits for a retiring member who was a member of the retirement system established by the Retirement Act of 1945 may not be less than \$975 plus 10 percent of the total contribution made by the member to the retirement fund of 1945.

(g) A member who is eligible for a service retirement salary under this chapter or under the Retirement Act of 1945 is entitled to a benefit of at least \$25 per month for each year of credited service, excluding adjustments made under AS 14.25.142 or 14.25.143. If the member elected option two under AS 14.25.063(b)(2) for payment of any indebtedness when the member initially applied for a retirement benefit, or if the member elected to receive an early retirement benefit under (b) of this section, the resulting benefit reduction continues in effect.

(h) The monthly retirement benefit for a member who was receiving a retirement benefit on July 1, 1955, is \$50 a month if the member was at least 55 years of age on July 1, 1955.

(i) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) the member meets the eligibility requirements of this section; (2) the member terminates employment; and (3) the member applies for retirement. Benefits are not payable under this section during a school year in which credit for a full year of service is granted. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment must be made for the month in which a benefit is payable under this section. The last payment shall be for the month in which the member dies or is no longer eligible for a benefit under this section. (§ 12 ch 145 SLA 1955; am § 4 ch 142 SLA 1957; am § 9 ch 89 SLA 1960; am § 4 ch 80 SLA 1963; am § 6 ch 151 SLA 1966; am § 2 ch 85 SLA 1971; am § 8 ch 66 SLA 1973; am § 1 ch 77 SLA 1973; am § 2 ch 57 SLA 1974; am §§ 1 — 3 ch 173 SLA 1975; am § 5 ch 169 SLA 1976; am § 14 ch 13 SLA 1980; am § 2 ch 146 SLA 1980; am § 9 ch 137 SLA 1982; am § 1 ch 81 SLA 1986; am §§ 1, 2 ch 117 SLA 1986)

**Effect of amendments.** — The first 1986 amendment added paragraph (7) of subsection (a) and made minor, related word and punctuation changes.

The second 1986 amendment added "Subject to AS 14.25.167" at the beginning of subsections (a) and (b) and made related grammatical changes.

**Editor's notes.** — The 1982 amendment of AS 14.25.063(b), which is referred to in subsection (g), deleted the language in that section concerning options.

The reference to AS 14.25.063(b)(2) in subsection (g) is incorrect in light of the 1982 amendment of that section, which rewrote subsection (b).

**Opinions of attorney general.** — The legislature did not intend such a strict interpretation as to require a teacher to work the last 5 school years for the full 140-day year. 1966 Op. Att'y Gen. No. 2.

A teacher satisfies the requirement of subsection (a) by working any five creditable years or combination of fractional

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**ATTACHMENT B**  
**Memorandum from Bob Stalnaker to Tom McKenna**  
**Summarizing an Acturial Analysis of the Proposed**  
**Changes to the TRS**

MEMORANDUM

STATE OF ALASKA

TO: Tom McKenna  
Legislative Analyst  
House Research Agency

DATE: December 21, 1988

TELEPHONE: 465-4470

FROM: *Bob* Robert F. Stalnaker  
Deputy Director  
Division of Retirement  
& Benefits  
Department of Administration

SUBJECT: Request for  
information regarding  
part-time service credit  
in the TRS.

Your request for information for an actuarial analysis was forwarded to our consulting actuary, William M. Mercer Meidinger Hansen, for consideration. Your questions were as follows:

1. How many teachers would be affected by allowing part-time teaching service to be used the same as full-time teaching service for qualifying for the 20 year retirement provision, and
2. What would the effect be on the financial stability of the Teachers' Retirement System (TRS).

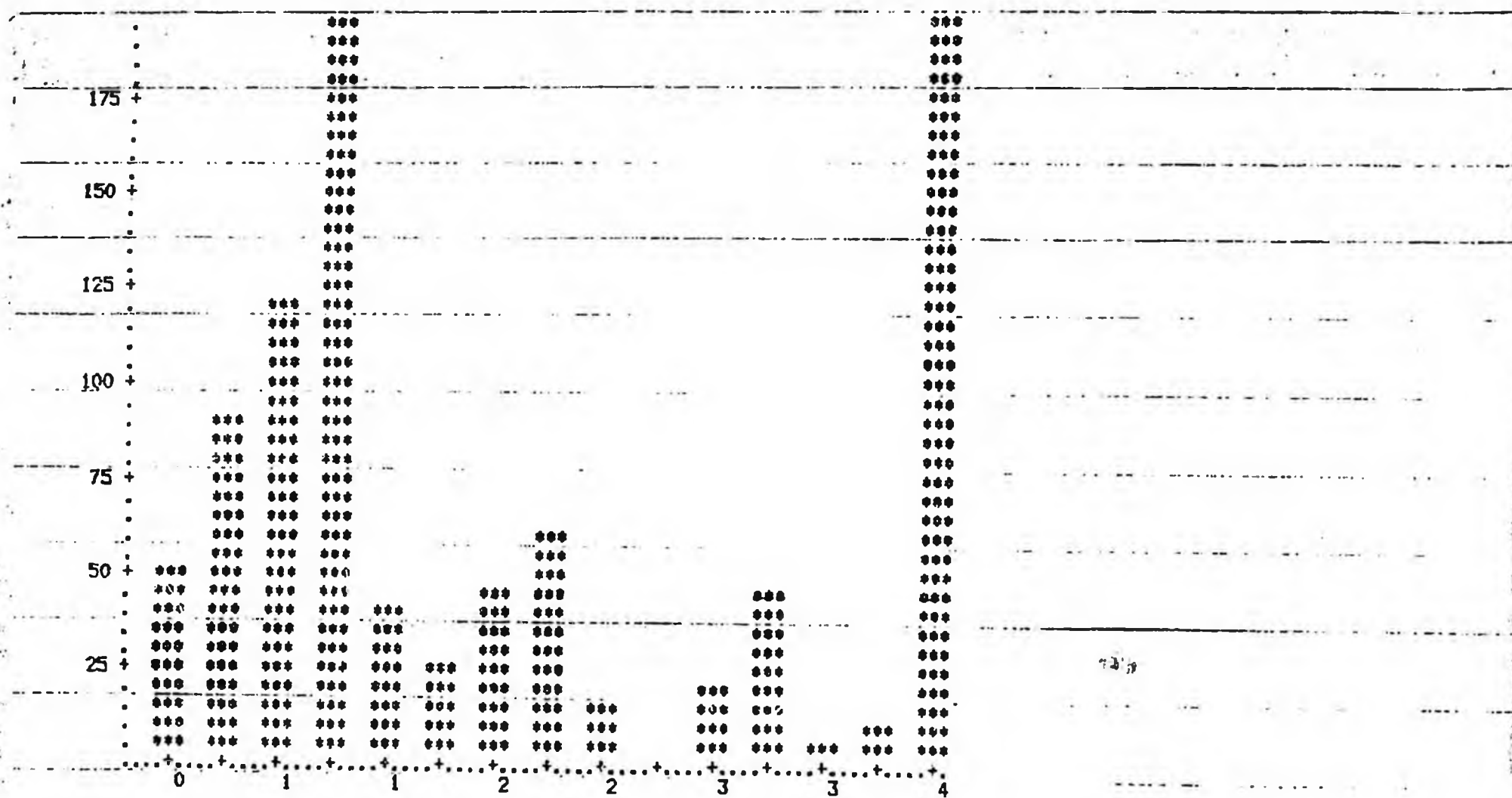
There are currently 947 active members in the TRS who have some part-time service and could therefore possibly benefit by this change. The average amount of part-time service for this group is approximately 2.29 years. There are 257 teachers with three or more years of part-time service.

The estimated increase in TRS contribution rate is .06% of the FY90 estimated TRS payroll. The State FY90 estimated TRS payroll is \$ 55,085,786 and the School District FY90 estimated TRS payroll is \$ 339,201,043. This change would result in an increase of the TRS unfunded liabilities of approximately \$150,000. There would be a negligible effect on the funding ratio.

I have also attached a copy of a chart identifying the breakdown of members having any part-time service. I hope that this information is helpful in your deliberations.

cc: Sally Smith, Director  
Division of Retirement &  
Benefits

Dean Gottehrer  
Special Assistant  
Department of Administration



TOTAL EES 50 93 123 195 42 26 49 61 18 4 23 49 6 13 195

TOTAL EMPLOYEES READ 947 AVERAGE VALUE 2.29  
 LOWEST VALUE 0.01 HIGHEST VALUE 14.71



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

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JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-0435

February 21, 1989

To: Reps. Ron Larson & Lyman Hoffman, Co-Chairs  
Members, House Finance Committee

Re: CS for HB 89 (HESS); "An Act relating  
to eligibility for retirement under the  
teachers' retirement system."

NEA-Alaska supports and encourages passage of HB 89. This bill corrects an inequity in the eligibility requirements for retirement for teachers in the public schools in Alaska.

Simply stated, teachers should be able to use a combination of full-time and part-time membership service to meet the basic eligibility requirements for retirement. Presently a teacher can receive full retirement benefits only after 20 years of membership service as a full-time teacher or after 20 years of membership service as a part-time teacher.

In some districts part-time teachers would prefer to have full-time employment but different combinations of circumstance preclude that from being available to them. Funding cuts have necessitated part-time positions in some districts and in others it has been the decision of the administration or the school board to utilize part-time rather than full-time teachers.

We encourage your favorable response to HB 89.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners  
Executive Secretary

cc: Rep. Mike Navarre

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: University of Alaska  
 Title: An Act Relating to Eligibility for Retirement Under the TRS BRU: UAA, UAF and UAS  
 Sponsor: Navarre Components: \_\_\_\_\_  
 Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	31.5	31.5	31.5	31.5	31.5	31.5
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	31.5	31.5	31.5	31.5	31.5	31.5
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>	<b>31.5</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

This bill will not result in increased operational costs to the university. This bill is estimated to cost the University of Alaska \$31.5 in increased personal services costs in FY91. Please refer to page 2 for a detailed discussion of these costs.

Prepared by: Marsha Hubbard Phone: 474-7593  
 Division: Statewide Budget Office Date: 2/8/90

Approved by Commissioner: Brian Rogers Date: 2/8/90  
 Agency: University of Alaska

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Committee Substitute for House Bill 89 (HESS)  
Analysis of the Fiscal Implications to the Retirement Fund  
Prepared by University of Alaska  
February 8, 1990

Analysis: This bill would enable members of the TRS to combine full school years of full credit with part-time credit to establish eligibility for benefits. Benefits would continue to be calculated at half-credit. Passage of this bill is estimated to increase the state TRS contribution rate for FY91 by .06%. The FY91 state TRS payroll is estimated to be \$52,485,529 for the University of Alaska and remain level for each year thereafter.

The cost is calculated as follows:

Estimated U of A FY91 payroll	\$52,485,529	
TRS contribution rate increase	X <u>.06%</u>	
Total U of A cost		<u>\$31,491</u>

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SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 3/23/90

5/4/89  
Mr. President:

Finance

Committee considered CSHB 89 (HESS)

eligibility for retirement under the teachers' retirement system

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

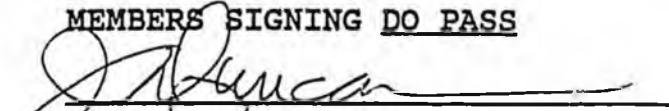
**FISCAL NOTE(S)**  <sup>DOA 11/26/89</sup> zero  fiscal impact  appropriation NO FII

new  updated  previous

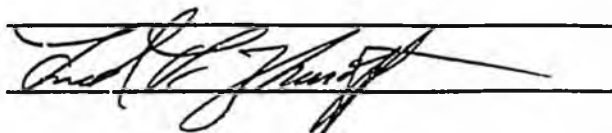
same as previous fiscal note(s) published \_\_\_\_\_

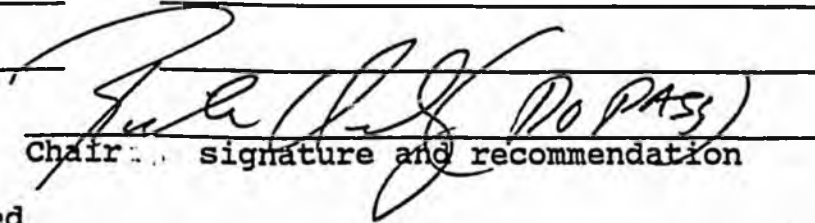
MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

  
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 \_\_\_\_\_  
 Chair signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An Act relating to eligibility BRU: Retirement and Benefits  
           for retirement under the TRS.  
 Sponsor: Navarre Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This bill will not result in increased operational costs to the Division.  
 THIS BILL IS ESTIMATED TO COST THE DEPARTMENT OF EDUCATION AND THE UNIVERSITY OF ALASKA \$33.0  
 IN INCREASED PERSONAL SERVICES COSTS IN FY 90. THIS BILL IS ESTIMATED TO COST SCHOOL DISTRICTS  
 \$203.5 IN INCREASED PERSONAL SERVICE COSTS IN FY 90. Please refer to page 2 for a detailed  
 discussion of these costs.

Prepared By: R.2. Stalwaker Phone: 465-4470  
                   Sally Smith, Director  
 Division: Retirement and Benefits Date: 1/25/89  
 Approved by Commissioner: John M. Andrews Date: 1/26/89  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Adopted

Analysis of the Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
January 20, 1989

Analysis: This bill would enable members of the TRS to receive full credit for part-time and 1/2 year teaching to establish eligibility for benefits. Benefits would continue to be calculated at half-credit. Passage of this bill is estimated to increase the state TRS contribution rate for FY90 by .06%. The FY90 state TRS payroll is estimated to be \$55,085,786 (Department of Education, \$5,025,700; and University of Alaska, \$50,060,086) and remain level for each year thereafter.

The cost to the state of \$33.0 is calculated as follows:

Estimated U of A FY90 payroll	\$ 50,060,086
TRS contribution rate increase	X <u>          .06%</u>

Total U of A cost.....	\$       30,000
------------------------	-----------------

Estimated D.O.E. FY90 payroll	\$ 5,025,700
TRS contribution rate increase	X <u>          .06%</u>

Total D.O.E. cost.....	\$       3,000
------------------------	----------------

In addition to the state cost, there would also be an increase in the school districts' contribution rate of .06%, resulting in a total contribution increase of \$203.5 for FY90 and for each year thereafter.

Estimated School District FY90 payroll	\$ 339,201,043
TRS contribution rate increase	X <u>          .06%</u>

Total School District cost....	\$       203,521
--------------------------------	------------------

There would not be an adverse impact on the actuarial soundness of the TRS fund. The increase in unfunded liability and the decrease in funding ratio would be negligible.

Original sponsors: Navarre and  
Swackhammer

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 89 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to eligibility for retirement under  
the teachers' retirement system."

7

8

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

9

\* Section 1. AS 14.25.110(a) is amended to read:

10

(a) Subject to AS 14.25.167, a member is eligible for a normal  
retirement benefit if the member

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12

(1) was first hired before July 1, 1975, has attained the  
age of 55 years, and has at least 15 years of credited service, the  
last five of which have been membership service;

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(2) has attained the age of 55 years and has at least eight  
years of membership service;

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(3) has attained the age of 55 years, has at least five  
years of membership service, and has at least three years of Alaska  
BIA service;

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(4) has at least 25 years of credited service, the last  
five of which have been membership service;

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(5) has at least 20 years of membership service;

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(6) has at least 20 years of combined membership service  
and Alaska BIA service, the last five of which have been membership  
service; or

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(7) has, for each of 20 school years,

27

(A) at least one-half year of membership service as a  
part-time teacher;

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(B) one full year of membership service as a full-time

1           teacher; or

2                           (C) any combination of service qualified under this

3           paragraph [FOR EACH OF 20 SCHOOL YEARS].

# Alaska State Legislature



WHILE IN SESSION:  
PO BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3779

HON. SEN. MAJORITY LEADER

HOME ADDRESS  
PO BOX 169  
KENAI, ALASKA 99811  
(907) 263-9356

DISTRICT 5

**Representative Mike Navarre**

February 18, 1990

## MEMORANDUM

TO: Senator Rick Uehling  
Senator John Binkley  
Co-Chairs, Senate Finance Committee  
All Senate Finance Committee Members

FROM: Representative Mike Navarre *Mike*

SUBJECT: House Bill 89, "An Act relating to eligibility for retirement under the teacher's retirement system."

---

As you're aware, HB 89 was introduced to provide equity for those teachers who have a 20 year career of combined part and full-time service, yet are ineligible for retirement (currently, teachers with 20 years of **strictly** part-time or **strictly** full-time service are eligible, but combining part and full time service for the "20 and out" option is not allowed).

A justification summary, explaining the effect of the bill in more detail, is attached for your information.

Since HB 89 did not pass last session, those teachers affected by the bill missed the opportunity to retire early by taking advantage of the retirement incentive program. I feel strongly that it's only fair they be afforded the same opportunity as other retiring teachers.

With that end in mind, I have also attached an amendment to HB 89 that I would like to propose to the Senate Finance Committee. The amendment opens the "window of opportunity" for the retirement incentive program strictly for those teachers affected by HB 89. The amendment would require the persons made eligible to apply for early retirement before the end of 1990, and be appointed to retirement on or before June 30, 1990.

Please note the amendment would require a title change.

Thank you for your consideration.

## House Bill 89

### "An Act relating to eligibility for retirement under the teachers' retirement system"

## Justification Summary

#### PURPOSE:

HB 89 was introduced to correct a glaring inequity in the current statute which sets out eligibility requirements for teachers' retirement under the "20 years of membership service" option. This option was designed for teachers wishing to retire before age 55 (a teacher with at least 8 years of membership service is eligible for retirement at age 55).

Here are some examples of how the eligibility statute for normal retirement currently works:

■ Teacher "A" has taught for twenty years as a full-time teacher, and is eligible for normal retirement at any time after 20 years of service.

■ Teacher "B" has taught for twenty years as a part-time teacher, teaching for at least 1/2 year for each of those twenty years, and is eligible for normal retirement at any time after twenty years of service. The benefits reflect the actual time spent teaching.

■ Teacher "C" has taught for twenty years, the first 10 as a part-time teacher (teaching for at least 1/2 year for each of those ten years), the second 10 as a full-time teacher. Teacher "C" is **NOT** eligible for normal retirement after twenty years of service.

Here are some choices available if teacher "C" has not yet reached age 55, and wishes to retire under the normal retirement program:

■ Teach full-time for 5 more years\*  
[10 yrs. part-time + 15 yrs. full-time = 20 yrs. membership service]

■ Teach part-time for 10 more years\*  
[20 yrs. part time + 10 yrs. full-time = 20 yrs. membership service]

■ Wait until age 55 (and retire with full benefits at a level proportionate to actual time worked).

As you can see, unless the statute is changed, teacher "C" **must** teach **considerably more than 20 years** to be eligible for normal retirement, yet teacher "B", with 20 years of **strictly** part-time service **IS** eligible for normal retirement. **This is inconsistent and unfair.**

\* Actually, there are several combinations of part-time and full-time years of additional teaching that teacher "C" could use. The above examples were used for purposes of clarity.

## **HB 89, Justification Summary (cont'd)**

### **COSTS:**

According to the Department of Administration, Division of Retirement and Benefits, HB 89 has a zero fiscal impact to the department.

Also according to the division, an actuarial analysis indicates that the effect of HB 89 on the viability of the Teachers Retirement Fund would be negligible, but there would be a required increase of 0.06 percent in employer contributions. Based on FY 90 estimated payrolls, the division outlined an increase in these personnel costs approximately as follows:

- Dept. of Education-----\$ 3,000
- University of Alaska-----\$ 30,000
- All school districts combined----\$ 203,500

My staff contacted Mr. Bob Warren, Director of Human Services (personnel) for the University of Alaska, to get his reaction to both the purpose of the bill, and the increased contribution cost to the University. Mr. Warren agreed with the logic and purpose of HB 89. Regarding the increase in the employer's contribution rate, Mr. Warren pointed out that the rate has some fluctuation anyway, and he did not consider a potential increase of \$30,000 substantial enough to be a problem.

To see what the effect on individual school districts may be, my staff contacted Mr. Dale Sandahl, Acting Superintendent of Schools for the Kenai Peninsula Borough School District. Like Mr. Warren, Mr. Sandahl also agreed with the logic and purpose of HB 89, and did not see the increased contribution rate as a problem (Kenai has a payroll of approximately \$25 million, so an contribution increase of 0.06 % would equal roughly \$15 thousand).

Additionally, Mr. Sandahl felt certain that some of the teachers made eligible for retirement by HB 89 would opt to retire immediately. New replacement teachers would then be hired at a lower "entry level" salary, so the overall increase in personnel costs would likely be negligible.



---

Rep. Mike Navarre  
prime sponsor HB89

A M E N D M E N T

OFFERED IN THE HOUSE

BY NAVARRE

TO: CSHB 89 (HESS)

Page 1, line 7, after "system":

Insert "and the retirement incentive program; and providing for an effective date"

Page 2, after line 3:

Insert new bill sections to read:

"\* Sec. 2. PARTICIPATION IN THE RETIREMENT INCENTIVE PROGRAM. (a) Notwithstanding the requirements concerning timely application for participation in the retirement incentive program set out in secs. 3(a), 5(a), and 6(a), ch. 89, SLA 1989, an employee who becomes eligible to participate in the retirement incentive program established by ch. 89, SLA 1989 because of the amendments to AS 14.25.110(a) made by sec. 1 of this Act may participate in the program if the employee applies to the program as otherwise required by ch. 89, SLA 1989, on or before December 31, 1990.

(b) In order to participate in the retirement incentive program established in ch. 89, SLA 1989 and notwithstanding the requirements concerning appointment to retirement set out in secs. 3(d), 5(b), and 6(b), ch. 89, SLA 1989, an employee who becomes eligible to participate in the retirement incentive program because of the amendments made by sec. 1 of this Act must be appointed to retirement on or before June 30, 1991.

\* Sec. 3. This Act takes effect immediately under AS 01.10.070(c)."

3/8/90



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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Region VI Director  
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Richard Kronberg  
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Anchorage, Alaska 99504

Pamela Reynolds  
Region VI Director  
1510 Ekadore Dr - 135  
Anchorage, Alaska 99507

Carolyn Tolson  
Region VII Director  
Box 873933  
Wasilla, Alaska 99687

Hank Harrison  
Region R Director  
Box 110325 S Station  
Anchorage, Alaska 99511

### ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536  
FAX: (907) 274-0551

### JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090  
FAX: (907) 586-2744

### FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435  
FAX: (907) 456-2159

March 8, 1990

**TO:** John Binkley and Rick Uehling, Co-Chairs, and members of the Senate Finance Committee

**FROM:** Don Oberg, NEA-Alaska

**RE:** CS for HB 89 (HESS); "An Act relating to eligibility for retirement under the Teachers' Retirement System."

NEA-Alaska supports and encourages passage of HB 89. This bill corrects an inequity in the eligibility requirements for retirement for teachers in the public schools in Alaska.

Simply stated, teachers should be able to use a combination of full-time and part-time membership service to meet the basic eligibility requirements for retirement. Presently a teacher can receive full retirement benefits only after 20 years of membership service as a full-time teacher or after 20 years of membership service as a part-time teacher.

In some districts part-time teachers would prefer to have full-time employment but different combinations of circumstance preclude that from being available to them. Funding cuts have necessitated part-time positions in some districts and in others it has been the decision of the administration or the school board to utilize part-time rather than full-time teachers.

We encourage your favorable response to HB 89.

Thank you for your consideration of our position.

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HOUSE COMMITTEE REPORT

(11)

Date Referred: February 8, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/28/89

The FINANCE Committee considered:

HB 90

HOUSE BILL NO. 90 [SCHOOL BUS SAFETY/LICENSING/WAGES]
"An Act relating to school bus safety and the wages and licensing of school bus drivers; and providing for an effective date."

RECOMMENDS:

- [x] replacing with CS HB 90 (Finance) [ ] the same title [ ] a new title
[ ] the attached amendment(s)
[ ] do pass
[ ] do not pass
[x] no recommendation
[ ] individual recommendations
[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [ ] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis

APPROVES PREVIOUS:

- [x] fiscal note(s) published: DOE 2/8/89
[x] zero fiscal notes(s) published: Labor 2/8/89

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

Koponen
Barnes

Larson
Swack-hammer
Brown
Ulmer
Shultz
Rieger
Wallis
Chairman's signature

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 90 (Trsp)

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
 Title: " An Act relating to school bus  
 safety and ... wages..."  
 Sponsor: House Labor & Commerce  
 Requestor: House Transportation

Agency Affected: Labor  
 BRU: Labor Standards & Safety  
 Components: Wage & Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452  
 Division: Labor Standards & Safety Date: 2/9/89

Approved by Commissioner: Jim Sampson Date: 2/9/89  
 Agency: Department of Labor

Distribution (by preparer) :  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Adopted

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Education  
 Title: School bus safety and the BRU: Education Finance and  
wages and licensing of school bus drivers Support Services  
 Sponsor: House L & C Components: District Support  
 Requestor: House L & C

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	25.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	25.0	5.0	5.0	5.0	5.0	5.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

FY91 Costs: Develop and print manuals and guidelines on safety education and evaluation procedures for students. Develop and print equipment standards for buses.

FY92 Costs: Update and print additional material on safety education for students. Update and print equipment standards for buses.

Prepared by: Mary Hakala Phone: 465-2800  
 Division: Commissioner's Office Date: 2/22/90

Approved by Commissioner: William G. Demmert Date: 2/22/90  
 Agency: Education

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 90 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to school bus safety and the wages  
7 and licensing of school bus drivers; and providing  
8 for an effective date."

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

10 \* Section 1. SHORT TITLE. This Act may be known as the Alaska School  
11 Bus Safety Act.

12 \* Sec. 2. AS 23.10.055(5) is amended to read:

13 (5) an individual employed by the United States or by the  
14 state or political subdivision of the state, except as provided in  
15 AS 23.10.065(b), including prisoners not on furlough detained or  
16 confined in prison facilities;

17 \* Sec. 3. AS 23.10.065 is amended to read:

18 Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of  
19 this section, an [AN] employer shall pay to each employee wages at a  
20 rate of not less than 50 cents an hour greater than the prevailing  
21 Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for  
22 hours worked in a pay period, whether the work is measured by time,  
23 piece, commission or otherwise. An employer may not apply tips or  
24 gratuities bestowed upon employees as a credit toward payment of the  
25 minimum hourly wage required by this section. Tip credit as defined  
26 by the Fair Labor Standards Act of 1938 as amended does not apply to  
27 the minimum wage established by this section.

28 \* Sec. 4. AS 23.10.065 is amended by adding new subsections to read:

29 (b) Subject to the limitation under (c) of this section, an

1 employer shall pay to each person employed as a public school bus  
2 driver wages at a rate of not less than two times the minimum wage  
3 established under (a) of this section, for hours worked in a pay  
4 period, whether work is measured by time, commission, or otherwise.  
5 An employer may not apply fringe benefits as a credit toward payment  
6 of the minimum wage established under this subsection.

7 (c) Notwithstanding (b) of this section, an employer who con-  
8 tracts with the Department of Education, a school district, or a  
9 regional educational attendance area to provide school bus transporta-  
10 tion services is not required to adjust school bus driver wages under  
11 (b) of this section, except when entering into or renewing the con-  
12 tract.

13 \* Sec. 5. AS 28.05 is amended by adding a new section to article 2 to  
14 read:

15 Sec. 28.05.104. SCHOOL BUSES. (a) Each school district or  
16 regional educational attendance area shall

17 (1) provide instruction on safe boarding, riding, exiting,  
18 and emergency procedures to school children transported to or from a  
19 public school by school bus; and

20 (2) conduct at least two drills each school year on school  
21 bus emergency procedures.

22 (b) The Department of Education, in coordination with the De-  
23 partment of Public Safety, shall

24 (1) establish equipment requirements for a school bus that  
25 is used to transport school children to or from a public school; and

26 (2) at least twice each calendar year, inspect each school  
27 bus for compliance with this subsection.

28 \* Sec. 6. AS 28.15.046(b) is amended to read:

29 (b) The department may not issue a license under this section

1 unless the applicant

2 (1) is at least 21 [19] years of age;

3 (2) has had a license to operate a motor vehicle at least  
4 three years [ONE YEAR] before the date of application;

5 (3) has successfully completed all required driving, writ-  
6 ten, and physical examinations;

7 (4) has submitted information sufficient to complete a  
8 background check consisting of a fingerprint check of national crimi-  
9 nal records and state criminal records of the state or states in which  
10 the applicant has resided for the past two years;

11 (5) has completed a state approved school bus driver train-  
12 ing course established under AS 14.07.020(a)(14) or has for the previ-  
13 ous two years been licensed by the state to operate a school bus.

14 \* Sec. 7. EXCEPTION FOR THOSE 19 YEARS OF AGE OR OLDER AS OF JANUARY 1,  
15 1989. Notwithstanding AS 28.15.046(b)(1), as amended in sec 6 of this Act,  
16 a person who is 19 years of age or older as of January 1, 1989, may be  
17 licensed as a school bus driver, if the person is otherwise qualified under  
18 AS 28.15.046.

19 \* Sec. 8. Section 5 of this Act takes effect January 1, 1990.

20 \* Sec. 9. Except for sec. 5, this Act takes effect September 1, 1989.

A M E N D M E N T # 1

OFFERED IN THE HOUSE

BY DONLEY

TO: CSHB 90 (Transportation)

Page 3, after line 13:

Insert a new bill section to read:

"\* Sec. 7. EXCEPTION FOR THOSE 19 YEARS OF AGE OR OLDER AS OF JANUARY 1, 1989. Notwithstanding AS 28.15.046(b)(1), as amended in sec 6 of this Act, a person who is 19 years of age or older as of January 1, 1989, may be licensed as a school bus driver, if the person is otherwise qualified under AS 28.15.046."

Renumber the following bill section accordingly.

A M E N D M E N T # 2

OFFERED IN THE HOUSE

BY DONLEY

TO: CSHB 90 (Transportation)

Page 3, after line 13:

Insert a new bill section to read:

"\* Sec. 7. Section 5 of this Act takes effect January 1, 1990."

Page 3, line 14:

Delete "\* Sec. 7. This"

Insert "\* Sec. 8. Except for sec. 5, this"

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



March 27, 1989

## M E M O R A N D U M

To: Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 90 - Alaska School Bus Safety Act

HB 90 sets a minimum wage for school bus drivers at two times the Alaska minimum wage or \$7.70 an hour, raises the minimum age and experience requirements for drivers, requires routine safety and mechanical inspections for school buses and establishes guidelines for school districts to teach school bus safety to Alaska's children.

HB 90 was introduced by the House Labor and Commerce Committee in response to concerns about the effect of wage reductions on the availability and professionalism of school bus drivers, the lack of standard safety and mechanical inspections for buses, and the lack of training in routine safety procedures for children riding school buses.

HB 90 has a small fiscal note from the Department of Education to prepare school bus safety materials. Funding for routine mechanical and safety inspections is already included in the pupil transportation budget.

There are two proposed amendments to HB 90 in your file. The first would "grandfather" in licensed drivers who are under the age of 21 on the effective date of this act, September 1, 1989. The second would delay the effective date for Section 5, requiring passenger safety instruction and routine inspections, until January 1, 1990 in order to give local school districts time to prepare and distribute educational material and guidelines for inspections.

Alaska's school children are currently at risk because of serious deficiencies in the manner in which we operate school buses in the state. HB 90 is a critical step in correcting that problem and will serve to protect our children by increasing the safety of our pupil transportation services.

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811


(907) 465-3892



February 7, 1989

## M E M O R A N D U M

To: Representative Lyman Hoffman, Co-Chair  
Representative Ron Larson, Co-Chair  
House Finance Committee

From: Representative Dave Donley, Chair   
House Labor and Commerce Committee

Re: Request for hearing - HB 90

I am writing to request that you schedule HB 90, relating to school bus safety, for a hearing before the House Finance Committee at your earliest convenience.

HB 90 is similar to HB 305, introduced last year by the House Labor and Commerce Committee. HB 305 passed both the House and the Senate. However, the bill was amended on the Senate floor and did not reach the House for final concurrence prior to adjournment, so the measure did not pass into law.

HB 90 establishes minimum wage and licensing requirements for Alaska school bus drivers. The measure provides for routine mechanical and safety inspections of school buses and requires instruction to passengers in school bus safety procedures. HB 90 applies only to public schools that contract for pupil transportation services, as per a Senate floor amendment added to HB 305 last year.

A House Transportation Committee CS for HB 90 passed out with a majority recommending do pass this morning. The CS made a technical amendment to Section 4 of the bill, specifically including REAA's in the language providing that the new wages and licensing requirements apply only to contracts that are renewed or initiated after the effective date of the act.

A referral file on HB 90 is attached for your convenience. Please contact Colette Jensen or Ginger Baim at 4954 if you have any questions or need additional information.

Enclosure

dd/gb

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

Chairman - Representative Dave Donley

(907) 465-3892

February 3, 1988

To: Representative Bette Cato, Chair  
Members, House Transportation Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 305 - School Bus Drivers

HB 305, relating to wages and required experience for school bus drivers, was introduced by the House Labor and Commerce Committee and is before the House Transportation today.

I've included a brief sectional analysis of HB 305 to aid in your deliberations today. HB 305 makes three substantial amendments to existing statute: 1) raises the age to obtain a school bus drivers license from 19 to 21, 2) raises the one year requirement for having an Alaska drivers license to two years and, 3) establishes a minimum wage for drivers at no less than two and one half times the federal minimum wage law (\$3.35/hour - \$3.85/hour in Alaska).

The House Labor and Commerce Committee introduced HB 305 in response to concerns about the continuing reduction in wages for school bus drivers and the potential effect on the quality and availability of qualified drivers. Most school bus drivers are employees of contractors who bid for pupil transportation services. Less than twenty percent of school bus drivers in Alaska are paid directly by a school district. Since most pupil transportation costs are fixed (i.e. gas, oil, tires, insurance, heat, lights, license fees, routine maintenance, and the buses themselves), reducing wages paid to drivers may be the only way for a contractor to place the winning bid. The House Labor and Commerce Committee felt that the compensation levels of school bus drivers must not be allowed to deteriorate because wages currently paid are at an absolute minimum to expect qualified and proficient applicants.

Last year, the Committee received the results of a brief telephone survey of wages paid to school bus drivers:

CITY	CONTRACTOR	ENTRY WAGE	TOP WAGE
KENAI	LAIIDLAW	\$8.10/HR	\$11.45/HR
MATSU/BOROUGH	TUNDKA TOURS	\$8.22/HR	\$10.40/HR
KODIAK	T.M.S.	\$9.50/HR	\$10.00/HR
FAIRBANKS	T.M.S.	\$8.50/HR	\$10.00/HR
ANCHORAGE	T.M.S.	\$7.50/HR	\$ 9.00/HR
ANCHORAGE	LAIIDLAW	\$8.22/HR	\$ 9.75/HR

Before deciding to introduce HB 305, our Committee heard arguments that there is no correlation between wages paid to school bus drivers and a good safety record. However, the Anchorage School district has suffered three student fatalities in the last four years, in three separate school bus accidents. In each case, the contractor was T.M.S. (Transportation & Marketing Systems).

The operation of a school bus is viewed by many as nothing more difficult than driving the family car. From a mechanical standpoint this may be true. However, from a safety standpoint it is not. A much greater level of proficiency must be required of our school bus drivers than we require from drivers who do not carry passengers, let alone a bus full of children.

In recognition of the greater degree of experience and proficiency required, the legislature recently adopted measures to substantially increase the required experience and training levels for school bus drivers. While this legislation imposed considerable costs on potential drivers, it did nothing to protect their wages and therefore helped to make bus driving a substantially less attractive job. The resulting increase in the turnover rate among drivers means wasted training dollars, potentially unsafe pressure on current employees, and an overall lower level of proficiency.

In order to correct errors in the current version of HB 305, I prepared two amendments for your consideration. The first would correct the effective date so that it reads September 1, 1988 instead of September 1, 1987. The second amendment corrects a drafting oversight so that the minimum wage requirements established under HB 305 apply to all school bus drivers, whether they are paid by a school district or through an independent contractor.

The House Labor and Commerce Committee believes that HB 305 reasonably and fairly addresses an important public safety issue. We support measures to increase the proficiency and experience level for school bus drivers and feel strongly that the best way to accomplish that goal and still maintain a pool of qualified, experienced drivers, is to guarantee that they receive no less than a livable wage.

February 7, 1989

We, the undersigned school bus operators, support House Bill 90 with modifications.

The attempt to attain a high level of safety for our school bus children that the State of Alaska desires, as evidenced in existing statutes and regulations which mandate a special licensing of school bus operators as professionals, and strives to inculcate professional competence, while mandatory, is flawed.

We believe that without a State mandated minimum wage level of 2.5 times the Alaska minimum wage, as opposed to the proposed 2 times the State minimum wage, it will be even more difficult to attract and retain school bus operators. Indeed as HB 90 is currently written the minimum wage would amount to \$7.70/hour which is below most entry levels presently existing in Alaska. The low wages create a high turnover in school bus operators and a loss of experienced operators which can only affect safe bus operations.

We are regarded and treated as quasi-faculty, and indeed are required to participate in district "In-Service Days" for professional growth training that includes child abuse intervention, first aide, substance abuse, pupil management, safe vehicle operations, and inter-personal relations. However, we find the caliber of people we can attract and retain with attributes and experience requisite for this profession to be limited by the existing and proposed wage levels. In fact we find that we, with whom Alaskans entrust the safe driving of their children, are paid less than those who drive the garbage trucks that transport their trash!

As a matter of safety we laud the Bill's mandating of State certification of school bus operators, for we take seriously the responsibility for the "precious cargo" that is ours.

We also praise and support the Bill's mandating of education for the children in being safe school bus riders. This aspect of school bus safety has been too long neglected. It is very important as we believe that a school bus with children aboard who are not aware that their actions could distract an operator at a moment that his or her full attention is needed to avoid an accident is an unsafe school bus.

As professionals in our field, we appreciate this Bill's addressing these aspects of school bus safety which have concerned us for so long. We hope you will consider our suggestion to increase this provision for a State minimum wage for school bus operators from 2 times to 2.5 times the State minimum wage which we believe will enable us to attract and retain experienced operators and maintain our State's high safety standards.

Sincerely,

Petition signature will follow by the end of the week. We are forwarding this portion to your office at this time for information prior to the meeting Feb. 7th, at 8:30 AM.

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SENATE COMMITTEE REPORT

FURTHER

5/5/89

DATE TURNED INTO OFFICE

5/9/89

Mr. President:

FINANCE

Committee considered

CSHB 90(Fin)

school bus safety and the wages and licensing of school bus drivers; efd.

and recommended

- replace with SCS CS HB 90 (Finance) )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

- FISCAL NOTE(S)  <sup>DO Labor</sup> zero  <sup>25.0 D6E</sup> fiscal impact  appropriation no FN
- new  updated  previous
- same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Chair signature and recommendation

[Signature] DO PASS

Committee Backup attached

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 90 (TRSP)  
PUBLISH DATE: HOUSE 2/8/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Labor  
Title: " An Act relating to school bus  
safety and ... wages..." BRU: Labor Standards & Safety  
Sponsor: House Labor & Commerce Components: Wage & Hour  
Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452  
Division: Labor Standards & Safety Date: 2/2/89

Approved by Commissioner: Jim Sampson Date: 2/2/89  
Agency: Department of Labor

Distribution (by preparer) :  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Education  
 Title: School bus safety and the BRU: Education Finance and  
wages and licensing of school bus drivers Support Services  
 Sponsor: House L & C Components: District Support  
 Requestor: House L & C

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
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CONTRACTUAL		25,000	5,000	5,000	5,000	5,000
SUPPLIES						
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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	25,000	5,000	5,000	5,000	5,000

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	25,000	5,000	5,000	5,000	5,000
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

FY90 Costs: Develop and print manuals and guidelines on safety education and evaluation procedures for students. Develop and print equipment standards for buses.

FY91-94 Costs: Update and print additional material on safety education for students. Update and print equipment standards for buses.

Prepared by: Mary Hakala Phone: 465-2300  
 Division: Commissioner's Office Date: 2-02-89

Approved by Commissioner: William G. Demmert Date: \_\_\_\_\_

Agency: Education

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Adopted

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 90 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to school bus safety and the wages  
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21 Federal Minimum Wage Law or \$2.60 an hour, whichever is greater, for  
22 hours worked in a pay period, whether the work is measured by time,  
23 piece, commission or otherwise. An employer may not apply tips or  
24 gratuities bestowed upon employees as a credit toward payment of the  
25 minimum hourly wage required by this section. Tip credit as defined  
26 by the Fair Labor Standards Act of 1938 as amended does not apply to  
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29 (b) Subject to the limitation under (c) of this section, an

1 employer shall pay to each person employed as a public school bus  
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3 established under (a) of this section, for hours worked in a pay  
4 period, whether work is measured by time, commission, or otherwise.  
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6 of the minimum wage established under this subsection.

7 (c) Notwithstanding (b) of this section, an employer who con-  
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9 regional educational attendance area to provide school bus transporta-  
10 tion services is not required to adjust school bus driver wages under  
11 (b) of this section, except when entering into or renewing the con-  
12 tract.

13 \* Sec. 5. AS 28.05 is amended by adding a new section to article 2 to  
14 read:

15 Sec. 28.05.104. SCHOOL BUSES. (a) Each school district or  
16 regional educational attendance area shall

17 (1) provide instruction on safe boarding, riding, exiting,  
18 and emergency procedures to school children transported to or from a  
19 public school by school bus;

20 (2) provide instruction to drivers and passengers on the  
21 proper use of seat belts, if school children in the district or area  
22 are transported in buses equipped with seat belts; and

23 (3) conduct at least three drills each school year in safe  
24 boarding, exiting, and emergency procedures; one drill must be con-  
25 ducted during the first three weeks of the school term.

26 (b) The Department of Education, in coordination with the De-  
27 partment of Public Safety, shall

28 (1) establish equipment requirements for each type of  
29 school bus that is used to transport school children to or from a

1 public school; equipment requirements must include interior flamabil-  
2 ity standards, number and location of emergency exits, seat-back  
3 height and padding requirements, and seat belt standards;

4 (2) at least twice each calendar year, inspect each school  
5 bus for compliance with this subsection; and

6 (3) maintain a record of each accident involving a school  
7 bus or other vehicle transporting school children that is owned,  
8 leased, or provided under contract to a school district or regional  
9 educational attendance area; the record must include the date of the  
10 accident, a list of persons injured, whether the person's injury  
11 occurred within the school bus, and each type of injury.

12 \* Sec. 6. AS 28.15.046(b) is amended to read:

13 (b) The department may not issue a license under this section  
14 unless the applicant

15 (1) is at least 21 [19] years of age;

16 (2) has had a license to operate a motor vehicle at least  
17 three years [ONE YEAR] before the date of application;

18 (3) has successfully completed all required driving, writ-  
19 ten, and physical examinations;

20 (4) has submitted information sufficient to complete a  
21 background check consisting of a fingerprint check of national crimi-  
22 nal records and state criminal records of the state or states in which  
23 the applicant has resided for the past two years;

24 (5) has completed a state approved school bus driver train-  
25 ing course established under AS 14.07.020(a)(14) or has for the previ-  
26 ous two years been licensed by the state to operate a school bus.

27 \* Sec. 7. EXCEPTION FOR THOSE 19 YEARS OF AGE OR OLDER AS OF JANUARY 1,  
28 1989. Notwithstanding AS 28.15.046(b)(1), as amended in sec 6 of this Act,  
29 a person who is 19 years of age or older as of January 1, 1989, may be

1 licensed as a school bus driver, if the person is otherwise qualified under  
2 AS 28.15.046.

3 \* Sec. 8. REPORT. The Department of Education shall report to the  
4 legislature by February 15, 1990, on the steps taken to implement AS 28.-  
5 05.104, added by sec. 5 of this Act, by school districts, regional educa-  
6 tional attendance areas, and the Department of Education.

7 \* Sec. 9. Section 5 of this Act takes effect January 1, 1990.

8 \* Sec. 10. Except for sec. 5, this Act takes effect September 1, 1989.

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FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Alaska Court System  
 Title: An Act relating to protection for BRU: Trial Courts  
certain public employees ...  
 Sponsor: Labor & Commerce Compositors: \_\_\_\_\_  
 Requestor: Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Funds	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

The State Affairs CS has no fiscal effect. This fiscal note is appropriate  
S Schubert

Prepared by: Jan Strandberg, General Counsel

Division: Alaska Court System

Phone: 264-8228

4-21-89 Date: 04/20/89

Approved by: Arthur H. Snowden, II, Administrative Director

Agency: Alaska Court System

Date: 04/20/89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)

Adopted

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An Act relating to protection BRU: Personnel  
for public employees  
 Sponsor: House Labor and Commerce Committee Components: Centralized Administrative Services  
 Requestor: House Labor and Commerce Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This bill would not require an additional appropriation.

*Changes made in the CS have no fiscal effect. This fiscal note is appropriate.*  
*S. Schubert*  
*4-21-89*

Prepared By: David K. E. Otto *DKE* Phone: 465-4450  
 Division: Personnel Date: 1-31-89

Approved by Commissioner: John M. Andrews *John Andrews* Date: 1-31-89  
 Agency: Department of Administration *Ed V. ...*

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Adopted

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 91 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to protection for certain public  
7 employees and certain other persons who report or  
8 participate in a proceeding connected with a matter  
9 of public concern."

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

11 \* Section 1. AS 39.90 is amended by adding new sections to read:

12 ARTICLE 2. PROTECTION FOR WHISTLEBLOWERS.

13 Sec. 39.90.100. PERSONS PROTECTED. (a) A public employer may  
14 not discharge, threaten, or otherwise discriminate against an employee  
15 regarding the employee's compensation, terms, conditions, location, or  
16 privileges of employment because

17 (1) the employee, or a person acting on behalf of the  
18 employee, reports to a public body or is about to report to a public  
19 body a matter of public concern; or

20 (2) the employee participates in a court action, an inves-  
21 tigation, a hearing, or an inquiry held by a public body on a matter  
22 of public concern.

23 (b) A public employer may not disqualify a public employee or  
24 other person who reports a matter of public concern or participates in  
25 a proceeding connected with a matter of public concern before a public  
26 body or court, because of the report or participation, from eligibili-  
27 ty to

28 (1) bid on contracts with the public employer;

29 (2) receive land under a law of the state or an ordinance

1 of the municipality; or

2 (3) receive another right, privilege, or benefit.

3 (c) The provisions of AS 39.90.100 - 39.90.150 do not

4 (1) require an employer to compensate an employee for  
5 participation in a court action or in an investigation, hearing, or  
6 inquiry by a public body;

7 (2) prohibit an employer from compensating an employee for  
8 participation in a court action or in an investigation, hearing, or  
9 inquiry by a public body;

10 (3) authorize the disclosure of information that is legally  
11 required to be kept confidential; or

12 (4) diminish or impair the rights of an employee under a  
13 collective bargaining agreement.

14 (d) An employer shall post notices and use other appropriate  
15 means to inform employees of their protections and obligations under  
16 AS 39.90.100 - 39.90.150.

17 Sec. 39.90.110. LIMITATION TO PROTECTIONS. (a) A person is not  
18 entitled to the protections under AS 39.90.100 - 39.90.150 unless the  
19 person

20 (1) reasonably believes that the information reported is or  
21 is about to become a matter of public concern; and

22 (2) reports the information in good faith.

23 (b) A person is entitled to the protections under AS 39.90.100 -  
24 39.90.150 only if the matter of public concern

25 (1) is not the result of conduct by the person seeking  
26 protection; or

27 (2) is the result of conduct by the person that was re-  
28 quired by the person's employer.

29 (c) As part of its written personnel policy, a public employer

1 may require that, before an employee initiates a report on a matter of  
2 public concern under AS 39.90.100, the employee shall submit a written  
3 report concerning the matter to the employer. However, the employee  
4 is not required to submit a report if the employee

5 (1) reasonably believes that reports to the employer will  
6 not result in prompt action to remedy the matter of public concern;

7 (2) believes with reasonable certainty that the activity,  
8 policy, or practice is already known to one or more supervisors;

9 (3) reasonably believes that an emergency is involved; or

10 (4) reasonably fears reprisal or discrimination as a result  
11 of disclosure.

12 Sec. 39.90.120. RELIEF AND PENALTIES. (a) A person who alleges  
13 a violation of AS 39.90.100 may bring a civil action and the court may  
14 grant appropriate relief, including punitive damages.

15 (b) A person who violates or attempts to violate AS 39.90.100 is  
16 also liable for a civil fine of not more than \$10,000. The attorney  
17 general may enforce this subsection.

18 (c) A person who attempts to prevent another person from making  
19 a report or participating in a matter under AS 39.90.100(a) with  
20 intent to impede or prevent a public inquiry on the matter is liable  
21 for a civil fine of not more than \$10,000.

22 Sec. 39.90.130. EXEMPTION FOR MUNICIPALITIES. A municipality is  
23 not required to comply with the provisions of AS 39.90.100 - 39.90.150  
24 if the municipality has adopted an ordinance that provides protections  
25 for its employees and other persons that are substantially similar to  
26 the protections under AS 39.90.100 - 39.90.150. Notwithstanding  
27 AS 29.25.070, the ordinance may provide for a civil penalty for viola-  
28 tion of the ordinance not to exceed \$10,000.

29 Sec. 39.90.140. DEFINITIONS. In AS 39.90.100 - 39.90.150

1           (1) "employee" or "public employee" means a person who  
2 performs a service for wages or other remuneration under a contract of  
3 hire, written or oral, express or implied, for a public employer;

4           (2) "employer" or "public employer" includes the state, a  
5 public or quasi-public corporation or authority established by state  
6 law, the University of Alaska, and a political subdivision of the  
7 state including a municipality, school district, and rural educational  
8 attendance area;

9           (3) "matter of public concern" means

10           (A) a violation of a state, federal, or municipal law,  
11 regulation, or ordinance;

12           (B) a danger to public health or safety;

13           (C) gross mismanagement, a substantial waste of funds,  
14 or a clear abuse of authority; or

15           (D) a matter accepted for investigation by the office  
16 of the ombudsman under AS 24.55.100 or 24.55.320;

17           (4) "public body" includes an officer or agency of

18           (A) the federal government;

19           (B) the state;

20           (C) a political subdivision of the state including

21               (i) a municipality;

22               (ii) a school district; and

23               (iii) a rural educational attendance area;

24           (D) a public or quasi-public corporation or authority  
25 established by state law including the Alaska Railroad Corpora-  
26 tion; and

27           (E) the University of Alaska.

28           Sec. 39.90.150. SHORT TITLE. AS 39.90.100 - 39.90.150 may be  
29 cited as the Alaska Whistleblower Act.



Position Paper  
CSHB 91 (SA)  
Whistle Blowers Protection

The Office of the Ombudsman strongly supports the passage of HB 91 as a positive effort to improve the administration of Alaska's government. This office worked with the House Judiciary Committee in the development of its committee substitute and concur with its provisions. This bill will provide better protections for Alaskans who seek to correct problems with state and local governments.

Whistle Blowers protection is not a new concept to Alaska Law. Last year, the Alaska Legislature again embraced the concept through the adoption of the act creating the Long Term Care Ombudsman (2ch 108 SLA 1988). This act covers not only state-operated long term care facilities but private facilities and landlords and contractors who may take retaliatory actions against someone making a complaint. State labor law (AS 23.10.135) provides for penalties to any employer who "discharges or in any other manner discriminates against an employee because the employee has filed a complaint . . ." relating to the Wage and Hour Act.

The Federal Civil Service Reform Act of 1979 originally created Whistle Blower protections for federal employees. This past month it was revised with new "teeth" and signed into law by President Bush. There had been concerns that not enough employees had been protected by the previous act. The revision allows the Office of Special Counsel (OSC) to stop or postpone detrimental personnel actions which may be retaliatory to federal employees. It also prevents disciplinary actions being taken during the course of an investigation. The Federal Merit System Protection Board reviews the actions of the OSC and provides time extensions for the protections.

#### **The Ombudsman's Interest**

The Ombudsman Act requires that the confidentiality of the names of complainants and witnesses involved in an investigation "except insofar as disclosures may be necessary . . . to support recommendations" be maintained. The act also provides a maximum penalty of \$1000 for a person who "willfully hinders the lawful actions of the ombudsman". The Ombudsman Act does not provide protections to those citizens, including state employees, who may either complain in good faith or provide testimony regarding one of our investigations.

This is an important issue for the Office of the Ombudsman. Lack of such protections has caused many citizens to withdraw apparently justified complaints when it became necessary for the ombudsman to release their names in order to "prove" information. Citizens have claimed to have not been hired for state jobs because of complaints made to the ombudsman. Several have claimed to have lost housing and other benefits because they complained. I have heard stories of people who believe that if they complain to the ombudsman they will lose a state benefit.

Few, if any, of these citizens would dare testify before the legislature in support of this measure because of their perceived fear of retaliation.

### Complaints to the Ombudsman Covered

It is not unusual for my office to receive calls from potential complainants who first ask "Do you offer Whistle Blower protection?" More often than not, even after we explain our confidentiality provisions, the citizen will either just hang up or refuse to let the issue be further pursued.

Lack of such protection generates anonymous letters with allegations describing various degrees of abuses of the public trust being sent to my office. Such letters cause a dilemma. Some letters are clearly "poison pen" letters intended as revengeful acts. Others are honest attempts to cause an investigation of an action the author perceives as improper. In these cases, the author is clearly afraid of retaliation either by an agency or a supervisor.

As a matter of policy, my office does not pursue anonymous complaints. On rare occasions, I do consider an ombudsman initiated complaint (as allowed by the Ombudsman Act) if solid evidence is offered and there is opportunity for third party verification of the allegation. I believe the passage of a measure offering adequate Whistle Blowers protection would reduce the number of anonymous complaints received by the Office of the Ombudsman.

I was involved with a situation where an employee was fired from a position with a public agency for complaining to the ombudsman about fraud and mismanagement. The agency, after becoming aware of the complaint, conducted an internal investigation and created a reason for dismissing our complainant. As a result, our complainant, who was a specialized professional and head of a household, was unemployed for a 2 1/2 year period. It appeared many potential employers wondered why the termination occurred and would not offer the person a position. The family was forced to seek help from Public Assistance. After filing a civil suit and suffering through prolonged negotiations, a settlement was reached.

I believe had HB 91 been enacted at that time, the public employer may not have terminated that employee. The Alaskan and family involved paid dearly for doing what a responsible citizen should do -- make a legitimate complaint to this office about governmental fraud. This person is not able to present testimony to you about the situation. They believe their settlement prevents such action.

Managers of that public agency were later prosecuted for their management abuses.

### Witness Protection

Over the past several months, my office has received a number of complaints alleging misconduct on the part of office supervisors. It has been necessary to depose several of the staff in those offices. As often as not, clerk's or other staff in lower pay ranges are deposed. They often have witnessed -- or have information on -- incidents of misconduct. I have had them report overhearing conversations where the supervisor being investigated believed the "clerk" was my complainant. The supervisors made comments they were going to "get" them for causing the "trouble".

In these complaints I issue subpoenas to provide witnesses a "legal excuse" for providing sworn testimony to my investigators. Despite the state's requirement for the witness to "tell the truth" there is little real protection for them when the witness returns to the work-place. There is an equity problem when a complaint may be found to be technically "unsupported" but later detrimental personnel actions are taken against employees who have provided what may have been embarrassing testimony involving their supervisor.

### **Protection from Specious Complaints**

Few argue the soundness of setting a public policy which protects those with the courage to come forward to "Blow the Whistle" on government officials who are abusing their position. After all, it is those within the government who are often the first to become aware of such abuses. This kind of legislation does create concern on the part of managers however. It is the fear that "bad" employees, or those about to be justifiably terminated, will file false charges in order to become sheltered by the protections of a "Whistle Blowers Act."

The House Committee substitute handles that problem well. It provides that matters accepted for investigation by the Office of the Ombudsman be considered a "matter of public concern" and subject to the protections of the act. This essentially requires the ombudsman perform a preliminary screening of a complaint and make a positive decision to accept it for investigation before the protections would take effect. This, in effect, prevents abuse by the filing of a last minute specious complaint with the ombudsman.

Section 39.90.110 of the measure also sets out other limitations for protections under the act. It should be noted that persons are required to make the complaint in good faith and, if an employee, must submit a written report to the employer concerning the matter. Employees are not required to file written reports if they reasonably fear reprisals or if an emergency exists.