

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SB 52 cont. - SB 56 599

190

1 (1) the court obtains a written waiver from the person;
2 (2) counsel, if any, consents; and
3 (3) the court determines that the waiver has been made
4 knowingly, voluntarily, and intelligently.

5 (e) The cost of providing the interpreter shall be borne accord-
6 ing to applicable court rule.

7 (f) A qualified interpreter may not, without the written consent
8 of the parties to the communication, be examined about

9 (1) any communication the interpreter interprets under
10 circumstances in which the communication is privileged; or

11 (2) any information the interpreter obtains while inter-
12 preting pertaining to any proceeding then pending.
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1 IN THE SENATE

BY DUNCAN, STURGULEWSKI
AND KERTTULA

2 SENATE BILL NO. 52

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 use of interpreters in crimi-
7 nal proceedings and in official proceedings of state
8 agencies; and amending Rule 604 of the Alaska Rules
9 of Evidence."

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

11 * Section 1. AS 12.80 is amended by adding a new section to read:

12 Sec. 12.80.060. RIGHT TO AN INTERPRETER. (a) A person who
13 cannot readily understand or communicate the spoken English language
14 who is charged with or convicted of a crime has a right to the servi-
15 ces of a qualified interpreter to assist

16 (1) in the person's defense throughout proceedings under
17 this title; and

18 (2) in the completion of documents required by or related
19 to proceedings under this title.

20 (b) When a person who is charged with or convicted of a crime
21 represents to a court an inability to understand or communicate the
22 spoken English language, or to read and understand documents that the
23 person is required to sign, in the absence of a waiver provided by the
24 person, the court shall appoint a qualified interpreter to assist the
25 person throughout the proceedings.

26 (c) When a witness in a proceeding under this title does not
27 understand and speak the English language, the court shall appoint a
28 qualified interpreter to interpret for the witness.

29 (d) The person accused of a crime may waive the right granted
S

1 under (a) of this section only if

2 (1) the court obtains a written waiver from the person;

3 (2) counsel, if any, consents; and

4 (3) the court determines that the waiver has been made
5 knowingly, voluntarily, and intelligently.

6 (e) The cost of providing the interpreter shall be borne accord-
7 ing to applicable court rule.

8 (f) A qualified interpreter may not, without the written consent
9 of the parties to the communication, be examined about

10 (1) any communication the interpreter interprets under
11 circumstances in which the communication is privileged; or

12 (2) any information the interpreter obtains while inter-
13 preting pertaining to any proceeding then pending.

14 (g) In this section, "qualified interpreter" means a person who
15 is readily able to interpret spoken and translate written English to
16 and for the person charged with the crime and to interpret or trans-
17 late statements by the person into English, and who is not otherwise
18 disqualified because of lack of impartiality.

19 * Sec. 2. AS 44.99 is amended by adding a new section to read:

20 Sec. 44.99.020. RIGHT TO AN INTERPRETER. (a) A person who
21 cannot readily understand or communicate the spoken English language
22 has a right to the services of a qualified interpreter to assist the
23 person throughout an official proceeding and to complete documents
24 required by or related to that proceeding.

25 (b) When a person who is a party in an official proceeding
26 represents to the presiding officer at an official proceeding an
27 inability to understand or communicate the spoken English language, or
28 to read and understand a document that the person is required to sign,
29 in the absence of a waiver provided by the person, the presiding

1 officer at the official proceeding shall appoint a qualified inter-
2 preter to assist the person throughout that proceeding.

3 (c) When a witness in an official proceeding does not understand
4 or speak the English language, the presiding officer at that proceed-
5 ing shall appoint a qualified interpreter to interpret for the wit-
6 ness. If the proceeding is not under oath, the presiding officer
7 shall allow a qualified interpreter to interpret for the witness.

8 (d) The presiding officer at an official proceeding may inquire
9 into the qualifications of a person who is to serve as an interpreter
10 and make a preliminary determination that the interpreter is able, in
11 the proceeding, to interpret accurately all communication to and from
12 the person or witness who requires the interpreter's services. The
13 determination must be based on the interpreter's

14 (1) education, certification, and experience in interpret-
15 ing in similar proceedings;

16 (2) understanding of the basic vocabulary of the languages
17 for which interpretation is required;

18 (3) understanding of the proceeding in which the inter-
19 preter is to participate; and

20 (4) impartiality.

21 (e) In the preliminary determination under (d) of this section,
22 a party or the party's representative may question the interpreter
23 about the interpreter's qualifications and impartiality.

24 (f) A person may not serve as an interpreter under this section
25 if the person

26 (1) is an employee of an agency that is a party in the
27 proceeding; or

28 (2) would serve both by appointment under (b) of this sec-
29 tion and as an interpreter sworn or allowed to serve under (c) of this

1 section.

2 (g) If the official proceeding is conducted under oath, a qual-
3 ified interpreter appointed under this section shall, before commenc-
4 ing upon the duties of an interpreter, take an oath that a true inter-
5 pretation will be made to the person being examined of all the offi-
6 cial proceedings in a language that the person understands, and that
7 the interpreter will repeat the statements of the person being ex-
8 amined to the persons conducting and participating in the proceeding
9 in the English language, to the best of the interpreter's skill and
10 judgment.

11 (h) A person may waive the right given in (a) of this section
12 only if

13 (1) the person executes a written waiver;

14 (2) counsel, if any, consents; and

15 (3) the presiding officer at the official proceeding deter-
16 mines that the waiver has been made knowingly, voluntarily, and intel-
17 ligently.

18 (i) An interpreter appointed or allowed to serve under this
19 section shall be adequately compensated for the services that the
20 interpreter performs and shall be reimbursed for standby time and
21 actual travel-related expenses. If the interpreter is appointed under
22 (b) of this section, the cost of providing the interpreter shall be
23 borne by the state. If the interpreter is appointed or allowed to
24 serve under (c) of this section, the cost of providing the interpreter
25 shall be borne by the party offering the witness.

26 (j) In this section

27 (1) "official proceeding" means a proceeding brought by or
28 against a state agency and heard before an administrative body or
29 official, including a proceeding under the Administrative Procedure

1 Act (AS 44.62);

2 (2) "qualified interpreter" means a person not disqualified
3 by (f) of this section, who is not otherwise disqualified because of
4 lack of impartiality, and who is readily able to interpret spoken and
5 translate written English to and for a party or witness in an official
6 proceeding and to interpret or translate statements by the party or
7 witness into English;

8 (3) "state agency" means a state administrative body,
9 board, commission, committee, subcommittee, authority, council, agen-
10 cy, or other organization, including subordinate units of these
11 groups, supported in whole or in part by state money or authorized to
12 spend state money.

13 * Sec. 3. AS 12.80.060(g), added by sec. 1 of this Act, has the effect
14 of amending Rule 604 of the Alaska Rules of Evidence by substituting
15 specific requirements for qualification as an interpreter in place of
16 qualification of the interpreter as an expert.

FISCAL NOTE

REQUEST:

Revision Date	<u>4/20/89</u>	Agency Affected:	<u>Alaska Court System</u>
Title:	<u>An Act relating to the use of Interpreters in criminal proceedings</u>	BRU:	<u>Trial Courts</u>
Sponsor:	<u>Duncan, Sturgulewski & Kerttula</u>	Components:	
Requestor:	<u>Judiciary</u>		

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

General Funds	0.0	0.0	0.0	0.0	0.0	0.0
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)

No fiscal impact.

Prepared by: Jan Stranberg, General Counsel
 Division: Alaska Court System
 Approved by: Arthur H. Snowden, II, Administrative Director
 Agency: Alaska Court System

Phone: 264-8228
 Date: 04/20/89
 Date: 04/20/89

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

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act relating to interpreters
 in criminal proceedings..."
 Sponsor: Senate Judiciary
 Requestor: Senate Judiciary

Agency Affected: Department of Law
 BRU: Prosecution, Legal Services
 Components: Prosecution - All
 Legal Services - Operations

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	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The Judiciary Committee substitute for SB 52 drops the requirement for interpreter services at administrative proceedings. For the reasons already stated in the department's fiscal note of February 10, 1989, there will not be a fiscal impact for the Department of Law.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: April 25, 1989
 Approved by Commissioner: Douglas B. Bailly, Attorney General Date: April 25, 1989
 Agency: Department of Law

Distribution (by preparer):

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 52 (a)
PUBLISH DATE: 4/26/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
Title: Regarding use of interpreters in BRU: _____
criminal and official proceedings
Sponsor: Duncan, et al. Components: _____
Requester: Senate Judiciary Committee

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	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Linda Wild, Special Assistant Phone: 465-2500
Division: Commissioner's Office Date: _____

Approved by Commissioner: Larry Mercurieff Phone: 465-2500
Agency: Department of Commerce & Economic Development Date: 3/2/89

Distribution (by preparer):

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

ANALYSIS:

Although the department does conduct certain hearings which fall under the provisions of this legislation (for example, admission and discipline hearings of the Division of Occupational Licensing, or public hearings of the Alaska Industrial Development and Export Authority), it would be speculative at this time to attempt to attach a cost for such proceedings. If enactment of this legislation should result in increased costs to the department in the future, the department would seek additional funding through the standard budget process.

STATE OF ALASKA 1989 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: Bill Version: SB 52 (b)
 Publish Date: 4/26/89

Revision Date: Agency Affected: Alaska Court System
 Title: An act relating to the use of BRU: Trial Courts
 interpreters in criminal proceedings
 Sponsor: Duncan, Sturgulewski, ... Components:
 Requestor:

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
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL

REVENUE

FUNDING: (Thousands of Dollars)

General Funds	0.0	0.0	0.0	0.0	0.0	0.0
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)

No fiscal impact.

Prepared by: *Jan Strandberg*
 Jan Strandberg, General Counsel Phone: 264-8228
 Division: Alaska Court System Date: 02/15/89

Approved by: *Stephanie Cole, for*
 Arthur H. Snowden, II, Administrative Director Date: 02/15/89
 Agency: Alaska Court System

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Use of Interpreters In Criminal
... and In Official Proceedings BRU: _____
 Sponsor: Duncan, Sturgulewski, & Kerttula Components: _____
 Requestor: Senate 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						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 3/6/89
 Approved by Commissioner: William G. Demmert Date: 3/6/89
 Agency: Education

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DEC
 Title: An Act relating to use of
interpreters BRU: _____
 Sponsor: Senator Duncan Components: _____
 Requestor: Senate Finance

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	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Current agency policy would call for interpreters in the circumstances described in the bill. No fiscal impact.

Prepared by: Amy D. Kille *ADK* Phone: 465-2600
 Division: Commissioner's Office Date: 6 March 89

Approved by Commissioner: [Signature] Date: April 7 1989
 Agency: Department of Environmental Conservation

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 52 (e)
PUBLISH DATE: 4/26/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "An act relating to the use
of interpreters.....in official proceedings..." BRU: All
 Sponsor: Duncan, Sturgulewski, & Kerttula Components: All
 Requestor: Senate Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		9.3	13.0	13.0	13.0	13.0
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	9.3	13.0	13.0	13.0	13.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		9.3	13.0	13.0	13.0	13.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	9.3	13.0	13.0	13.0	13.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

We estimate interpreters would be needed in 12 hearings held by the Department of Labor in FY 90. Seven of those hearings would be for Workers' Compensation cases, which each require about 40 hours of time for preparation and hearing. The other five cases would be for various programs in the department, and would average two hours each. Therefore, at a cost of \$32.00/ hour for certified interpreters, the total cost in FY 90 would be \$9.3. The number of Workers' Compensation cases requiring an interpreter is expected to rise to 10 per year after FY 90, once the law becomes well known to affected parties. An effective date of July 1, 1989 is assumed.

Prepared by: Jim Sampson, Commissioner Phone: 465-2700
 Division: _____ Date: 3/7/89

Approved by Commissioner: Jim Sampson Date: 3/7/89
 Agency: Department of Labor

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to interpreters
in criminal...official proceedings..."
Sponsor: Senator Duncan
Requestor: Senator Duncan

Agency Affected: Department of Law
BRU: Prosecution, Legal Services
Components: Prosecution - All
Legal Services - Operations

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	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: February 10, 1989
 Approved by Commissioner: Grace Bere Scheible, Atty. Gen. Date: February 10, 1989
 Agency: Department of Law

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 52

Section 1 of this bill amends AS 12.60 to establish a right to an interpreter for a person who cannot readily understand or communicate the spoken english language who is charged with or convicted of a crime. The court would appoint a qualified interpreter to assist the person's defense throughout the criminal proceeding, and to assist the person in the completion of documents required by or related to the criminal proceedings, whenever the person represented by the court his or her inability to understand or communicate the spoken english language, absent a waiver provided by the person. The court would also appoint a qualified interpreter to assist a witness in a criminal proceeding when the witness does not understand and speak the english language. The bill provides that the cost of providing interpreters, under the section, shall be borne in accordance with the applicable court rule.

Court Administrative Rule 6(b) requires that the cost for interpreters shall be bore by the party requiring them. Consequently, the cost of interpreters needed by the defense for a defendant or witnesses, would be borne by the defense. Likewise, the cost of interpreters needed for witnesses called by the prosecution, would be borne by the prosecution. This has been a standard procedure since August 1, 1987 when Alaska Supreme Court Order 812 amended Administrative Rule 6(b), and when the court system transferred some of its interpreter funds to the Department of Law and the Public Defender Agency to accomplish this purpose. Consequently, this section should not have a fiscal impact on the Department of Law.

Section 2 of the bill amends AS 44.99 by adding a new section that establishes a right to an interpreter for a person who cannot readily understand or communicate the spoken english language, who is a party in a proceeding brought by or against a state agency and heard before an administrative body or official, including a proceeding under the Administrative Procedure Act. The bill further provides that the cost of interpreters for a party to the proceeding shall be borne by the state. When it is necessary to provide an interpreter to assist a witness in an administrative proceeding, the cost would be borne by the party offering the witness. Although the Department of Law often represents the staff of other state agencies in administrative proceedings, it rarely conducts proceedings of its own. Therefore, any costs for interpreters that would become the responsibility of the state, under this section, would be borne by those state agencies that conduct hearings. Consequently, this section will not have a fiscal impact on the Department of Law.

FISCAL NOTE

REQUEST:

Revision Date: March 6, 1989
Title: An act relating to the
use of interpreters
Sponsor: Senator Duncan
Requestor: Senate Judiciary

Agency Affected: Military & Veterans Affairs
BRU: _____
Components: _____

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	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There will be no fiscal impact on DMVA as a result of enactment of this bill.

Prepared by: Jeff Morrison, Director
Division: Administrative & Support Services, DMVA

Phone: 465-4600
Date: March 6, 1989

Approved by Commissioner: for MG John Schaeffer
Agency: Department of Military & Veterans Affairs

Date: March 6, 1989

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Use of interpreters in criminal and official proceedings.

Agency Affected: Public Assistance
BRU: Public Assistance Administration

Sponsor: Duncan, Sturgulewski, Kerttula
Requestor: _____

Components: Eligibility Determination

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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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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)

Prepared by: John R. Taber, Director
Division: Public Assistance

Phone: 465-3347
Date: 2/2/89

Approved by Commissioner: Maria K. Mikkonen
Agency: Department of Health & Social Services

Date: 3/7/89

Distribution (by preparer):

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 52 (i)
PUBLISH DATE: 4/26/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Public Safety
Title: The use of interpreters in
criminal and official proceedings BRU: Alaska State Troopers
Sponsor: Senator Duncan Component: Detachments and C.I.B.
Requestor: Senate Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

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	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
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)

No fiscal impact anticipated.

JW
3/17/89 Prepared by: Francis C. Allan
Division: Alaska State Troopers

Phone: 269-5691
Date: 3/06/89

Approved by Commissioner: *S. U. H. H.* Arthur English
Agency: Department of Public Safety

Date: 3/06/89

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

March 6, 1989

The Honorable Jan Faiks
Chair, Senate Judiciary Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Subject: Senate Bill 52, relating to the use of interpreters in criminal proceedings and official proceedings of state agencies.

Position: While the department makes every effort to clearly communicate with local residents and, on occasion, hires interpreters for public meetings and hearings, we are very concerned about the possible effects of this bill on the state's oil and gas lease sale, mineral sale, and land sale programs. This bill could make it impractical to hold public meetings, hearings, land lotteries, etc., and could disrupt the state's oil and gas leasing schedule.

Background: Current land and resource statutes allow for or require public meetings for oil and gas lease sales in three separate instances.

AS 38.05.035 allows the department to conduct public meetings, as necessary, after the release of the preliminary "best interest" finding for an oil and gas lease sale or other disposition of interest in state land. Local communities are contacted and, if residents near the sale area so desire, public meetings or teleconferences are held. If local residents indicate the need, we will attempt to hire interpreters for these meetings. It is often difficult, however, to locate an available interpreter.

- o AS 38.05.946 requires a representative of the commissioner to attend public hearings that are requested and conducted by a municipality or corporation entitled to receive notice under AS 38.05.945. The local entity must organize and pay for the meeting and would need to hire and pay for any required interpreters.

March 6, 1989

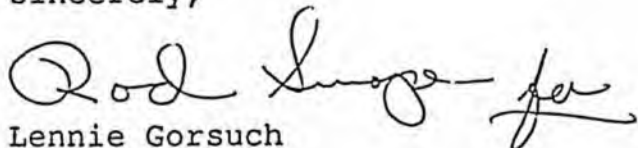
- o As 38.05.180(d)(2) requires the department to conduct a public hearing for exempt oil and gas lease sales to determine that leasing the land would likely result in early evaluation and development. It could be necessary to hire interpreters for these hearings.

While the potential fiscal impact on the department from the requirement to hire interpreters could be significant, the most serious impact would be the disruption of the state's oil and gas leasing program. If, at a public meeting or hearing held by the department, a person needing an interpreter came forward to testify, the meeting or hearing would need to be stopped until a qualified interpreter could be hired. Depending on the location of the meeting, it could take days to locate and hire an interpreter. In addition, more than one interpreter might be needed for an event. If the sale process was delayed long enough by the search for interpreters, the sale itself might need to be delayed or cancelled.

Recommendation: Amend the bill to allow official state agency proceedings to legally continue if an interpreter cannot readily be provided.

Please let me know if you would like additional information related to this bill.

Sincerely,



Lennie Gorsuch
Commissioner

cc: Senate Judiciary Committee
Senator Jim Duncan
Senator Arliss Sturgulewski
Senator Jay Kerttula
Denby Lloyd, Special Staff Assistant
Office of the Governor
Bob Evans, Legislative Liaison
Office of the Governor
Jim Eason, Director
Division of Oil and Gas
Gary Gustafson, Director
Division of Land and Water Management
Jerry Gallagher, Director
Division of Mining



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Administration	BILL NUMBER SB52	SPONSOR Duncan, Sturgulewski, Kertulla
SHORT TITLE OF BILL "An act relating to the use of interpreters..."			
DEPARTMENT POSITION Recommend passage			
PREPARED BY Beverly Reaume	DATE 03/06/89	COMMISSIONER'S SIGNATURE <i>Ronell Selensworth</i>	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL All	CONSTITUENT GROUPS AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

ANALYSIS OF BILL/PROGRAM EFFECTS

Fish and Game uses interpreters in many situations involving village residents. This bill would expand that need.

AMENDMENTS PROPOSED

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

FISCAL NOTE

REQUEST

Revision Date: _____
Title: Use of interpreters in criminal and official proceedings of state
Sponsor: Duncan, Sturgulewski, Kerttula
Requestor: _____

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	3.8	3.8	3.8	3.8	3.8
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & 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-	3.8	3.8	3.8	3.8	3.8
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-
PERMANENT FUND	-0-	3.8	3.8	3.8	3.8	3.8
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: Approximately 25 informal conference appeal hearings appellants each year have difficulty with spoken or written English, and would request an interpreter. Contractual expenses at \$150/day per for interpreter services X 25 hearings = \$3,750.

Prepared By: Ervin Jones Phone: 465-2323
Division: Permanent Fund Dividend Division Date: March 7, 1989

Approved by Commissioner: Hugh Malve Date: 3/7/89
Agency: Revenue

Distribution (by preparer):

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

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MAR 10 1989

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act relating to the use of
interpretators..."
Sponsor: Duncan, Sturgulewski, Kertulla
Requestor: _____

Agency Affected: Fish and Game
BRU: All
Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		3.0	3.0	3.0	3.0	3.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		3.0	3.0	3.0	3.0	3.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		3.0	3.0	3.0	3.0	3.0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Although Fish and Game already uses interpretators in a number of cases, this bill would expand that need.

Prepared by: Beverly Reaume Phone: 465-4120
Division: Administration Date: 03/06/89

Approved by Commissioner: *Duncan* Date: 03/06/89
Agency: Fish and Game

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

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MAR 6 1989

1007

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 52
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 7-Mar-89 Agency Affected: Natural Resources
Title: Use of Interpreters in Official BRU: Land & Water, Petroleum Mgmt,
Proceedings of State Agencies Mining Mgmt
Sponsor: Duncan, Sturgutewski, Kertulla Components: Land & Water Mgmt,
Requestor: Senate Judiciary Petroleum Mgmt, Mining Mgmt

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL		5.0	5.0	5.0	5.0	5.0
CONTRACTUAL		5.0	5.0	5.0	5.0	5.0
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	10.0	10.0	10.0	10.0	10.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	10.0	10.0	10.0	10.0	10.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	10.0	10.0	10.0	10.0	10.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Official public hearings required for activities such as oil and gas lease sales, land disposals, mineral disposals, etc. could be subject to the requirements of this bill. The cost of an interpreter is estimated to be \$500 for salary and \$500 for travel. We estimate at least 10 events per year requiring an interpreter, under this bill.

Prepared by: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 7-Mar-89
Approved by Commissioner: Lennie Gorsuch Date: 7-Mar-89
Agency: Department of Natural Resources

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

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MAR 8 1989

FISCAL NOTE

REQUEST:

Revision Date	<u>4/20/89</u>	Agency Affected:	<u>Alaska Court System</u>
Title:	<u>An Act relating to the use of</u>	BRU:	<u>Trial Courts</u>
	<u>Interpreters in criminal proceedings</u>		
Sponsor:	<u>Duncan, Sturgulewski & Kerttula</u>	Components:	
Requestor:	<u>Judiciary</u>		

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

General Funds	0.0	0.0	0.0	0.0	0.0	0.0
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)

No fiscal impact.

Prepared by: Jan Strandberg, General Counsel
 Division: Alaska Court System
 Approved by: Arthur H. Snowden, II, Administrative Director
 Agency: Alaska Court System

Phone: 264-8228
 Date: 04/26/89
 Date: 04/26/89

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

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 MAY 1 1989

1/8/90 SFC
Updated

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSSB 52 (Jud)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: The use of interpreters in
criminal and official proceedings
Sponsor: Senator Duncan
Requestor: Senate Finance

Agency Affected: Public Safety
BRU: Alaska State Troopers
Component: Detachments and C.I.B.

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER/PROG RCPT						
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)

No fiscal impact anticipated.

Prepared by: Francis C. Allan
Division: Alaska State Troopers
Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Phone: 269-5691
Date: 12/19/89
Date: 1-8-90
Page 1 of 1

MA
12/22/89

S

B

5

3

SENATE FINANCE COMMITTEE REPORT

DATE: 3/30/90

FURTHER:

DATE TURNED INTO OFFICE: 4/5/90

The Finance Committee considered

SB 53

Post-retirement pension adjustments in the teacher's retirement system; efd.

and recommended:

^{ADOPT} ~~replace~~ with _____ CS SB 53 (HESS) same title
 or adopt _____ CS _____ new title
 attached amendment(s) technical
 _____ letter of intent adopted title change
(HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) _____ Dept/Date: DOA 3/23/90
Other: 333.9 (Teacher's Retirement Fund)

zero fiscal note(s) _____

SIGNING DO PASS:

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

OTHER RECOMMENDATIONS:

[Signature] (DO PASS)

1. _____

2. _____

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to Post Retirement Pension Adjustments in TRS BRU: Retirement and Benefits
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	55.5	55.5	55.5	55.5	55.5	55.5
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	233.7	.3	.3	.3	.3	.3
SUPPLIES	.2	.1	.1	.1	.1	.1
EQUIPMENT	44.5	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	333.9	55.9	55.9	55.9	55.9	55.9
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	333.9	55.9	55.9	55.9	55.9	55.9
TOTAL	333.9	55.9	55.9	55.9	55.9	55.9

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) ~~THESE ADMINISTRATIVE COSTS WILL BE~~

~~BORNE BY THE TEACHERS' RETIREMENT FUND. THEY WILL NOT IMPACT THE GENERAL FUND.~~

Please refer to page 2 for a detailed discussion of the administrative costs.

THIS BILL IS ESTIMATED TO SAVE THE STATE \$29.1 IN PERSONAL SERVICES COSTS IN FY 91 AND EACH YEAR THEREAFTER. THIS BILL IS ESTIMATED TO SAVE SCHOOL DISTRICTS \$172.1 IN PERSONAL SERVICES COSTS IN FY 91 AND EACH YEAR THEREAFTER. Please refer to page 3 for discussion.

Prepared by: Sally Smith, Director Phone: 465-4460
 Division: Retirement and Benefits Date: 3/22/90

Approved by Commissioner: Frank S. Baxter Date: 3/23/90
 Agency: Department of Administration

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

Committee Substitute for Senate Bill 53
Fiscal Note - Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
March 9, 1990

Analysis: This bill would establish a pre-funded automatic post retirement pension adjustment (PRPA) and several other cost containment measures in the Teachers' Retirement Systems (TRS). A savings to employers of \$200,000 each year is estimated, after considering the costs for automated systems enhancements and ongoing maintenance.

The PRPA would be granted from July 1 of each year if the Consumer Price Index for Anchorage (CPI-W) increased during the prior calendar year. The bill would also increase the benefit formula to encourage members who accumulate 20 years of membership service to continue teaching. The cost containment provisions implemented by this bill would parallel the Public Employees Retirement System.

The total estimated administrative cost to the division of \$333.9 for F-Y 91 is for personal and contractual services. During the first year, a permanent programmer/analyst IV would develop the changes to the TRS automated system in cooperation with a firm contracted to assist. In the second and subsequent years the A/P IV would complete the project and provide ongoing maintenance for the automatic PRPA system and benefit calculation systems for both the TRS and the Public Employees Retirement System. Current staff would not be able to absorb this increased workload.

Committee Substitute for Senate Bill 53
 Analysis of Financial Impact to the Retirement Fund
 Prepared by Division of Retirement & Benefits
 Department of Administration
 March 9, 1990

Analysis: This bill would decrease the state Teachers' Retirement System (TRS) contribution rate by 0.05% in FY 91. The state TRS payroll is estimated to be \$58,159,258 in FY 91 and remain stable thereafter.

The state savings of \$29,080 are calculated as follows:

Department of Education FY 91 estimated salary	\$5,673,729
Decrease in TRS rate	X <u>0.05%</u>
Total savings.....	\$ 2,837

University of Alaska FY 91 estimated salary	\$52,485,529
Decrease in TRS rate	X <u>0.05%</u>
Total savings.....	\$ 26,243

<u>TOTAL STATE SAVINGS...</u>	<u>\$29,080</u>
-------------------------------	-----------------

In addition to these state savings, the school districts' contribution rates would likely decrease by 0.05% in FY 91. The school districts' salaries are estimated to be \$ 344,238,828 in FY 91 and remain stable each year thereafter.

The school districts' savings of \$103,272 are calculated as follows:

School district FY 91 estimated salaries	\$344,238,828
Decrease in TRS rate	X <u>0.05%</u>

TOTAL SCHOOL DISTRICT SAVINGS...	<u>\$172,119</u>
----------------------------------	------------------

Passage of this bill will have no measurable impact on the TRS unfunded liability. It will not affect the TRS funding ratio.

Position Title Analyst/Programmer IV		No. of Positions 1	Range/Step 19A	Barg. Unit GG
Time Status PE/FT	Staff Months 12.0	Location Juneau		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	40,032			
Benefits	15,480			
Premium Pay				
Other				
Total Personal Services		55,512		
Travel		0		
Contractual		350		
Commodities		100		
Equipment		22,250		
Other				
Total Cost		79,212		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other	Teachers' Retirement 10.4	79,212		

Justification
This position will be responsible for the analysis, design, programming, implementation, maintenance, and enhancement of systems and subsystems mandated by CSSB 53. This includes tracking and overseeing contract analyst/programmer work during the first year of the development effort, continuing development to completion in the second or third year, interfacing and maintaining interfaces of the newly developed systems with all other State systems and other systems as appropriate, and maintaining all systems developed by this project as they become operational.

8/6B1/030709-0
**Request For
New Position**

Agency Administration
BRU Retirement and Benefits
Component Retirement and Benefits

Page 4 of 4
Revised Date

FY 91

1990 LEGISLATION
POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Division Retirement and Benefits Bill Number CS SB 53

Bill Title An Act relating to Post Retirement Pension Adjustment to TRS.

Position Statement: Explain briefly what bill does, its impacts and Departments' position, i.e. a) support, b) do not support, c) neutral or d) oppose.

SB 53 provides a tremendous opportunity to guarantee teachers that retirement benefits will keep pace with cost-of-living increases, and at the same time, guarantee employers of a related reduction in employer contributions.

This Committee Substitute was developed to provide retired teachers with an automatic, pre-funded, post retirement pension adjustment (PRPA) and an increased benefit multiplier. Cost containment provisions are included to off-set the pre-funding expense.

The current ad hoc PRPA was established on a pay-as-you-go basis. Every time an ad hoc PRPA is issued, the system's unfunded liability is increased, which, in turn, increases the employers' contribution rate--after the fact. The most important aspect of this bill is that it provides for prefunding the PRPAs. The funding of future PRPAs would be incorporated into the plan, with monies set aside in advance. Employer contribution rates would no longer have to "react" to a pension adjustment, and retirees could enjoy some retirement security.

If passed, effective January 1, 1991 teachers' contributions would increase from 7% to 8.65% of salary. These contributions would be with pre-tax, instead of the current after-tax, dollars. Additionally, for those teachers first hired after this bill's effective date, the following provisions would apply:

1. depending on age, each will share in the cost of the health premium after retirement. (For those already hired, the premium is fully paid);
2. none will be eligible for the Alaska cost of living allowance (COLA) until age 65. If the retiree is an Alaska resident, the COLA is an additional 10% of the retirement benefit; and

3. normal retirement age will be 60 instead of 55.

There are administrative costs to implement the provisions of the bill. These costs would be funded by an appropriation from the Teachers' Retirement System; no general fund monies are needed. On the other hand, employer contributions are made with the support of general fund dollars. Under this legislation the employer contribution rate would be REDUCED by .05%, saving an estimated \$200 thousand each year.

The Department of Administration and the Division of Retirement and Benefits fully support this legislation. It responsibly adjusts the priorities to ensure an automatic pension adjustment for living cost increases. This enhancement should serve well to attract and retain the best of the teaching profession.

APPROVED:

Director Sally Smith Division Retirement and Benefits

Signature *Sally Smith* Date 3/23/90

Commissioner Frank S. Baxter

Signature *Frank S. Baxter* Date 3/23/90

(For more information, call Sioux Plummer 465-2200)

Rev. 12/89

R/O SFC 4-5-90

Offered: 3/22/90
Referred: State Affairs and Finance

6-0181D

Original sponsor(s): SEN. DUNCAN, Zharoff, Kerttula, Sturgulewski, Kelly

1 IN THE SENATE BY THE HESS COMMITTEE

2 CS FOR SENATE BILL NO. 53 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system;
7 and providing for an effective date."

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

9 * Section 1. AS 14.25.050(a) is amended to read:

10 (a) Beginning January 1, 1991 [JULY 1, 1970], each teacher shall
11 contribute to the system an amount equal to 8.65 [SEVEN] percent of
12 the teacher's base salary accrued from July 1 to the following
13 June 30. The employer shall deduct the contribution from the teach-
14 er's salary at the end of each payroll period. The contributions
15 shall be deducted from employee compensation before the computation of
16 applicable federal taxes and shall be treated as employer contribu-
17 tions under 26 U.S.C. 414(h)(2).

18 * Sec. 2. AS 14.25.060(c) is amended to read:

19 (a) If a member first joined the service before July 1, 1990,
20 and has military service or Alaska Bureau of Indian Affairs (BIA)
21 service, or if a member joined the system before July 1, 1978, and has
22 creditable outside service, the member is indebted to the system as
23 follows:

24 (1) At the time of first becoming a member of the system,
25 the arrearage indebtedness is seven percent of the base salary multi-
26 plied by the total number of years of creditable outside, military,
27 and Alaska BIA service. The administrator shall add compound interest
28 at the rate prescribed by regulation to the arrearage indebtedness
29 beginning July 1, 1963, or at the time the member first becomes

09-2-14 04019

1 eligible to claim the service, whichever is later, to the date of
2 payment or the date of retirement, whichever occurs first.

3 (2) If a member terminates from the system and is subse-
4 quently reemployed as a member, the arrearage indebtedness to the
5 system for outside, military, or Alaska BIA service accumulated in the
6 interim is seven percent of the base salary upon reentering membership
7 service, multiplied by the number of years of interim outside, mili-
8 tary, and Alaska BIA service. Compound interest at the rate pre-
9 scribed by regulation shall be added to the arrearage indebtedness
10 beginning July 1, 1963, or the date of reemployment as a member,
11 whichever is later, to the date of payment or the date of retirement,
12 whichever occurs first.

13 * Sec. 3. AS 14.25.060 is amended by adding a new subsection to read:

14 (d) If a member first joined the system on or after July 1,
15 1990, and has military service or Alaska BIA service, the member's
16 indebtedness shall be determined under (a) of this section except that
17 the percentage multiplier is 8.65 percent.

18 * Sec. 4. AS 14.25.100(a) is amended to read:

19 (a) A member who served as an active member of the armed forces
20 of the United States may receive credited service under this system up
21 to a maximum of five years if the member received a discharge under
22 honorable conditions and is not entitled to receive retirement bene-
23 fits from the United States government for the same service. Each 12
24 months of military service equals one school year, and lesser military
25 periods will be determined for credit purposes in a proportionate
26 ratio to a year. [TO RECEIVE CREDITED SERVICE UNDER THIS SECTION, THE
27 MEMBER MUST HAVE RECEIVED A DISCHARGE OTHER THAN DISHONORABLE.]
28 Credit for service in the armed forces shall be granted only if the
29 member makes contributions for the service in the same manner as

1 required for outside service under AS 14.25.060. The military service
2 credited under this section shall be included in the 10-year limita-
3 tion of outside service as specified in AS 14.25.060, except if entry
4 into the armed forces is immediately preceded by Alaska membership
5 service and following discharge is continued by Alaska membership
6 service within one year thereafter, service may not be counted for
7 purposes of determining the applicability of the 10-year limitation on
8 outside service.

9 * Sec. 5. 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 60 [55] years and has at least
16 eight years of membership service;

17 (3) has attained the age of 60 [55] years, has at least
18 five years of membership service, and has at least three years of
19 Alaska 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 at least one-half year of membership service as a
27 part-time teacher for each of 20 school years.

28 * Sec. 6. AS 14.25.110(b) is amended to read:

29 (b) Subject to AS 14.25.167, a member is eligible for an early

1 retirement benefit upon completing [ANY ONE OF] the service require-
2 ments in (a)(1) [, (2), OR (3)] of this section and attaining the age
3 of 50 years or upon completing the service requirements in (a)(2) or
4 (3) of this section and attaining the age of 55 years.

5 * Sec. 7. AS 14.25.110(d) is amended to read:

6 (d) The monthly amount of a retirement benefit for a member who
7 has paid the full amount of any indebtedness is one-twelfth [TWO
8 PERCENT] of the member's average base salary during any three school
9 years of membership service multiplied by

10 (1) two percent of [TIMES] the years of credited service
11 earned before June 30, 1990, including credited fractional years, and
12 the years of credited service through a total of 20 years; plus

13 (2) two and one-half percent of the years of credited
14 service earned after June 30, 1990, that are more than 20 years of
15 total credited service [DIVIDED BY 12. AN ACTUARIAL ADJUSTMENT MUST
16 BE MADE FOR EARLY RETIREMENT].

17 * Sec. 8. AS 14.25.110 is amended by adding a new subsection to read:

18 (j) An actuarial adjustment must be made to benefits payable
19 under (d) of this section for early retirement.

20 * Sec. 9. AS 14.25.125(a) is amended to read:

21 (a) Subject to AS 14.25.167, a member is eligible for a normal
22 retirement salary at age 60 [55] with at least two years membership
23 service if the member also is eligible for a normal retirement benefit
24 under the public employees' retirement system (AS 39.35).

25 * Sec. 10. AS 14.25.125(b) is amended to read:

26 (b) Subject to AS 14.25.167, a member is eligible for an early
27 retirement salary at age 55 [50] with at least two years of membership
28 service if the member also is eligible for an early retirement benefit
29 under the public employees' retirement system (AS 39.35).

1 * Sec. 11. AS 14.25.142(a) is amended to read:

2 (a) While residing in the state, a person receiving a benefit
3 under this chapter who is at least 65 years of age or who is receiving
4 a disability benefit under this chapter is entitled to receive a
5 monthly cost-of-living [COST OF LIVING] allowance in addition to the
6 basic benefit. The amount of this allowance is 10 percent of the
7 basic benefit.

8 * Sec. 12. AS 14.25.143 is repealed and reenacted to read:

9 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) Once
10 each year, the administrator shall increase benefit payments to eligi-
11 ble disabled members, to persons age 60 or older receiving benefits
12 under this system in the preceding calendar year, and to persons who
13 have received benefits under this system for at least eight years who
14 are not otherwise eligible for an increase under this section.

15 (b) The increase in benefit payments applies to total benefit
16 payments except for the cost-of-living allowance under AS 14.25.142.
17 The amount of the increase is a percentage of the current benefit
18 equal to

19 (1) the lesser of 75 percent of the increase in the cost of
20 living in the preceding calendar year or nine percent, for recipients
21 who on July 1 are at least 65 years old and for members receiving
22 disability benefits; and

23 (2) the lesser of 50 percent of the increase in the cost of
24 living in the preceding calendar year or six percent, for recipients
25 who on July 1 are at least 60 but less than 65 years old or for recip-
26 ients who on July 1 are less than 60 years old but who have received
27 benefits from the system for at least eight years.

28 (c) If a recipient was not receiving benefits during the entire
29 preceding calendar year, the increase in benefits under this section

1 shall be adjusted by multiplying it by the fraction whose numerator is
2 the number of months for which benefits were received in the preceding
3 calendar year and whose denominator is 12.

4 (d) If at the time of first receiving a retirement benefit, a
5 member was receiving a disability benefit under this system, the
6 administrator shall, at the time the member is appointed to retire-
7 ment, increase the retirement benefit by a percentage equal to the
8 total cumulative percentage increase that has been applied to the
9 member's disability benefit under this section.

10 (e) When computing a death benefit under AS 14.25.155, 14.25.-
11 157, or 14.25.160 or a survivor's benefit under AS 14.25.162, 14.25.-
12 164, or 14.25.167, adjustments granted to the deceased member or
13 survivor under this section shall be included in the computation.

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

19 * Sec. 13. AS 14.25.168(a) is amended to read:

20 (a) Except as provided in (c) of this section, the following
21 persons are entitled to major medical insurance coverage if a benefit
22 recipient elects coverage under this section:

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

24 (2) the spouse of a person receiving a monthly benefit from
25 the system;

26 (3) a natural or adopted child of a person receiving a
27 monthly benefit, if the child is a dependent child as defined in
28 AS 14.25.220.

29 * Sec. 14. AS 14.25.168(b) is amended to read:

1 (b) After an election of coverage under [EXCEPT AS PROVIDED IN
2 (c) OF] this section, major medical insurance coverage takes effect on
3 the same date as retirement benefits begin and stops when the member
4 [RETIRED PERSON] or survivor is no longer eligible to receive a month-
5 ly benefit. The coverage for persons [OVER] age 65 or older is the
6 same as that available for persons under age 65. The benefits payable
7 to those persons age 65 or older supplement any benefits provided
8 under the federal old age, survivors and disability insurance program.

9 * Sec. 15. AS 14.25.168 is amended by adding a new subsection to read:

10 (d) A benefit recipient may elect major medical insurance cover-
11 age in accordance with regulations and under the following conditions:

12 (1) a person who is younger than 60 years of age must pay
13 an amount equal to the full monthly group premium for retiree major
14 medical insurance coverage;

15 (2) a person who is at least 60 years of age but is younger
16 than 65 years of age must pay an amount equal to one-half of the full
17 monthly group premium for retiree major medical insurance coverage;

18 (3) a disabled member or a person 65 years of age or older
19 is not required to make premium payments.

20 * Sec. 16. APPLICABILITY. This Act, other than secs. 1, 7, 8, and 12,
21 applies only to members first hired under the teachers' retirement system
22 on or after July 1, 1990. Changes in the teachers' retirement system
23 enacted in this Act that require a reduction in benefits to members of the
24 retirement system apply only to members who are first hired under the
25 retirement system after June 30, 1990. Sections 1, 7, 8, and 12 of this
26 Act apply to all members of the teachers' retirement system regardless of
27 the date of hire.

28 * Sec. 17. This Act takes effect July 1, 1990.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

4/5/90
SFC
POUCH Y. STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

April 4, 1990

SUBJECT: Sectional analysis of CSSB 53 (HESS)
(Teachers' retirement system)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 increases the contribution rate for members of the Teachers' Retirement System from seven percent to 8.65 percent beginning on January 1, 1991 and directs that contributions be deducted before federal taxes are computed.

Secs. 2 and 3 change the contribution rate by which members of the Teachers' Retirement System first hired on or after July 1, 1990, may buy in military service or Alaska Bureau of Indian Affairs service from seven percent to 8.65 percent.

Sec. 4 requires that a member have received an honorable discharge to be entitled to claim military service in TRS. The section also prohibits a member from receiving TRS retirement benefits for military service for which the member is entitled to receive retirement benefits from the United States government.

Secs. 5 and 6 change the retirement age for members of TRS. Eligibility for normal retirement is changed from 55 years to 60 years, and eligibility for early retirement is changed from 50 years to 55 years.

Sec. 7 increases the multiplier for computing certain benefits payable to TRS members. Benefits for years of service greater than 20 which were earned after July 1, 1990, will be figured by multiplying by two and one-half percent instead of by two percent. Benefits for all service earned before July 1, 1990, and for that part of the benefits that are figured on fewer than 20 years of service are figured at two percent.

Sec. 8 restores language to AS 14.25.110 that was removed from AS 14.25.110(d) by sec. 7.

Secs. 9 and 10 repeat the changes in eligibility for normal and early retirement made by secs. 5 and 6. AS 14.25.125 is the section that grants members eligible to retire under the Public Employees' Retirement System the right to retire under TRS with only two years of membership service in TRS.

Sec. 11 limits eligibility for the cost-of-living allowance (COLA) to retired members of TRS who are state residents and at least 65 years of age or disabled. The COLA is currently payable to retirees of any age who are living in the state.

Sec. 12 changes the post retirement pension adjustment (PRPA) statute to parallel the provisions of PERS, found at AS 39.35.475. Subsection (a) makes the PRPA mandatory if the cost of living, as determined under (f) of the section, has increased during the previous calendar year and limits eligibility to receive the PRPA. Subsections (b) and (c) set out the formula for determining the amount of the PRPA and for figuring fractional benefits for those not retired for the full year. Subsection (d) retains the amount of PRPA's granted while a member was receiving disability benefits for the member's retirement benefit. Subsection (e) includes adjustments granted to deceased members or survivors when figuring death benefits or survivor's benefits under TRS.

Secs. 13 - 15 change eligibility for major medical insurance coverage. Under sec. 15, benefit recipients who choose to be covered and who are younger than 60 must pay the full cost of the insurance premium, benefit recipients between the ages of 60 and 65 must pay one-half the cost, and disabled members and persons 65 years of age or older receive coverage without paying for the premium.

Page 3
April 4, 1990

Sec. 16 applies the changes that reduce the value of TRS benefits or limit eligibility for TRS benefits to employees first hired on or after the effective date of the Act. The increase in the contribution rate and the corresponding increase in benefit calculations, including the post retirement pension adjustment, apply to all employees.

Sec. 17 gives the Act an effective date of July 1, 1990.

If I may be of further assistance, please advise.

TC:mi
wkmi6/069

4/5/90
SFC

Probable Components

CS for SB 53 - PRPA

* new - means for people employed after effective date

1. PRPA

- a. age 65 and over the lessor of 75% CPI or 9%
- b. age 60-65, the lessor of 50% CPI or 6%
- c. Ad hoc PRPA up to 4%

Retirees:

- a, b, or c, whichever is greater

Current active:

- a, b, or c, whichever is greater
- minimally eligible for b eight years after retirement

New:

- minimally eligible for b eight years after retirement

2. Health Insurance Premium Cost

Retirees/Current active:

- no change

New:

- retiree pays premium to age 60
- pays 50% between age 60 and 65
- age 65 or over, fully paid by TRS

3. Normal retirement changed from age 55 to age 60
Early retirement changed from age 50 to 55

- applies to New employees only

4. No changes on 20 and out

5. 10% Alaska cost of living differential (COLA)

Retirees/Current active:

- no change

New:

- not available until age 65

6. Employee Contribution Rate

Retirees:

- no effect

Current active/New:

- changes from 7% to 8.65% on 1/1/91
- becomes a before tax contribution

7. Benefit Formula

Retirees:

- no change

Current active/New:

- 2%/year for first 20 years
- 2 1/2%/year for each year over 20 years which is earned after the effective date

(if the effective date is 7/1/90, a teacher has on that date 25 years of credited service, teaches one more year for a total of 26, retirees on 7/1/91; formula is 25 years @ 2% + one year @ 2 1/2%.

8. Elimination of Military Double Dip

Retirees/Current active:

- no change

New:

- cannot use military time as credited service in the TRS if using those same years to draw a military pension

4/5/90
SFC

1990 LEGISLATION
POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Division Retirement and Benefits Bill Number CS SB 53

Bill Title An Act relating to Post Retirement Pension Adjustment to TRS.

Position Statement: Explain briefly what bill does, its impacts and Departments' position, i.e. a) support, b) do not support, c) neutral or d) oppose.

SB 53 provides a tremendous opportunity to guarantee teachers that retirement benefits will keep pace with cost-of-living increases, and at the same time, guarantee employers of a related reduction in employer contributions.

This Committee Substitute was developed to provide retired teachers with an automatic, pre-funded, post retirement pension adjustment (PRPA) and an increased benefit multiplier. Cost containment provisions are included to off-set the pre-funding expense.

The current ad hoc PRPA was established on a pay-as-you-go basis. Every time an ad hoc PRPA is issued, the system's unfunded liability is increased, which, in turn, increases the employers' contribution rate--after the fact. The most important aspect of this bill is that it provides for prefunding the PRPAs. The funding of future PRPAs would be incorporated into the plan, with monies set aside in advance. Employer contribution rates would no longer have to "react" to a pension adjustment, and retirees could enjoy some retirement security.

If passed, effective January 1, 1991 teachers' contributions would increase from 7% to 8.65% of salary. These contributions would be with pre-tax, instead of the current after-tax, dollars. Additionally, for those teachers first hired after this bill's effective date, the following provisions would apply:

1. depending on age, each will share in the cost of the health premium after retirement. (For those already hired, the premium is fully paid);
2. none will be eligible for the Alaska cost of living allowance (COLA) until age 65. If the retiree is an Alaska resident, the COLA is an additional 10% of the retirement benefit; and

3. normal retirement age will be 60 instead of 55.

There are administrative costs to implement the provisions of the bill. These costs would be funded by an appropriation from the Teachers' Retirement System; no general fund monies are needed. On the other hand, employer contributions are made with the support of general fund dollars. Under this legislation the employer contribution rate would be REDUCED by .05%, saving an estimated \$200 thousand each year.

The Department of Administration and the Division of Retirement and Benefits fully support this legislation. It responsibly adjusts the priorities to ensure an automatic pension adjustment for living cost increases. This enhancement should serve well to attract and retain the best of the teaching profession.

APPROVED:

Director Sally Smith Division Retirement and Benefits

Signature Sally Smith Date 3/23/90

Commissioner Frank S. Baxter

Signature Frank Baxter Date 3/23/90

(For more information, call Sioux Plummer 465-2200)

Rev. 12/89

TRS Automatic PRPA

The projected cost of an automatic pre-funded PRPA is 6.66% of teacher compensation. The FY 91 cost of the PRPA is estimated to be \$3,873,406 for the state and \$22,926,306 for the school districts (a copy of the current fiscal note is attached). It is clear that the current provision is too costly for consideration by the administration or the legislature.

The resolution to this problem lies in offering some offsetting cost containment measures which will serve two purposes: 1) help to make the TRS more responsive to the current needs of the employers by instituting a more cost effective system; and 2) offset some or all of the cost of the PRPA.

Each solution is expressed in estimated percentage impact on the TRS rate and in the estimated dollar cost.

Automatic PRPA...	+6.33%
This PRPA would be granted. similar the PERS except for an 8 year period vs a 5 year period.	
Retiree participation in medical costs...	-4.04%
Normal retirement at age 60...	-1.72%
10% COLA after age 65...	-0.26%
Additional 1.65% employee pre-tax contribution...	-1.60%
Improved benefit formula 1....	+1.25%
2% for first 20 years 2-1/2% for all years over 20 years	
No military double dipping...	<u>-0.01%</u>
 Total net savings of bill...	 <u>-0.05%</u>

This would result in a net savings to the state of \$29,080 and to the school districts of \$172,120.

Approved _____
Frank S. Baxter, CPA
Commissioner
Department of Administration

Disapproved _____



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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JUNEAU OFFICE

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FAIRBANKS REGIONAL OFFICE

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

March 15, 1990

To: Senator Paul Fischer, Chair
Members, Senate HESS Committee

Re: Senate Bill No. 53
"An Act relating to the teachers' retirement system, and providing for an effective date."

NEA-Alaska strongly supports and encourages your favorable consideration of SB 53. Establishing an annual post retirement pension adjustment is a legislative priority of NEA-Alaska and its 6,000+ members.

It is our understanding that the CS for SB 53 which will be before the Committee makes the annual post retirement pension adjustment (PRPA) revenue neutral and may in fact show a slight savings for the state and school district employers by increasing employee contributions and making some prospective changes in the benefit system.

As evidenced by Section 1 in the CS current active members are willing to share in a portion of the cost increase in order to provide for an annual post retirement pension adjustment and that it will be based on sound actuarial funding.

Provision for an annual adjustment to their fixed retirement income will obviously provide some help to retirees relative to the adverse effects of inflation. It should also be noted that teachers in Alaska do not have access to Social Security or any other supplemental benefit system except as they are able to provide for same on their own initiative.

The CS for SB 53 improves and makes the TRS a better system. As such it will make teaching in Alaska more attractive as a professional career and should mitigate some against excessive employee turnover. This contributes to the overall quality of our collective effort in public education.

In 1986 similar legislation was passed relative to the Public Employee's Retirement System. It is time to do the same for the TRS.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: Senator Jim Duncan

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to Post BRU: Retirement and Benefits
Retirement Pension Adjustment in TRS
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	18.6	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	18.6	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 1034	18.6	0	0	0	0	0
TOTAL	18.6	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See page 2 for fiscal note analysis.

THIS BILL IS ESTIMATED TO COST THE DEPARTMENT OF EDUCATION(DOE) AND THE UNIVERSITY OF ALASKA (U OF A) \$3,873.4 IN INCREASED PERSONAL SERVICES FOR FY 91 AND EACH YEAR THEREAFTER. THIS BILL IS ESTIMATED TO COST SCHOOL DISTRICTS \$22,926.3 IN INCREASED PERSONAL SERVICES FOR FY 91 AND EACH YEAR THEREAFTER.

Please refer to page 3 for a detailed discussion of these costs.

Prepared by: Sally Smith, Director Phone: 465-4470
 Division: Retirement and Benefits Date: 10/Jan 90
 Approved by Commissioner: Frank S. Baxter Date: 1/16/90
 Agency: Department of Administration

Distribution (by preparer):

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

Senate Bill 53
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
December 20, 1989

Analysis: This bill would establish a post retirement pension adjustment in the Teachers' Retirement Systems (TRS) which automatically would be granted from July 1 of each year if the Consumer Price Index for Anchorage (CPI-W) increased during the previous calendar year. This provision would be effective for all active members, inactive members, and retired members of the TRS.

The total estimated administrative cost to the division of \$18.6 for FY 91 is for personal services costs to hire a nonpermanent DP Analyst Programmer IV for a period of five months. This programmer would be required to implement necessary changes to the TRS automated system. Current staff would not be able to absorb this increased workload.

Senate Bill 53
 Analysis of Financial Impact to the Retirement Fund
 Prepared by Division of Retirement & Benefits
 Department of Administration
 January 4, 1990

Analysis: To fund this bill the state Teachers' Retirement System (TRS) the contribution rate would increase by 6.66% in FY 90. The state TRS payroll is estimated to be \$58,159,258 in FY 90 and remain stable thereafter.

The state cost of \$3,873,406 is calculated as follows:

Department of Education FY 91 estimated salary		\$5,673,729
Increase in TRS rate	X	<u>6.66%</u>
Total cost.....		\$377,870

University of Alaska FY 91 estimated salary		\$52,485,529
Increase in TRS rate	X	<u>6.66%</u>
Total cost.....		<u>3,495,536</u>

TOTAL STATE COST...	<u>\$3,873,406</u>
----------------------------	---------------------------

In addition to these state costs, the school districts' contribution rates would also be estimated to increase by 6.66% in FY 91. The school districts' salaries are estimated to be \$ 344,238,828 in FY 91 and remain stable each year thereafter.

The school districts' cost of \$22,926,306 is calculated as follows:

School district FY 91 estimated salaries		\$344,238,828
Increase in TRS rate	X	<u>6.66%</u>
TOTAL SCHOOL DISTRICT COST...		<u>\$22,926,306</u>

Passage of this bill will result in an increase in the TRS unfunded liability of \$225,000,000. It will also result in a decrease in the TRS funding ratio of 10.87%.

Position Title		Analyst/Programmer IV		No. of Positions	1	Range/Step	19A	Barg. Unit	GGU
Time Status		Staff Months		Location		Election District			
FT Nonperm		5.0		AWA		4			
				Justification					
Type of Expenditure				Amount					
1		2		3					
Salary		16,680							
Benefits		1,940							
Premium Pay		0							
Other		0							
Total Personal Services				18,620					
Travel				0					
Contractual				0					
Commodities				0					
Equipment				0					
Other				0					
Total Cost				18,620					
Funding Source f:				Total Cost					
Federal Receipts		1002							
G. F. Match		1003							
General Fund		1004							
I-A Receipts		1006							
CIP Receipts		1061							
Other		TRS 1034		18,620					

This position would provide the effort for the analysis, design, testing and debugging of the necessary enhancements to the TRS computer system. It would also be responsible for the initial production running of modifications and enhancements to the current Post Retirement Pension Adjustment (PRPA) system and its interfaces to the PERS, TRS, IBCS, EIS and AKSAS systems.

8/6K2/012702-9

**Request For
New Position**

Administration
 Agency Retirement and Benefits
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 4 of 4
 Revised Date

FY 91

2/9/90
(5) HES
STA
FIN

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: University of Alaska
Title: An Act Relating to Post Retirement Pension Adjustment in TRS BRU: UAA, UAF, UAS
Sponsor: Duncan Components: Retirement and Benefits
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5
FEDERAL FUNDS						
OTHER						
TOTAL	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5	3,495.5

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See page 2 for fiscal note analysis.

This bill is estimated to cost the University of Alaska (U of A) \$3,495.5 in increased personal services for FY91 and each year thereafter.

Please refer to page 2 for a detailed discussion of these costs.

Prepared by: Marsha Hubbard Phone: 474-7593
Division: Statewide Budget Office Date: 2/6/90

Approved by ~~Commissioner~~ Brian Rogers *BSR* Date: 2/6/90
Agency: University of Alaska

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

This fiscal note did not accompany the bill into Committee.

SB
53

Senate Bill 53
Analysis of Financial Impact to the Retirement Fund
University of Alaska
February 6, 1990

Analysis: This bill would establish a post retirement pension adjustment in the Teachers' Retirement Systems (TRS) which automatically would be granted from July 1 of each year if the Consumer Price Index for Anchorage (CPI-W) increased during the previous calendar year. This provision would be effective for all active members, inactive members, and retired members of the TRS.

To fund this bill the state Teachers' Retirement System (TRS) the contribution rate would increase by 6.66% in FY90.

The state cost of \$3,495,536 is calculated as follows:

University of Alaska FY91 estimated salary	\$52,485,529
Increase in TRS rate	x <u>6.66%</u>
Total cost	<u>\$ 3,495,536</u>



Brian Rogers
Vice President for Finance
(907) 474-7448

University of Alaska
Fairbanks, Alaska 99775-5260

February 6, 1990

The Honorable Jim Duncan
Room 119
Capitol
P. O. Box V
Juneau, Alaska 99811

RE: Fiscal Note for Senate Bill 53

Dear Senator Duncan:

Enclosed is a copy of the University's fiscal note for Senate Bill 53. The University expects the fiscal impact to be \$3,495.5 for the proposed legislation.

If you have any questions about the note, please do not hesitate to contact me or Marsha Hubbard, Director of Statewide Budget at 474-7593.

Sincerely,

A handwritten signature in black ink, appearing to read "BR Rogers", written over a faint circular stamp.

Brian Rogers
Vice President for Finance

BR:kap

Enclosure

cc: Alison Elgee, Division Director for Office of Management & Budget
Gina Spartz, Administrative Assistant for Legislative Finance Division

SR
53

S

B

5

3

HOUSE COMMITTEE REPORT

File

(11)

Date Referred: April 20, 1990

FURTHER REFERRALS:

Date of Committee Action: _____

The FINANCE Committee considered:

CSSB 53 (HESS)

CS SB NO. 53 (HESS)

COLA ADJUSTMENT FOR RETIRED TEACHERS

"An Act relating to the teachers' retirement system; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with HCS CS SB 53 (HESS) [] the same title
- [] a new title
- [] have attached amendment(s)
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

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

- [] fiscal note(s) DoA 3/26/90
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

[Signature] Hoffman

[Signature] Larson

[Signature] Swackhamm

[Signature] Phillips

[Signature] Koonen

Name	Do Not Pass	No Rec	Amend
<u>Jay Brown</u> BROWN	X		
<u>[Signature]</u> Shultz	X		
<u>[Signature]</u> Ulmer	X		
<u>[Signature]</u> Rieger	✓		
[Signature]			
<u>[Signature]</u> Barnes	X		

[Signature] Larson

Chairman's Signature

[Signature] Hoffman

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: An Act relating to Post Retirement BRU: Retirement and Benefits
Pension Adjustments in TRS
Sponsor: Duncan Components: Retirement and Benefits
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	55.5	55.5	55.5	55.5	55.5	55.5
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	233.7	.3	.3	.3	.3	.3
SUPPLIES	.2	.1	.1	.1	.1	.1
EQUIPMENT	44.5	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	333.9	55.9	55.9	55.9	55.9	55.9
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	333.9	55.9	55.9	55.9	55.9	55.9
TOTAL	333.9	55.9	55.9	55.9	55.9	55.9

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) THESE ADMINISTRATIVE COSTS WILL BE

BORNE BY THE TEACHERS' RETIREMENT FUND. THEY WILL NOT IMPACT THE GENERAL FUND.

Please refer to page 2 for a detailed discussion of the administrative costs.

THIS BILL IS ESTIMATED TO SAVE THE STATE \$29.1 IN PERSONAL SERVICES COSTS IN FY 91 AND EACH YEAR THEREAFTER. THIS BILL IS ESTIMATED TO SAVE SCHOOL DISTRICTS \$172.1 IN PERSONAL SERVICES COSTS IN FY 91 AND EACH YEAR THEREAFTER. Please refer to page 3 for discussion.

Prepared by: Sally Smith, Director Phone: 465-4460
Division: Retirement and Benefits Date: 3/22/90

Approved by Commissioner: Frank S. Baxter Date: 3/23/90
Agency: Department of Administration

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

Committee Substitute for Senate Bill 53
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
March 9, 1990

Analysis: This bill would establish a pre-funded automatic post retirement pension adjustment (PRPA) and several other cost containment measures in the Teachers' Retirement Systems (TRS). A savings to employers of \$200,000 each year is estimated, after considering the costs for automated systems enhancements and ongoing maintenance.

The PRPA would be granted from July 1 of each year if the Consumer Price Index for Anchorage (CPI-W) increased during the prior calendar year. The bill would also increase the benefit formula to encourage members who accumulate 20 years of membership service to continue teaching. The cost containment provisions implemented by this bill would parallel the Public Employees Retirement System.

The total estimated administrative cost to the division of \$333.9 for FY 91 is for personal and contractual services. During the first year, a permanent programmer/analyst IV would develop the changes to the TRS automated system in cooperation with a firm contracted to assist. In the second and subsequent years the A/P IV would complete the project and provide ongoing maintenance for the automatic PRPA system and benefit calculation systems for both the TRS and the Public Employees Retirement System. Current staff would not be able to absorb this increased workload.

Committee Substitute for Senate Bill 53
 Analysis of Financial Impact to the Retirement Fund
 Prepared by Division of Retirement & Benefits
 Department of Administration
 March 9, 1990

Analysis: This bill would decrease the state Teachers' Retirement System (TRS) contribution rate by 0.05% in FY 91. The state TRS payroll is estimated to be \$58,159,258 in FY 91 and remain stable thereafter.

The state savings of \$29,080 are calculated as follows:

Department of Education FY 91 estimated salary	\$5,673,729			
Decrease in TRS rate	X <u>0.05%</u>			
Total savings.....	\$ 2,837			
University of Alaska FY 91 estimated salary	\$52,485,529			
Decrease in TRS rate	X <u>0.05%</u>			
Total savings.....	\$ 26,243			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; padding-right: 20px;"><u>TOTAL STATE SAVINGS...</u></td> <td style="text-align: right;"><u>\$29,080</u></td> </tr> </table>			<u>TOTAL STATE SAVINGS...</u>	<u>\$29,080</u>
<u>TOTAL STATE SAVINGS...</u>	<u>\$29,080</u>			

In addition to these state savings, the school districts' contribution rates would likely decrease by 0.05% in FY 91. The school districts' salaries are estimated to be \$ 344,238,828 in FY 91 and remain stable each year thereafter.

The school districts' savings of \$103,272 are calculated as follows:

School district FY 91 estimated salaries	\$344,238,828			
Decrease in TRS rate	X <u>0.05%</u>			
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; padding-right: 20px;"><u>TOTAL SCHOOL DISTRICT SAVINGS...</u></td> <td style="text-align: right;"><u>\$172,119</u></td> </tr> </table>			<u>TOTAL SCHOOL DISTRICT SAVINGS...</u>	<u>\$172,119</u>
<u>TOTAL SCHOOL DISTRICT SAVINGS...</u>	<u>\$172,119</u>			

Passage of this bill will have no measurable impact on the TRS unfunded liability. It will not affect the TRS funding ratio.

Position Title Analyst/Programmer IV		No. of Positions 1	Range/Step 19A	Barg. Unit GG
Time Status PE/FT	Staff Months 12.0	Location Juneau		Election District 4
Type of Expenditure		Justification		
		This position will be responsible for the analysis, design, programming, implementation, maintenance, and enhancement of systems and subsystems mandated by CSSB 53. This includes tracking and overseeing contract analyst/programmer work during the first year of the development effort, continuing development to completion in the second or third year, interfacing and maintaining interfaces of the newly developed systems with all other State systems and other systems as appropriate, and maintaining all systems developed by this project as they become operational.		
Amount				
1	2	3		
Salary	40,032			
Benefits	15,480			
Premium Pay				
Other				
Total Personal Services		55,512		
Travel		0		
Contractual		350		
Commodities		100		
Equipment		22,250		
Other				
Total Cost		79,212		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other	Teachers' Retirement 1034	79,212		

8/6B1/030709-0

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 4 of 4
 Revised Date

FY 91

Gen Senate in admin 3/26/90

Original sponsor(s): SEN. DUNCAN, Zharoff, Kerttula, Sturgulewski, Kelly, Uehling

1 IN THE SENATE

BY THE HESS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 53 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system;
7 and providing for an effective date."

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

9 * Section 1. AS 14.25.050(a) is amended to read:

10 (a) Beginning January 1, 1991 [JULY 1, 1970], each teacher shall
11 contribute to the system an amount equal to 8.65 [SEVEN] percent of
12 the teacher's base salary accrued from July 1 to the following
13 June 30. The employer shall deduct the contribution from the teach-
14 er's salary at the end of each payroll period. The contributions
15 shall be deducted from employee compensation before the computation of
16 applicable federal taxes and shall be treated as employer contribu-
17 tions under 26 U.S.C. 414(h)(2).

18 * Sec. 2. AS 14.25.060(a) is amended to read:

19 (a) If a member first joined the service before July 1, 1990,
20 and has military service or Alaska Bureau of Indian Affairs (BIA)
21 service, or if a member joined the system before July 1, 1978, and has
22 creditable outside service, the member is indebted to the system as
23 follows:

24 (1) At the time of first becoming a member of the system,
25 the arrearage indebtedness is seven percent of the base salary multi-
26 plied by the total number of years of creditable outside, military,
27 and Alaska BIA service. The administrator shall add compound interest
28 at the rate prescribed by regulation to the arrearage indebtedness
29 beginning July 1, 1963, or at the time the member first becomes

HB0053C

1 eligible to claim the service, whichever is later, to the date of
2 payment or the date of retirement, whichever occurs first.

3 (2) If a member terminates from the system and is subse-
4 quently reemployed as a member, the arrearage indebtedness to the
5 system for outside, military, or Alaska BIA service accumulated in the
6 interim is seven percent of the base salary upon reentering membership
7 service, multiplied by the number of years of interim outside, mili-
8 tary, and Alaska BIA service. Compound interest at the rate pre-
9 scribed by regulation shall be added to the arrearage indebtedness
10 beginning July 1, 1963, or the date of reemployment as a member,
11 whichever is later, to the date of payment or the date of retirement,
12 whichever occurs first.

13 * Sec. 3. AS 14.25.060 is amended by adding a new subsection to read:

14 (d) If a member first joined the system on or after July 1,
15 1990, and has military service or Alaska BIA service, the member's
16 indebtedness shall be determined under (a) of this section except that
17 the percentage multiplier is 8.65 percent.

18 * Sec. 4. AS 14.25.100(a) is amended to read:

19 (a) A member who served as an active member of the armed forces
20 of the United States may receive credited service under this system up
21 to a maximum of five years if the member received a discharge under
22 other than dishonorable conditions and is not entitled to receive
23 retirement benefits from the United States government for the same
24 service. Each 12 months of military service equals one school year,
25 and lesser military periods will be determined for credit purposes in
26 a proportionate ratio to a year. [TO RECEIVE CREDITED SERVICE UNDER
27 THIS SECTION, THE MEMBER MUST HAVE RECEIVED A DISCHARGE OTHER THAN
28 DISHONORABLE.] Credit for service in the armed forces shall be grant-
29 ed only if the member makes contributions for the service in the same

1 manner as required for outside service under AS 14.25.060. The mili-
2 tary service credited under this section shall be included in the
3 10-year limitation of outside service as specified in AS 14.25.060,
4 except if entry into the armed forces is immediately preceded by
5 Alaska membership service and following discharge is continued by
6 Alaska membership service within one year thereafter, service may not
7 be counted for purposes of determining the applicability of the 10-
8 year limitation on outside service.

9 * Sec. 5. 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 60 [55] years and has at least
16 eight years of membership service;

17 (3) has attained the age of 60 [55] years, has at least
18 five years of membership service, and has at least three years of
19 Alaska 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 at least one-half year of membership service as a
27 part-time teacher for each of 20 school years.

28 * Sec. 6. AS 14.25.110(b) is amended to read:

29 (b) Subject to AS 14.25.167, a member is eligible for an early

1 retirement benefit upon completing [ANY ONE OF] the service require-
2 ments in (a)(1) [, (2), OR (3)] of this section and attaining the age
3 of 50 years or upon completing the service requirements in (a)(2) or
4 (3) of this section and attaining the age of 55 years.

5 * Sec. 7. AS 14.25.110(d) is amended to read:

6 (d) The monthly amount of a retirement benefit for a member who
7 has paid the full amount of any indebtedness is one-twelfth [TWO
8 PERCENT] of the member's average base salary during any three school
9 years of membership service multiplied by

10 (1) two percent of [TIMES] the years of credited service
11 earned before June 30, 1990, including credited fractional years, and
12 the years of credited service through a total of 20 years; plus

13 (2) two and one-half percent of the years of credited
14 service earned after June 30, 1990, that are more than 20 years of
15 total credited service [DIVIDED BY 12. AN ACTUARIAL ADJUSTMENT MUST
16 BE MADE FOR EARLY RETIREMENT].

17 * Sec. 8. AS 14.25.110 is amended by adding a new subsection to read:

18 (j) An actuarial adjustment must be made to benefits payable
19 under (d) of this section for early retirement.

20 * Sec. 9. AS 14.25.125(a) is amended to read:

21 (a) Subject to AS 14.25.167, a member is eligible for a normal
22 retirement salary at age 60 [55] with at least two years membership
23 service if the member also is eligible for a normal retirement benefit
24 under the public employees' retirement system (AS 39.35).

25 * Sec. 10. AS 14.25.125(b) is amended to read:

26 (b) Subject to AS 14.25.167, a member is eligible for an early
27 retirement salary at age 55 [50] with at least two years of membership
28 service if the member also is eligible for an early retirement benefit
29 under the public employees' retirement system (AS 39.35).

1 * Sec. 11. AS 14.25.142(a) is amended to read:

2 (a) While residing in the state, a person receiving a benefit
3 under this chapter who is at least 65 years of age or who is receiving
4 a disability benefit under this chapter is entitled to receive a
5 monthly cost-of-living [COST OF LIVING] allowance in addition to the
6 basic benefit. The amount of this allowance is 10 percent of the
7 basic benefit.

8 * Sec. 12. AS 14.25.143 is repealed and reenacted to read:

9 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) Once
10 each year, the administrator shall increase benefit payments to eligi-
11 ble disabled members, to persons age 60 or older receiving benefits
12 under this system in the preceding calendar year, and to persons who
13 have received benefits under this system for at least eight years who
14 are not otherwise eligible for an increase under this section.

15 (b) The increase in benefit payments applies to total benefit
16 payments except for the cost-of-living allowance under AS 14.25.142.
17 The amount of the increase is a percentage of the current benefit
18 equal to

19 (1) the lesser of 75 percent of the increase in the cost of
20 living in the preceding calendar year or nine percent, for recipients
21 who on July 1 are at least 65 years old and for members receiving
22 disability benefits; and

23 (2) the lesser of 50 percent of the increase in the cost of
24 living in the preceding calendar year or six percent, for recipients
25 who on July 1 are at least 60 but less than 65 years old or for recip-
26 ients who on July 1 are less than 60 years old but who have received
27 benefits from the system for at least eight years.

28 (c) If a recipient was not receiving benefits during the entire
29 preceding calendar year, the increase in benefits under this section

1 shall be adjusted by multiplying it by the fraction whose numerator is
2 the number of months for which benefits were received in the preceding
3 calendar year and whose denominator is 12.

4 (d) If at the time of first receiving a retirement benefit, a
5 member was receiving a disability benefit under this system, the
6 administrator shall, at the time the member is appointed to retire-
7 ment, increase the retirement benefit by a percentage equal to the
8 total cumulative percentage increase that has been applied to the
9 member's disability benefit under this section.

10 (e) When computing a death benefit under AS 14.25.155, 14.25.-
11 157, or 14.25.160 or a survivor's benefit under AS 14.25.162, 14.25.-
12 164, or 14.25.167, adjustments granted to the deceased member or
13 survivor under this section shall be included in the computation.

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

19 * Sec. 13. AS 14.25.168(a) is amended to read:

20 (a) Except as provided in (c) of this section, the following
21 persons are entitled to major medical insurance coverage if a benefit
22 recipient elects coverage under this section:

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

24 (2) the spouse of a person receiving a monthly benefit from
25 the system;

26 (3) a natural or adopted child of a person receiving a
27 monthly benefit, if the child is a dependent child as defined in
28 AS 14.25.220.

29 * Sec. 14. AS 14.25.168(b) is amended to read:

1 (b) After an election of coverage under [EXCEPT AS PROVIDED IN
2 (c) OF] this section, major medical insurance coverage takes effect on
3 the same date as retirement benefits begin and stops when the member
4 [RETIRED PERSON] or survivor is no longer eligible to receive a month-
5 ly benefit. The coverage for persons [OVER] age 65 or older is the
6 same as that available for persons under age 65. The benefits payable
7 to those persons age 65 or older supplement any benefits provided
8 under the federal old age, survivors and disability insurance program.

9 * Sec. 15. AS 14.25.168 is amended by adding a new subsection to read:

10 (d) A benefit recipient may elect major medical insurance cover-
11 age in accordance with regulations and under the following conditions:

12 (1) a person who is younger than 60 years of age must pay
13 an amount equal to the full monthly group premium for retiree major
14 medical insurance coverage;

15 (2) a person who is at least 60 years of age but is younger
16 than 65 years of age must pay an amount equal to one-half of the full
17 monthly group premium for retiree major medical insurance coverage;

18 (3) a disabled member or a person 65 years of age or older
19 is not required to make premium payments.

20 * Sec. 16. APPLICABILITY. This Act, other than secs. 1, 7, 8, and 12,
21 applies only to members first hired under the teachers' retirement system
22 on or after July 1, 1990. Changes in the teachers' retirement system
23 enacted in this Act that require a reduction in benefits to members of the
24 retirement system apply only to members who are first hired under the
25 retirement system after June 30, 1990. Sections 1, 7, 8, and 12 of this
26 Act apply to all members of the teachers' retirement system regardless of
27 the date of hire.

28 * Sec. 17. This Act takes effect July 1, 1990.
29



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

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

JUNEAU OFFICE

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

FAIRBANKS REGIONAL OFFICE

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

March 15, 1990

To: Senator Paul Fischer, Chair
Members, Senate HESS Committee

Re: Senate Bill No. 53
"An Act relating to the teachers' retirement system, and providing for an effective date."

NEA-Alaska strongly supports and encourages your favorable consideration of SB 53. Establishing an annual post retirement pension adjustment is a legislative priority of NEA-Alaska and its 6,000+ members.

It is our understanding that the CS for SB 53 which will be before the Committee makes the annual post retirement pension adjustment (PRPA) revenue neutral and may in fact show a slight savings for the state and school district employers by increasing employee contributions and making some prospective changes in the benefit system.

As evidenced by Section 1 in the CS current active members are willing to share in a portion of the cost increase in order to provide for an annual post retirement pension adjustment and that it will be based on sound actuarial funding.

Provision for an annual adjustment to their fixed retirement income will obviously provide some help to retirees relative to the adverse effects of inflation. It should also be noted that teachers in Alaska do not have access to Social Security or any other supplemental benefit system except as they are able to provide for same on their own initiative.

The CS for SB 53 improves and makes the TRS a better system. As such it will make teaching in Alaska more attractive as a professional career and should mitigate some against excessive employee turnover. This contributes to the overall quality of our collective effort in public education.

In 1986 similar legislation was passed relative to the Public Employee's Retirement System. It is time to do the same for the TRS.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Director

Don Oberg
President

cc: Senator Jim Duncan

Probable Components

CS for SB 53 - PRPA

* new - means for people employed after effective date

1. PRPA

- a. age 65 and over the lessor of 75% CPI or 9%
- b. age 60-65. the lessor of 50% CPI or 6%
- c. Ad hoc PRPA up to 4%

Retirees:

- a, b, or c, whichever is greater

Current active:

- a, b, or c, whichever is greater
- minimally eligible for b eight years after retirement

New:

- minimally eligible for b eight years after retirement

2. Health Insurance Premium Cost

Retirees/Current active:

- no change

New:

- retiree pays premium to age 60
- pays 50% between age 60 and 65
- age 65 or over, fully paid by TRS

3. Normal retirement changed from age 55 to age 60
Early retirement changed from age 50 to 55

- applies to New employees only

4. No changes on 20 and out

5. 10% Alaska cost of living differential (COLA)

Retirees/Current active:

- no change

New:

- not available until age 65

6. Employee Contribution Rate

Retirees:

- no effect

Current active/New:

- changes from 7% to 8.65% on 1/1/91
- becomes a before tax contribution

7. Benefit Formula

Retirees:

- no change

Current active/New:

- 2%/year for first 20 years
- 2 1/2%/year for each year over 20 years which is earned after the effective date

(if the effective date is 7/1/90, a teacher has on that date 25 years of credited service, teaches one more year for a total of 26, retirees on 7/1/91; formula is 25 years @ 2% + one year @ 2 1/2%)

8. Elimination of Military Double Dip

Retirees/Current active:

- no change

New:

- cannot use military time as credited service in the TRS if using those same years to draw a military pension

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
707 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 4, 1990

SUBJECT: Sectional analysis of CSSB 53 (HESS)
(Teachers' retirement system)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 increases the contribution rate for members of the Teachers' Retirement System from seven percent to 8.65 percent beginning on January 1, 1991 and directs that contributions be deducted before federal taxes are computed.

Secs. 2 and 3 change the contribution rate by which members of the Teachers' Retirement System first hired on or after July 1, 1990, may buy in military service or Alaska Bureau of Indian Affairs service from seven percent to 8.65 percent.

Sec. 4 requires that a member have received an honorable discharge to be entitled to claim military service in TRS. The section also prohibits a member from receiving TRS retirement benefits for military service for which the member is entitled to receive retirement benefits from the United States government.

Secs. 5 and 6 change the retirement age for members of TRS. Eligibility for normal retirement is changed from 55 years to 60 years, and eligibility for early retirement is changed from 50 years to 55 years.

Sec. 7 increases the multiplier for computing certain benefits payable to TRS members. Benefits for years of service greater than 20 which were earned after July 1, 1990, will be figured by multiplying by two and one-half percent instead of by two percent. Benefits for all service earned before July 1, 1990, and for that part of the benefits that are figured on fewer than 20 years of service are figured at two percent.

Sec. 8 restores language to AS 14.25.110 that was removed from AS 14.25.110(d) by sec. 7.

Secs. 9 and 10 repeat the changes in eligibility for normal and early retirement made by secs. 5 and 6. AS 14.25.125 is the section that grants members eligible to retire under the Public Employees' Retirement System the right to retire under TRS with only two years of membership service in TRS.

Sec. 11 limits eligibility for the cost-of-living allowance (COLA) to retired members of TRS who are state residents and at least 65 years of age or disabled. The COLA is currently payable to retirees of any age who are living in the state.

Sec. 12 changes the post retirement pension adjustment (PRPA) statute to parallel the provisions of PERS, found at AS 39.35.475. Subsection (a) makes the PRPA mandatory if the cost of living, as determined under (f) of the section, has increased during the previous calendar year and limits eligibility to receive the PRPA. Subsections (b) and (c) set out the formula for determining the amount of the PRPA and for figuring fractional benefits for those not retired for the full year. Subsection (d) retains the amount of PRPA's granted while a member was receiving disability benefits for the member's retirement benefit. Subsection (e) includes adjustments granted to deceased members or survivors when figuring death benefits or survivor's benefits under TRS.

Secs. 13 - 15 change eligibility for major medical insurance coverage. Under sec. 15, benefit recipients who choose to be covered and who are younger than 60 must pay the full cost of the insurance premium, benefit recipients between the ages of 60 and 65 must pay one-half the cost, and disabled members and persons 65 years of age or older receive coverage without paying for the premium.

Page 3
April 4, 1990

Sec. 16 applies the changes that reduce the value of TRS benefits or limit eligibility for TRS benefits to employees first hired on or after the effective date of the Act. The increase in the contribution rate and the corresponding increase in benefit calculations, including the post retirement pension adjustment, apply to all employees.

Sec. 17 gives the Act an effective date of July 1, 1990.

If I may be of further assistance, please advise.

TC:mi
wkmi6/069

1990 LEGISLATION
POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Division Retirement and Benefits Bill Number CS SB 53

Bill Title An Act relating to Post Retirement Pension Adjustment to TRS.

Position Statement: Explain briefly what bill does, its impacts and Departments' position, i.e. a) support, b) do not support, c) neutral or d) oppose.

SB 53 provides a tremendous opportunity to guarantee teachers that retirement benefits will keep pace with cost-of-living increases, and at the same time, guarantee employers of a related reduction in employer contributions.

This Committee Substitute was developed to provide retired teachers with an automatic, pre-funded, post retirement pension adjustment (PRPA) and an increased benefit multiplier. Cost containment provisions are included to off-set the pre-funding expense.

The current ad hoc PRPA was established on a pay-as-you-go basis. Every time an ad hoc PRPA is issued, the system's unfunded liability is increased, which, in turn, increases the employers' contribution rate--after the fact. The most important aspect of this bill is that it provides for prefunding the PRPAs. The funding of future PRPAs would be incorporated into the plan, with monies set aside in advance. Employer contribution rates would no longer have to "react" to a pension adjustment, and retirees could enjoy some retirement security.

If passed, effective January 1, 1991 teachers' contributions would increase from 7% to 8.65% of salary. These contributions would be with pre-tax, instead of the current after-tax, dollars. Additionally, for those teachers first hired after this bill's effective date, the following provisions would apply:

1. depending on age, each will share in the cost of the health premium after retirement. (For those already hired, the premium is fully paid);
2. none will be eligible for the Alaska cost of living allowance (COLA) until age 65. If the retiree is an Alaska resident, the COLA is an additional 10% of the retirement benefit; and

3. normal retirement age will be 60 instead of 55.

There are administrative costs to implement the provisions of the bill. These costs would be funded by an appropriation from the Teachers' Retirement System; no general fund monies are needed. On the other hand, employer contributions are made with the support of general fund dollars. Under this legislation the employer contribution rate would be REDUCED by .05%, saving an estimated \$200 thousand each year.

The Department of Administration and the Division of Retirement and Benefits fully support this legislation. It responsibly adjusts the priorities to ensure an automatic pension adjustment for living cost increases. This enhancement should serve well to attract and retain the best of the teaching profession.

APPROVED:

Director Sally Smith Division Retirement and Benefits

Signature Sally Smith Date 3/23/90

Commissioner Frank S. Baxter

Signature Frank Baxter Date 3/23/90

(For more information, call Sioux Plummer 465-2200)

Rev. 12/89

S

B

5

6

SENATE COMMITTEE REPORT

FURTHER

3/28/89
Mr. President:

DATE TURNED INTO OFFICE 4/10/89

FINANCE Committee considered SB 56

state employment preference for service in the national guard
and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS SB(LKC)) 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 J.O. DOA(SA) updated previous DMKUR
 same as previous fiscal note(s) published (LKC)

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

True voice - do not pass
Paul Frick (NO REC)
Paul Bluff No Rec
Don't DO NOT PASS Now!

Rich Leh DO PASS
Co-CHAIR
 Chairman signature and recommendation

Committee Backup attached

John B. ... (CO-CHAIR)
(NO-REC)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: State employment preference for
National Guard service.

Agency Affected: Department of Administration
BRU: Personnel

Sponsor: Kelly and Kerttula
Requestor: Senator Pourchot

Components: Centralized Administrative
Services

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	5.0	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	5.0	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	5.0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	5.0	0	0	0	0	0

POSITIONS:	0	0	0	0	0	0
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 change the existing criteria for awarding veterans' points as well as change the number of points which traditionally have been awarded. \$5,000.00 is required to adequately publicize those changes in newspapers and radio stations throughout the state. The money would be used to purchase 2' x 4' ads in newspapers and 30-second radio spots.

Prepared By: David K. F. Otto, Director *DKFO* Phone: 465-4430
Division: Personnel Date: 2-17-89

Approved by Commissioner: John M. Andrews *JMA* Date: 2/17/89
Agency: Department of Administration

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

RECEIVED
FEB 20 1989

FISCAL NOTE

REQUEST:

Revision Date: 3/22/89 Agency Affected: Military and Veterans
 Title: An act relating to state employment preference for veterans. BRU: Affairs
 Sponsor: Senator Kelly Components: _____
 Requestor: Senate Labor & Commerce

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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jeff Morrison, Director Phone: 465-4600
 Division: Administrative and Support Services Date: 3/23/89
 Approved by Commissioner: for MG John W. Schaeffer Date: 3/23/89
 Agency: Military and Veterans Affairs

Distribution (by preparer):

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

Offered: 3/28/89
Referred: Finance

6-0300H

Original sponsors: Kelly, Kerttula,
and Halford

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR SENATE BILL NO. 56 (L&C)

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 state employment preferences for
7 veterans and for service in the national guard."

7

8

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

9

* Section 1. AS 39.25.150(19) is amended to read:

10

(19) the granting of employment preference rights to a

11

veteran not within the area of promotion, when the veteran possesses

12

the necessary qualifications in the job classification applied for

13

under this chapter; in an examination to determine the qualification

14

of applicants for entrance into the classified service under merit

15

system examination, five additional points shall be added to the

16

passing grade of a veteran who is not a state employee in a permanent

17

position in the classified service and ten additional points shall be

18

added to the passing grade of a disabled veteran who is not a state

19

employee in a permanent position in the classified service [, BUT THE

20

ADDITIONAL POINTS MAY BE USED ONLY THE FIRST TIME THE VETERAN OBTAINS

21

A POSITION IN THE CLASSIFIED SERVICE]; if a position in the classified

22

service is eliminated, employees shall be released in accordance with

23

rules which give due effect to all factors; if all job qualifications

24

are equal, the veteran shall be given preference over the nonveteran

25

and the veteran shall be kept on the job; this paragraph may not be

26

interpreted to amend the terms of a collective bargaining agreement;

27

in this paragraph

28

(A) "veteran" means a person with 181 days or more

29

active service in the armed forces of the United States who has

1 been honorably discharged after having served during any period

2 (i) between April 6, 1917, and December 1, 1919,
3 between September 16, 1940, and December 31, 1947, or between
4 June 27, 1950, and October 14, 1976; or

5 (ii) in which the person was awarded a campaign
6 badge or expedition medal, or the Purple Heart or other award or
7 decoration for heroism or gallantry in action;

8 (B) "disabled veteran" means a veteran who is entitled
9 to compensation under laws administered by the United States
10 Veterans' Administration, or a person who was honorably dis-
11 charged or released from active duty because of a service-con-
12 nected disability;

13 * Sec. 2. AS 39.25.150 is amended by adding a new paragraph to read:

14 (26) the granting of employment preference rights, not
15 within the area of promotion, to a member of the national guard who
16 has not received preference rights as a veteran when the national
17 guard member possesses the necessary qualifications in the job classi-
18 fication applied for under this chapter; in an examination to deter-
19 mine the qualification of applicants for entrance into the classified
20 service under merit system examination, three additional points shall
21 be added to the passing grade of a national guard member who is not a
22 state employee in a permanent position in the classified service and
23 six additional points shall be added to the passing grade of a dis-
24 abled national guard member who is not a state employee in a permanent
25 position in the classified service; if a position in the classified
26 service is eliminated, employees shall be released under rules that
27 give due effect to all factors; if all job qualifications are equal,
28 the national guard member shall be given preference over employees who
29 are not veterans or national guard members and the national guard

1 member shall be kept on the job; this paragraph may not be interpreted
2 to amend the terms of a collective bargaining agreement; in this
3 paragraph

4 (A) "disabled national guard member" means a former
5 member of the national guard who was discharged or released from
6 the national guard under honorable conditions because of a dis-
7 ability incurred in the line of duty;

8 (B) "national guard member" means a person who has
9 served for at least eight years as a member of the Alaska
10 National Guard or an Alaska National Guard Reserve Unit.