ALASKA LEGISLATURE 1574

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

AMENDMENT #3

BY: Miller

CSSB 1003 (FIN)

Page 26, line 27

delete "."
insert "; and"

add new subsection

"(3) satisfies only those monetary terms funded in appropriation legislation passed by the Second Session of the Nineteenth Alaska State Legislature.

Page 26, line 28

insert after "approval"

", subject to the conditions in (a) of this section,"

9-LS1893\O.13
Cramer
6/5/96

AMENDMENT #4

OFFERED IN THE SENATE BY SENATOR MILLER

TO: CSSB 1003(FIN)

Page 5, line 7, following "director":

Insert "of the division of personnel in the Department of Administration"

Page 5, line 25, through page 6, line 6:

Delete all material and insert:

"* Sec. 12. AS 39.20.200 is amended by adding a new subsection to read:

(b) Personal leave accrued by an officer or employee during each pay period shall be converted monthly to a cash value by multiplying the hours accrued during the pay periods in that month by the officer's or employee's annualized hourly rate of pay for the pay period. The resulting amount shall be added to the cash value amounts calculated for previous pay periods. The total of all of the cash values is the cash value of the officer's or employee's personal leave balance.

* Sec. 13. AS 39.20.250(a) is amended to read:

(a) Terminal leave for unused personal leave shall be allowed upon separation from service. The payment equals the **cash value of the officer's or employee's personal leave balance at the time of separation from state service** [COMPENSATION THAT THE OFFICER OR EMPLOYEE WOULD HAVE RECEIVED IF THE OFFICER OR EMPLOYEE HAD REMAINED IN THE SERVICE UNTIL THE EXPIRATION OF THE PERIOD OF UNUSED PERSONAL LEAVE. A PAYMENT OF TERMINAL LEAVE TO AN EMPLOYEE SHALL BE MADE AS A LUMP SUM PAYMENT OR IN INSTALLMENTS OVER A PERIOD OF TIME, AS THE EMPLOYEE ELECTS]."

Renumber the following bill sections accordingly.

Page 13, lines 23, 28, and 29; page 14, lines 2, 12, and 22; page 15, lines 13, 21, and 30; page 18, line 18; page 19, line 18; page 21, lines 24, 25, and 27 - 28; page 22, lines 5 and 18; page 23, line 27; and page 24, lines 7, 9, 11, 20, 23, and 27:

Delete "30 - 43"

Insert "31 - 44"

Page 14, line 21:

Delete "sec. 37"

Insert "sec. 38"

Page 16, line 28; page 17, line 8; page 18, line 2; and page 23, line 4:

Delete "sec. 30(b)"

Insert "sec. 31(b)"

Page 21, line 14:

Delete "sec. 30(c)(2)"

Insert "sec. 31(c)(2)"

Page 21, line 29:

Delete "sec. 30(d) or (e)"

Insert "sec. 31(d) or (e)"

Page 22, lines 30 and 31:

Delete "sec. 30"

Insert "sec. 31"

Page 23, line 16:

Delete "secs. 35, 37, 38, 41, and 43"

Insert "secs. 36, 38, 39, 42, and 44"

Page 23, line 19:

Delete "secs. 30 - 32"

Insert "secs. 31 - 33"

Page 24, lines 18 and 19:

Delete "secs. 30 - 38 and 40 - 43"

Insert "secs. 31 - 39 and 41 - 44"

Page 24, lines 21 and 24:

Delete "secs. 31 - 39"

Insert "secs. 32 - 40"

Page 25, line 22:

Delete "sec. 13"

Insert "sec. 14"

Page 25, line 24:

Delete "sec. 14"

Insert "sec. 15"

Page 25, line 26:

Following "FOR":

Insert "CERTAIN"

Page 25, line 29:

Following "FOR":

Insert "CERTAIN"

Following "BRANCH.":

Insert "(a) Effective July 1, 1996, the permanent and temporary employees of the judicial branch, other than justices and judges, who are not members of a collective bargaining unit, are entitled to receive a one-time salary increase of 5.2 percent of the employee's base salary as of June 30, 1996."

Page 25, line 30:

Delete "For the fiscal years beginning"

Insert "(b) On"

Page 26, line 3:

Delete "sec. 13"

Insert "sec. 14."

Page 26, lines 3 - 5:

Delete ", and geographic differential adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.020, as enacted by sec. 14 of this Act."

Page 26, line 12:

Delete "sec. 13"

Insert "sec. 14"

Page 26, line 20:

Delete "sec. 13"

Insert "sec. 14"

Page 27, following line 18:

Insert a new bill section to read:

"* Sec. 52. TRANSITION FOR STATE EMPLOYEE LEAVE PROVISIONS. For the purpose of implementing secs. 12 and 13 of this Act, the beginning total cash value of an officer's or employee's personal leave balance on the effective date of secs. 12 and 13 of this Act is calculated by multiplying the officer's or employee's personal leave balance as of the day before the effective date of secs. 12 and 13 of this Act by the officer's or employee's annualized hourly rate of pay on the effective date of secs. 12 and 13 of this Act."

Renumber the following bill sections accordingly.

Page 27, lines 21, 23, and 29:

Delete "sec. 14"
Insert "sec. 15"

Page 28, line 4:
Delete "Section 51"
Insert "Section 53"

Page 28, line 5:
Delete "Sections 30, 31, and 39"
Insert "Sections 31, 32, and 40"

Page 28, line 6:
Delete "Sections 32 - 36"
Insert "Sections 33 - 37"

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

Revision Date:
Title: An Act relating to compensation and benefits of public employees'
Sponsor: Senate Finance Committee
Requestor: Senate Rules

Department Affected: Administration
BRU. Retirement & Benefits
Component: Retirement & Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	477.1	477.1	413.5	303.8	303.8	303.8
TRAVEL	30.0	30.0	25.0	25.0	25.0	25.0
CONTRACTUAL	168.4	115.4	114.6	114.6	114.6	114.6
SUPPLIES	12.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	123.8	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	811.3	625.5	556.1	446.4	446.4	446.4
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	811.3	625.5	556.1	446.4	446.4	446.4
TOTAL	811.3	625.5	556.1	446.4	446.4	446.4

Estimate of any current year (FY 96) cost: $ zero

POSITIONS:

FULL-TIME	6	6	6	6	6	6
PART-TIME	0	0	0	0	0	0
TEMPORARY	5	5	3	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

The actuarial costs to participating employers due to the retirement incentive program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the program.

Prepared by: Robert F Stalnaker Robert F Stalnaker Phone: 465-4470
Division: Retirement & Benefits Date:

Approved by Commissioner: Mark Boyer Alison M Elgee
Agency: Department of Administration Date: 6/10/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

Rev 01/95

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

ANALYSIS: (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. In addition, it allows for separation bonuses for state employees. Authorization of a RIP for State employees could begin as early as June 30, 1996 or as late as June 30, 1999. RIP eligibility periods for state employees would be designated by the Commissioner of Administration. RIP window periods would last from 30-60 days. The University of Alaska could adopt a RIP any time between June 30, 1996 and June 30, 1999. Participating PERS political subdivision employers could adopt a RIP between October 31, 1996 and October 31, 1997. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47 or 53 (depending on date of hire), if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member is indebted to the system and must make a lump sum payment or take an actuarial reduction from their lifetime benefit for the indebtedness amount. **The total cost of the incentive is required to be paid within three years and will not impact the actuarial soundness of the retirement plans.**

This bill also establishes a 10 year vesting period for health insurance; and calculates benefits on a five year average salary. **These changes only apply to those employees first hired after the effective date of this bill and will not impact the actuarial soundness of the PERS.**

We estimate that six permanent employees will be needed to manage the operations of the program and increased service demands into the future. Five long-term non-permanent employees will also be needed over the next two fiscal years, with three of those to remain for the third fiscal year. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services. Subsequent increases in the number of retirees will necessitate increased permanent employees to handle the increased demand for information and services.

We estimate that we will need to increase our normal number of counseling trips by 17 trips over the next two fiscal years to assure that members and employers understand the options and requirements of the programs.

The total estimated administrative cost to the division by fiscal year is as follows:

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

			FY 1997	FY 1998	FY 1999
PERSONAL SERVICES					
	FY 1997				
	1 Accountant III	$ 60.0			
	1 Retirement & Benefits Spec II	60.0			
	1 Retirement & Benefits Spec I	52.8			
	1 Accounting Tech II	46.6			
	2 Retirement & Benefits Tech II	84.4			
	2 Retirement & Benefits Tech II (NP)	75.6			
	2 Accounting Clerk III (NP)	68.2			
	1 Admin Clerk I (NP)	29.5			
	TOTAL FY 1997 COSTS		$477.1		
	FY 1998				
	1 Accountant III	$ 60.0			
	1 Retirement & Benefits Spec II	60.0			
	1 Retirement & Benefits Spec I	52.8			
	1 Accounting Tech II	46.6			
	2 Retirement & Benefits Tech II	84.4			
	2 Retirement & Benefits Tech II (NP)	75.6			
	2 Accounting Clerk III (NP)	68.2			
	1 Admin Clerk I (NP)	29.5			
	TOTAL FY 1998 COSTS			$477.1	
	FY 1999				
	1 Accountant III	$ 60.0			
	1 Retirement & Benefits Spec II	60.0			
	1 Retirement & Benefits Spec I	52.8			
	1 Accounting Tech II	46.6			
	2 Retirement & Benefits Tech II	84.4			
	2 Retirement & Benefits Tech II (NP)	75.6			
	1 Accounting Clerk III (NP)	34.1			
	TOTAL FY 1999 COSTS				$413.5

FISCAL NOT~~

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

	FY 1997	FY 1998	FY 1999
TRAVEL			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	$ 30.0	$ 30.0	$ 25.0
CONTRACTUAL			
Communication (Telephone, Postage)	13.4	13.4	12.6
Actuarial Services	50.0	50.0	50.0
Computer System Upgrades	50.0	0.0	0.0
Legal Services	50.0	50.0	50.0
Software Maintenance	3.0	0.0	0.0
Training/Risk Management	2.0	2.0	2.0
TOTAL CONTRACTUAL	168.4	115.4	114.6
SUPPLIES			
Office Supplies, Calculators, software	12.0	3.0	3.0
EQUIPMENT			
Computer Workstations	40.0	0.0	0.0
File Cabinets (6)	2.4	0.0	0.0
Office Chairs (10)	6.0	0.0	0.0
Microfiche Viewers (10)	6.0	0.0	0.0
Office Workstations	30.0	0.0	0.0
Computer/Network Printers	12.0	0.0	0.0
Computer Network Upgrades	21.4	0.0	0.0
Telephone Unit (10)	6.0	0.0	0.0
TOTAL EQUIPMENT	123.8	0.0	0.0
TOTAL OPERATIONS COST	$811.3	$625.5	$556.1

The retirement technicians, retirement specialists, accounting technicians, and accounting clerks need constant access to the PERS and TRS computer files. We do not have any excess terminals, microfiche viewers, or calculators. Our equipment request will satisfy our equipment needs for the duration of this program. We propose the purchase of personal computers to be used as terminals because they will be compatible with the division's local area network.

We are also proposing the purchase of two additional computer printers. The previous RIPs put a great demand on our existing printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our existing printers. After comparing the cost of leasing printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

All administrative costs of the program will be paid in advance by participating employers as required by the bill.

Funding Source Breakdown for FY 1997:

1029	PERS	$527.3
1034	TRS	284.0
		$811.3

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSB 1003(FIN)am

Revision Date:
Title: "An Act relating to compensation and benefits of public employees....."
Sponsor: (S) Fin
Requestor: (H) Fin

Department Affected: Administration
BRU: Finance
Component: Finance

COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES	19.4	19.4	19.9	9.9	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	26.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	45.4	19.4	19.9	9.9	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	45.4	19.4	19.9	9.9	0.0	0.0
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	45.4	19.4	19.9	9.9	0.0	0.0

Estimate of any current year (FY 96) cost: $ 0

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1		
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
See attached.

Prepared by: Don Wanie DW
Phone: 465-2240
Division: Finance
Date:

Approved by Commissioner: Mark Boyer [signature]
Agency: Department of Administration
Date: 6/6/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

Rev 10/94
G:\DIROFFC\LEGISLAT\1996\cssb1003 (FIN)am

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 1003 (FIN)am

1996 LEGISLATIVE SESSION

Retirement Incentive:
The Division of Finance is responsible for verification of employment history and processing of termination pay for all state employees. This includes verifying the length of employment, accounting for all leave without pay during the entire employment with the state and determining salaries for the three highest years. Final and terminal leave pay must be processed in accordance with contractual agreements.

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. It is estimated a half time Accounting Technician I will be needed in FY 97, 98 and 99 and the first half of FY 2000 to accommodate the additional workload generated by the program.

Accounting Technician I,

	FY 97	FY 98	FY 99	FY 2000
Range 14 A half time.	19.4	19.4		
Range 14 B half time.			19.9	9.9

Terminal Leave Calculation and RIP Tracking:
Contractual services funding of $26.0 will also be needed in FY 97 to cover the cost of a senior level contract Analyst/Programmer for four months. The funds will be used to help implement the necessary payroll (AKPAY) and accounting (AKSAS) program and system changes needed to accommodate changes in terminal leave pay calculation, and RIP savings tracking.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

M E M O R A N D U M   June 3, 1996

SUBJECT: Sectional Summary of CSSB 1003(FIN) "O" version dated 6/3/96 (Public employee compensation, benefits, and labor relations)

TO: Senator Mike Miller
Attn: Mary Gore

FROM: Teresa B. Cramer TBC
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional 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. If you would like an interpretation of the bill as it may apply to a particular set of circumstances. please advise.

Salary of judges

Section 1 sets out the legislative purpose and intent of bill section 7, which addresses the cost of living differential for ferry system employees.

Sections 2 - 5, amending statutes in AS 22, increase the salary of the chief justice and other justices of the state supreme court; the judges of the court of appeals; superior court judges; and district court judges.

Sec. 6, amending AS 22.15.220(b), directs that magistrates receive the geographic differential set by the supreme court.

Sec. 7, adding subsections to AS 23.40.210, sets out provisions for determining the cost-of-living differential which applies when setting salaries for employees residing outside the state. Under subsection (d), a collective bargaining agreement may not vary the terms of the statute and regulations adopted under the statute.

Salary of Legislators

Sec. 8. amending AS 24.10.100, sets the salary of legislators at the rate in effect before this bill is enacted. Legislators' salaries do not change under the bill.

Preservation of system for state aid to municipalities

Secs. 9 - 11. amending AS 29.60, make changes to ensure that calculations for state aid to municipalities continue to be based on the existing statutory geographic differentials. Since the formula for geographic differentials for state employee salaries is changed by the bill (see secs. 14 - 16), this conforming change is needed to avoid applying the change for state employee salaries to state aid to municipalities.

Terminal leave

Sec. 12. amending AS 39.20.250(a), limits how state employees may cash out their accrued personal leave when they end their employment with the state. The new terms apply to leave earned after the bill section takes effect.

State employee salary increase and geographic salary differential

Sec. 13. amending AS 39.27.011, establishes salary increases during the next three years for those employees whose pay is set by the statutory salary schedule. Employees paid under the statutory schedule are "classified and partially exempt employees in the executive branch of state government who are not members of a collective bargaining unit established under authority of the Public Employment Relations Act and employees of the legislature under AS 23.10 and 23.20[.]"

Secs. 14 - 16. amending AS 39.27.020 - 39.27.045, establish a new schedule for geographic pay differentials. Sec. 29.27.020(b), enacted by sec. 14, permits a greater differential to be paid under certain conditions.

PERS TIER THREE - Amendments to AS 39.35

Sec. 17. amending AS 39.35.160(a), sets contribution rates for PERS employees first hired on or after the effective date of the bill section. The contribution rates are lower than those that apply to current members of PERS. Under sec. 56, the Act takes effect July 1, 1996. If the bill gets the required two-thirds majority vote in each house for the effective date, Tier III will begin on that date.

Sec. 18. amending AS 39.35.370(a), sets out when employees may retire from PERS. Anyone can retire at age 60 with at least five years of credited service. Under paragraph (4), a Tier II employee can retire at any age with at least 30 years of credited service. Under paragraph (2), Tier II peace officers and fire fighters can retire at any age with at least 20 years of peace officer or fire fighter credited service. Under paragraph (3) a Tier III peace officer or fire fighter can retire at age 50 with 20 years of credited service. Under paragraph (5), anyone in Tier III can retire when their age and years of credited service total at least 85. (For someone who is 55, that would require having at least 30 years of PERS credited service.)

Sec. 19. amending AS 39.35.370(b), sets the formula for reducing the normal retirement benefit to arrive at the amount that a retiree who retires early will receive.

Sec. 20. amending AS 39.35.370(c), sets the formulas for determining the amount of a normal retirement benefit. Paragraph (3) establishes a new formula for Tier III employees.

Secs. 21 and 24 amend AS 39.35.450 and 39.35.485(a) to reflect the repeal of AS 39.35.460 (in bill sec. 28), which provided a method of setting the amount of PERS retirement payments so that retirees got a larger payment until their social security benefits began, at which point their PERS retirement benefit dropped.

Secs. 22 and 23. amending AS 39.35.475(a) and (b), set when beneficiaries of the PERS system are entitled to an increase in benefit payments as a post retirement pension adjustment and set the amount of the PRPA increase. For Tier III members, only those who are disabled or 60 years of age or older will be entitled, and the amount of the increase is determined by a percentage of the individual's retirement benefit that is the lesser of one half the increase in the cost of living during the preceding calendar year or (in the case of very high inflation) six percent.

Sec. 25. amending AS 39.35.535(c), covers benefit recipients who elect major medical insurance coverage. Tier III retirees who are disabled or 65 years of age or older will be required to pay the monthly group premium for dependent coverage unless the retiree had 10 or more years of credited service, in which case the dependent coverage is provided at no cost to the retiree.

Sec. 26. amending AS 39.35.680(4), changes the definition of "average monthly compensation for Tier III to require that the compensation for five consecutive years of service be averaged instead of three years.

Department of Labor duties

Sec. 27. amending AS 44.31.020, conforms this section, relating to the duties of the Department of Labor, to the changes made in secs. 9 - 11 and 15 of the bill.

Sec. 28. repealed statutes

AS 39.20.250(b) applies to state employees who have ended their employment with the state and cashed out their leave and then been reemployed by the state before the expiration of the period covered by the leave. Employees must pay back an amount equal to the leave payment covering the period between the date of re-employment and the expiration of the unused leave period. The employee then is credited with leave for the time covered by the repayment.

AS 39.27.035 requires the director of personnel to prepare an annual pay plan for state employees. The pay plan applies only to employees in the classified and partially exempt service who are not subject to collective bargaining.

AS 39.27.040 requires the director of personnel to conduct an annual salary survey and make recommendations to the Board of Regents of the University of Alaska concerning salaries.

AS 39.35.460 permits retirees under PERS to select a benefit payment option that was intended to keep the total amount of retirement benefits a retiree received level after the retiree's social security benefits began (which was likely to be later than the retiree's PERS benefits).

Retirement Incentive Program

Secs. 29 - 43 establish a retirement incentive program for PERS and TRS except that, under sec. 43 and under the definition of employer in sec. 30(g), school districts are excluded from participating.

Sec. 29 sets out the legislative findings and purpose of the retirement incentive program (RIP).

Sec. 30 establishes the general requirements for a retirement incentive program. Subsection (a) permits employers to designate organizational units of employees eligible to participate. It specifically provides that employers may choose limited groups to which to extend the retirement incentive plan.

Subsection (b) limits the employees who will be eligible to participate in the RIP to employees who will be qualified to retire after receipt of the retirement incentive.

Subsection (c) sets out requirements for the employer's plan and requires the employer to agree to reimburse the retirement system for the extra costs incurred by the system as a result of participation in the RIP by the employer's employees.

Subsection (d) sets out the formula for computing how much each member of the Teachers' Retirement System (TRS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rate of 8.65% for members of TRS set out in

AS 14.25.050. Subsection (e) sets out the formula for computing how much each member of the Public Employees' Retirement System (PERS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rates of 7.5% for peace officers who are members of PERS and 6.75% for other members of PERS set out in AS 39.35.160.

Subsection (f) provides that the retirement incentive is a credit of three years, to be used either to meet retirement eligibility requirements or, if those are met, to increase the benefits a participant is entitled to receive.

Subsection (g) defines "department" and "employer" for purposes of this bill section. The definition of "employer" includes all PERS employers and specifically includes departments (which are defined as executive branch agencies only). This means that a department may establish a RIP even if other departments do not. For TRS, the definition of "employer" is limited to the University, the Board of Education, and Regional Resource Centers. Definitions of "employer" for both retirement systems specifically exclude school districts.

Sec. 31 authorizes state agencies to adopt a retirement incentive plan for their employees, to begin at the time requested by the state agency and established by the commissioner of administration. The periods for application must begin no earlier than June 30, 1996, and end no later than June 30, 1999. The periods must be at least 30 days and no more than 60 days in length. There must also be a waiting period of at least 30 days after the schedules are established before the application period begins.

Subsection (c) prohibits top management state employees from participating in a RIP. Subsection (d) requires state employees who want to participate in the RIP to have continuous employment with the state for the periods listed. Subsection (e) requires that participants be appointed to retirement no later than six months after the last day of the application period.

Sec. 32 authorizes the University of Alaska to adopt a retirement incentive plan for its employees and to request that the commissioner of administration establish one or more application windows for the RIP. The application windows must fall between June 30, 1996 and June 30, 1999, last between 30 and 60 days, and begin after a waiting period of at least 30 days.

Subsection (c) requires that participants be appointed to retirement within six months after the end of the application period. Subsection (d) addresses participants in the Optional University Retirement Program.

Sec. 33 authorizes political subdivisions and public organizations which participate in PERS to adopt a retirement incentive plan for their employees. The application window lasts between December 31, 1996, and June 30, 1997. Subsection (b) requires that participants be appointed to retirement by February 1, 1998.

Sec. 34 authorizes regional resource centers who are employers in TRS to adopt a retirement incentive plan for their employees. The application window begins June 30, 1996, and ends December 31, 1996. Participants must be appointed to retirement by August 1, 1997.

Sec. 35 permits state employee participants of a RIP to receive credit, for purposes of determining whether the participant satisfies the years of service requirements for retirement under TRS or PERS, for certain employment with political subdivisions or public organizations who did not participate in PERS or TRS at the time of the employment. The employment may not be counted when the amount of the participant's benefits are calculated.

Sec. 36 permits the Chief Justice of the Alaska Supreme Court to adopt a RIP between July 1, 1996, and June 30, 1999, for the administrative director of the court system.

Sec. 37 permits the Department of Administration to take certain actions if employers who are participating in the RIP become delinquent in the payments they owe the system for the increased benefits paid to their retirees under the program.

Sec. 38 establishes an indebtedness owed by participants in the retirement incentive program who, after retirement, are reemployed in a position that is covered by PERS, TRS, the Judicial Retirement System, or the Optional University Retirement System. The indebtedness is 150 percent of the amount the individual received as a result of participation in the RIP.

Subsection (b) prohibits participants from working for a state department or agency for five years after the participant retired. There is an exception, so long as the employee will not be entitled to retirement, health, or leave benefits, for work for the University of Alaska and for employment with the legislature during the session if the employment is on an hourly basis. Subsection (c) permits the Board of Regents, in the case of the University of Alaska, and the commissioner of administration, in the case of other employers, to permit employers to enter into personal services contracts with certain participants during the five-year waiting period if the employer establishes that there is a compelling reason for hiring the participant because of the participant's specialized or extensive experience.

Note that while subsections (b) and (c) permit state agencies to hire certain participants, neither subsection excuses the participant from paying the penalty established under subsection (a).

Sec. 39 permits the Legislative Council to adopt a RIP for legislative employees.

Sec. 40 directs state agencies (other than the legislature) to file with the Office of Management and Budget reports showing the expected effect of the RIP on the agency's personal services cost and operation. Subsection (b) directs OMB to report to the legislature on the RIP. The reports are to begin January 15, 1998, and end in the year 2001.

Sec. 41 states that employees do not have a vested or contractual right to benefits under a RIP until an agreement is executed with the administrator of the retirement system. The legislature reserves the right to make changes to the program.

Sec. 42 permits the Department of Administration to adopt regulations for the RIP, other than the legislative portion.

Sec. 43 makes the definitions in TRS and PERS, as appropriate, applicable to the bill, except that school districts are excluded from the definition of "employer" for both provisions. This has the effect of excluding school districts from participating in a RIP under this bill. Subsection (c) defines terms used in the bill.

Other uncodified and transitional provisions

Secs. 44 - 49. salary increases for other employees. provide for salary increases for the groups of employees identified. Section 45 provides for an increase for judicial branch employees for two fiscal years while sec. 46 provides for an increase for those employees for a third fiscal year. Section 47 reflects the fact that judges salaries are increased in secs. 1 - 5 of the bill. Sec. 48 confirms an increase for legislative employees other than legislators.

Sec. 50. approving monetary terms. provides legislative approval of the monetary terms of the collective bargaining agreements with the collective bargaining organizations listed in the section.

Sec. 51. limiting application of the geographic differential. limits the effects of the new geographic salary differential set out in bill sec. 13 by delaying its application to state employees who are currently receiving a differential under AS 39.27.020 until July 1, 1997, and then applying a reduced amount for the next fiscal year.

Sec. 52 states that the Act does not modify or terminate the terms of a collective bargaining agreement in effect on the effective date of the Act.

Sec. 53 repeals sec. 51 of the Act (which delays implementing the new geographic salary differential) on July 1, 1998.

Sec. 54 repeals sections 30, 31, and 39, of the bill on July 1, 2000. Those sections establish the retirement incentive program, authorize the state to participate in the RIP, and authorize the legislative retirement incentive program.

Sec. 55 repeals sections 32 - 36 of the Act, on July 1, 1999. Sections 32 - 34 authorize the University of Alaska, Regional Resource Centers, and those political subdivisions and public organizations that are employers under PERS to participate in the RIP. Section 35 permits state employees to count certain employment with political subdivisions in determining whether they can retire. Section 36 authorizes a retirement incentive plan for the administrative director of the court system.

Sec. 56 establishes an effective date of July 1, 1996, for the entire bill.

TC:lmb
96-109.lmb

MAJOR PROVISIONS OF SB 1003 (FIN)

COLD--Section 9

LEAVE--Section 12
New employees will cash in leave at rate earned. **Savings of .5%.**

GEO DIFF--Section 14

TIER III--Section17
Employee contribution tward retirement goes to 6.75%

RULE 85 and 20/50--Section 18
At any time when the employees age and amount of service, when added together, is 85 or greater, they are elegible for retirement. Peace Officer or Fire Fighter can retire at age 50 if they have at least 20 years of service. **Savings of .1%.**

RAMP--Section 20
Multiplier effect on years of service. **Savings of 2.13%.**

HIGH 5--Section 26
Future employee's retirement will be calculated at the highest five consecutive years of employment vs. three. **Savings of .42%.**

RIP--Sections 30-43
Section
Must work for state for 10 years to qualify for health benefits after retirement. Full benefits can be purchased for employee and dependent if retiree has less than 10 years of credited service.
Savings of 1.4%.

TOTAL RIP SAVINGS: $1.5 million

6-4-96
F33
SFC

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM June 3, 1996

SUBJECT: Power of the Governor to limit subjects considerated at a special session

TO: Senator Rick Halford, Co-chair
Senate Finance Committee

FROM: Tamara Brandt Cook
Director
TBC

The Governor has issued a supplemental proclamation in which he adds subjects to the May 7, 1996 proclamation and which is a "refinement of the subjects listed in that proclamation..." You have asked whether the supplemental proclamation is unconstitutionally narrow in any regard.

A question presented by this situation is whether the Governor, having listed a subject in a proclamation calling a special session, may later restrict that subject or delete it. Paragraphs (2) through (4) of the May 7, 1996 proclamation, taken together, permit the legislature to consider any appropriation for any purpose from any source. To the extent that paragraphs (1), (2) and (6) of the supplemental proclamation amount to a restriction on the types of appropriations the legislature may consider, the supplemental proclamation is questionable.

I have found no case law from any jurisdiction on the question of whether a governor may delete a subject from the call for a special session. There are several cases holding that the governor may add subjects or amend the date of the session before the special session is convened. [1] Some courts have allowed the governor to add or amend a subject after the special session has been convened, [2] while one court has held that the governor cannot add

---

[1] Guenthner v. Brown, 671 S.W.2d 260 (Ct. App Ky. 1984)(change of date); Foster v. Graves, 275 S.W. 653 (Ark. 1925)(additional subject); In re City of Pittsburg, 66 A. 348 (Pa. 1907), aff'd., 52 L.Ed. 151(additional subject).

[2] Jaksha v. Nebraska, 385 N.W.2d 922 (Nebr. 1986)(additional subject); Stickler v. Higgins, 106 S.W.2d 1008 (Ct. App. Ky. 1937)(amendment of reference to law to be repealed).

subjects to a special session after it has been convened. [3] In Alaska, of course, art. II, sec. 9 explicitly allows the legislature to consider not only those subjects designated in the proclamation, but also those "presented by" the governor, which language suggests that the governor may add subjects even after the special session has been convened.[4]

However, it is not safe to assume that a governor can delete subjects, just because the constitution allows him or her to add subjects. In my opinion, the deletion of subjects should be treated like the rescission of a call (since a deletion of a subject is a rescission of part of the call), so that the governor could delete a subject before, but **not** after, the special session was convened. (Advisory Opinion to the Governor 96 S.2d 413 (Fla. 1957); Opinion of the Justices, 12 A.2d; but for a contrary opinion see Royster v. Brock, 79 S.W.2d 707 (Ct. App. Ky.) My reasons for this conclusion are as follows:

1. The legislature's power to legislate is limited only by constitutional prohibitions. Article II, sec. 9 of Alaska's constitution limits legislation in special sessions to subjects designated in the proclamation or presented by the governor, but does **not** specifically authorize the governor to limit subjects by removing ones he or she has already designated or presented. While one could fairly imply a power to rescind a designation before the legislature "assumes jurisdiction" over the subject by convening, there is no justification for implying such a power once the legislature has convened.

2. If the governor had the power to delete subjects after the special session had been convened, the governor could, by simply deleting all subjects, force the legislature to adjourn, which would be contrary to the intent of Alaska's constitutional convention.

3. The power to remove a subject during the session would give the governor a type of political leverage that is not contemplated by the constitution, i.e., the power to say, in effect, "I don't like the bill you are considering so I'll prevent you from passing it." If the governor does not approve of the legislature's ultimate policy choices, the constitutional remedy is the veto, not removing the legislature's power to act once it is in session.

4. Alaska's constitution limits the subject matter of a special session called by the governor in order to "relieve" the legislators from political pressure to consider material extraneous to the subject that was important enough to justify the call. 3 Minutes, Alaska Constitutional Convention 1687-1688 (Mrs. Nordale). Allowing the governor to delete subjects after the legislature had convened would not further that purpose.

---

[3] Sims v. Weldon, 263 S.W. 42 (Ark. 1924)(a subject cannot be added by the governor once the special session has convened).

[4] The purpose of "or presented by him" in art. II, sec. 9, Constitution of the State of Alaska was to allow the legislators to present their bills to the governor, who could then present them to the legislature in the special session. 3 Minutes, Alaska Constitutional Convention 1686 (Mrs. Sweeney).

The primary argument for allowing the governor to rescind a subject after the legislature has convened would be that the legislature can always call itself into special session if it believes that the subject deleted by the governor is important enough. And, of course, that action would be the best way to avoid a constitutional cloud on legislation if indeed the governor does try to delete or restrict a subject after the session convenes, and the legislature nevertheless wants to pass legislation on that subject.

There is also a possibility that paragraph (1) of the supplemental proclamation is too narrow in that the stated subject is appropriations for state employee collective bargaining agreements and adjustments to salary schedules for state employees not covered by collective bargaining agreements, but the Governor also appears to be attempting to dictate the result of the legislature's consideration of that subject by requiring that those items be funded. I believe that, should the legislature partially fund those items, that appropriation would address the subject and be a valid appropriation. Likewise in paragraph (5)(c),(d), and (e) the Governor states, not only specific subjects for the legislature to consider, but attempts to dictate the effective date of any bill addressing those subjects. The effective date of legislation is not a subject in itself and is within the sole control of the legislature, in that the effective date may not be separately vetoed or changed by the Governor. Furthermore, an effective date requires a supermajority vote of the legislature. The Governor's effort to control the effective date of legislation arguably deprives the legislature of the power to enact legislation by majority vote without a special effective date.

Article II, section 9 of the state constitution states: "At special sessions called by the governor, legislation shall be limited to subjects designated in his proclamation calling the session, to subjects presented by him, and the reconsideration of bills vetoed by him after adjournment of the last regular session." While the constitution permits the governor to limit consideration by the legislature of only certain subjects, it does not permit him or her to dictate to the legislature the results of its consideration.

In other jurisdictions which authorize the Governor to limit the subjects that may be taken up at a session, very narrow calls have been upheld. (People v. Larkin, 517 P.2d 389 (Colorado 1973); People v. McKenna, 611 P.2d 574 (Colorado 1980)) The framers of our state constitution debated the issue of whether the Governor should be required to limit subjects to be considered at a special session and concluded that the Governor should because (1) with annual regular sessions, there would be little need for special sessions except to address specific emergencies; (2) limiting the sessions would protect the legislature from pressures to deal with other subjects; and (3) if a call proves too narrow, the legislature may avoid the limit by calling itself into session. (Alaska Constitutional Convention Proceedings, Part 3, pages 1685 - 1690) This suggests that the framers expected the Governor to have the power to issue a very narrow call.

On the other hand, courts have found that, having named a subject in a call, the legislature has absolute power to enact any measure respecting that subject or to enact none. (State v.

Clancy, 77 P. 312 (Montana 1904); Empire Sav., Etc. v. Otero Sav. & Loan, 640 P.2d 1151 (Colorado 1982)) Furthermore, if the Governor attempts to restrict legislative power unduly in a call, the restriction may be considered by the court to be advisory only and not binding on the legislature. (In re Opinion of the Justices, 171 S.902 (Alabama 1936)) Some states have even held that the legislature has some leeway in addressing a matter not specifically included in a call if the matter clearly relates to the purpose of the call. In Colorado the court has adopted a "rational nexus" test. Legislation which is not specifically within the subject of a call is, nonetheless, valid if it " . . . bears a rational nexus to an item specified in the governor's call." (Wieder v. People, 722 P.2d 396 (Colorado 1986, page 398)) In Arkansas the court has held that the legislature may consider not only legislation specifically mentioned in the call, but also legislation that may incidently arise out of the call or is necessary in accomplishing the purpose of the call. (Arkansas Motor Carriers v. Pritchett, 798 S.W.2d 918 (Ark. 1990))

If you recall, the Governor in 1992 issued a Proclamation calling the legislature into special session ". . . on the subject of statutory changes for the purpose of amending Title 16 of the Alaska Statutes as it applies to the taking of fish and wildlife." Despite the effort by the Governor to limit the session to "statutory changes" the legislature introduced and considered a resolution proposing a constitutional amendment dealing with subsistence. Bear in mind, however, if the court should find that a measure is outside of the call, this would probably result in the invalidation of the proposed legislation. (State v. Edwards, 241 S.W. 945 (Missouri 1922))

TBC:glc
96-403.glc

SB

1003

SFIN

FILE

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM June 3, 1996

SUBJECT: Sectional Summary of CSSB 1003(FIN) "O" version dated 6/3/96 (Public employee compensation, benefits, and labor relations)

TO: Senator Mike Miller
Attn: Mary Gore

FROM: Teresa B. Cramer TBC
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional 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. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Salary of judges

Section 1 sets out the legislative purpose and intent of bill section 7, which addresses the cost of living differential for ferry system employees.

Sections 2 - 5. amending statutes in AS 22, increase the salary of the chief justice and other justices of the state supreme court; the judges of the court of appeals; superior court judges; and district court judges.

Sec. 6. amending AS 22.15.220(b), directs that magistrates receive the geographic differential set by the supreme court.

Sec. 7. adding subsections to AS 23.40.210, sets out provisions for determining the cost-of-living differential which applies when setting salaries for employees residing outside the state. Under subsection (d), a collective bargaining agreement may not vary the terms of the statute and regulations adopted under the statute.

<u>Salary of Legislators</u>

<u>Sec. 8. amending AS 24.10.100,</u> sets the salary of legislators at the rate in effect before this bill is enacted. Legislators' salaries do not change under the bill.

<u>Preservation of system for state aid to municipalities</u>

<u>Secs. 9 - 11. amending AS 29.60,</u> make changes to ensure that calculations for state aid to municipalities continue to be based on the existing statutory geographic differentials. Since the formula for geographic differentials for state employee salaries is changed by the bill (see secs. 14 - 16), this conforming change is needed to avoid applying the change for state employee salaries to state aid to municipalities.

<u>Terminal leave</u>

<u>Sec. 12. amending AS 39.20.250(a),</u> limits how state employees may cash out their accrued personal leave when they end their employment with the state. The new terms apply to leave earned after the bill section takes effect.

<u>State employee salary increase and geographic salary differential</u>

<u>Sec. 13. amending AS 39.27.011,</u> establishes salary increases during the next three years for those employees whose pay is set by the statutory salary schedule. Employees paid under the statutory schedule are "classified and partially exempt employees in the executive branch of state government who are not members of a collective bargaining unit established under authority of the Public Employment Relations Act and employees of the legislature under AS 23.10 and 23.20[.]"

<u>Secs. 14 - 16. amending AS 39.27.020 - 39.27.045,</u> establish a new schedule for geographic pay differentials. Sec. 29.27.020(b), enacted by sec. 14, permits a greater differential to be paid under certain conditions.

<u>PERS TIER THREE - Amendments to AS 39.35</u>

<u>Sec. 17. amending AS 39.35.160(a),</u> sets contribution rates for PERS employees first hired on or after the effective date of the bill section. The contribution rates are lower than those that apply to current members of PERS. Under sec. 56, the Act takes effect July 1, 1996. If the bill gets the required two-thirds majority vote in each house for the effective date, Tier III will begin on that date.

<u>Sec. 18. amending AS 39.35.370(a),</u> sets out when employees may retire from PERS. Anyone can retire at age 60 with at least five years of credited service. Under paragraph (4), a Tier II employee can retire at any age with at least 30 years of credited service. Under

paragraph (2), Tier II peace officers and fire fighters can retire at any age with at least 20 years of peace officer or fire fighter credited service. Under paragraph (3) a Tier III peace officer or fire fighter can retire at age 50 with 20 years of credited service. Under paragraph (5), anyone in Tier III can retire when their age and years of credited service total at least 85. (For someone who is 55, that would require having at least 30 years of PERS credited service.)

Sec. 19. amending AS 39.35.370(b), sets the formula for reducing the normal retirement benefit to arrive at the amount that a retiree who retires early will receive.

Sec. 20. amending AS 39.35.370(c), sets the formulas for determining the amount of a normal retirement benefit. Paragraph (3) establishes a new formula for Tier III employees.

Secs. 21 and 24 amend AS 39.35.450 and 39.35.485(a) to reflect the repeal of AS 39.35.460 (in bill sec. 28), which provided a method of setting the amount of PERS retirement payments so that retirees got a larger payment until their social security benefits began, at which point their PERS retirement benefit dropped.

Secs. 22 and 23, amending AS 39.35.475(a) and (b), set when beneficiaries of the PERS system are entitled to an increase in benefit payments as a post retirement pension adjustment and set the amount of the PRPA increase. For Tier III members, only those who are disabled or 60 years of age or older will be entitled, and the amount of the increase is determined by a percentage of the individual's retirement benefit that is the lesser of one half the increase in the cost of living during the preceding calendar year or (in the case of very high inflation) six percent.

Sec. 25. amending AS 39.35.535(c), covers benefit recipients who elect major medical insurance coverage. Tier III retirees who are disabled or 65 years of age or older will be required to pay the monthly group premium for dependent coverage unless the retiree had 10 or more years of credited service, in which case the dependent coverage is provided at no cost to the retiree.

Sec. 26. amending AS 39.35.680(4), changes the definition of "average monthly compensation for Tier III to require that the compensation for five consecutive years of service be averaged instead of three years.

Department of Labor duties

Sec. 27. amending AS 44.31.020, conforms this section, relating to the duties of the Department of Labor, to the changes made in secs. 9 - 11 and 15 of the bill.

Sec. 28. repealed statutes

AS 39.20.250(b) applies to state employees who have ended their employment with the state and cashed out their leave and then been reemployed by the state before the expiration of the period covered by the leave. Employees must pay back an amount equal to the leave payment covering the period between the date of re-employment and the expiration of the unused leave period. The employee then is credited with leave for the time covered by the repayment.

AS 39.27.035 requires the director of personnel to prepare an annual pay plan for state employees. The pay plan applies only to employees in the classified and partially exempt service who are not subject to collective bargaining.

AS 39.27.040 requires the director of personnel to conduct an annual salary survey and make recommendations to the Board of Regents of the University of Alaska concerning salaries.

AS 39.35.460 permits retirees under PERS to select a benefit payment option that was intended to keep the total amount of retirement benefits a retiree received level after the retiree's social security benefits began (which was likely to be later than the retiree's PERS benefits).

Retirement Incentive Program

Secs. 29 - 43 establish a retirement incentive program for PERS and TRS except that, under sec. 43 and under the definition of employer in sec. 30(g), school districts are excluded from participating.

Sec. 29 sets out the legislative findings and purpose of the retirement incentive program (RIP).

Sec. 30 establishes the general requirements for a retirement incentive program. Subsection (a) permits employers to designate organizational units of employees eligible to participate. It specifically provides that employers may choose limited groups to which to extend the retirement incentive plan.

Subsection (b) limits the employees who will be eligible to participate in the RIP to employees who will be qualified to retire after receipt of the retirement incentive.

Subsection (c) sets out requirements for the employer's plan and requires the employer to agree to reimburse the retirement system for the extra costs incurred by the system as a result of participation in the RIP by the employer's employees.

Subsection (d) sets out the formula for computing how much each member of the Teachers' Retirement System (TRS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rate of 8.65% for members of TRS set out in

AS 14.25.050. Subsection (e) sets out the formula for computing how much each member of the Public Employees' Retirement System (PERS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rates of 7.5% for peace officers who are members of PERS and 6.75% for other members of PERS set out in AS 39.35.160.

Subsection (f) provides that the retirement incentive is a credit of three years, to be used either to meet retirement eligibility requirements or, if those are met, to increase the benefits a participant is entitled to receive.

Subsection (g) defines "department" and "employer" for purposes of this bill section. The definition of "employer" includes all PERS employers and specifically includes departments (which are defined as executive branch agencies only). This means that a department may establish a RIP even if other departments do not. For TRS, the definition of "employer" is limited to the University, the Board of Education, and Regional Resource Centers. Definitions of "employer" for both retirement systems specifically exclude school districts.

Sec. 31 authorizes state agencies to adopt a retirement incentive plan for their employees, to begin at the time requested by the state agency and established by the commissioner of administration. The periods for application must begin no earlier than June 30, 1996, and end no later than June 30, 1999. The periods must be at least 30 days and no more than 60 days in length. There must also be a waiting period of at least 30 days after the schedules are established before the application period begins.

Subsection (c) prohibits top management state employees from participating in a RIP. Subsection (d) requires state employees who want to participate in the RIP to have continuous employment with the state for the periods listed. Subsection (e) requires that participants be appointed to retirement no later than six months after the last day of the application period.

Sec. 32 authorizes the University of Alaska to adopt a retirement incentive plan for its employees and to request that the commissioner of administration establish one or more application windows for the RIP. The application windows must fall between June 30, 1996 and June 30, 1999, last between 30 and 60 days, and begin after a waiting period of at least 30 days.

Subsection (c) requires that participants be appointed to retirement within six months after the end of the application period. Subsection (d) addresses participants in the Optional University Retirement Program.

Sec. 33 authorizes political subdivisions and public organizations which participate in PERS to adopt a retirement incentive plan for their employees. The application window lasts between December 31, 1996, and June 30, 1997. Subsection (b) requires that participants be appointed to retirement by February 1, 1998.

Sec. 34 authorizes regional resource centers who are employers in TRS to adopt a retirement incentive plan for their employees. The application window begins June 30, 1996, and ends December 31, 1996. Participants must be appointed to retirement by August 1, 1997.

Sec. 35 permits state employee participants of a RIP to receive credit, for purposes of determining whether the participant satisfies the years of service requirements for retirement under TRS or PERS, for certain employment with political subdivisions or public organizations who did not participate in PERS or TRS at the time of the employment. The employment may not be counted when the amount of the participant's benefits are calculated.

Sec. 36 permits the Chief Justice of the Alaska Supreme Court to adopt a RIP between July 1, 1996, and June 30, 1999, for the administrative director of the court system.

Sec. 37 permits the Department of Administration to take certain actions if employers who are participating in the RIP become delinquent in the payments they owe the system for the increased benefits paid to their retirees under the program.

Sec. 38 establishes an indebtedness owed by participants in the retirement incentive program who, after retirement, are reemployed in a position that is covered by PERS, TRS, the Judicial Retirement System, or the Optional University Retirement System. The indebtedness is 150 percent of the amount the individual received as a result of participation in the RIP.

Subsection (b) prohibits participants from working for a state department or agency for five years after the participant retired. There is an exception, so long as the employee will not be entitled to retirement, health, or leave benefits, for work for the University of Alaska and for employment with the legislature during the session if the employment is on an hourly basis. Subsection (c) permits the Board of Regents, in the case of the University of Alaska, and the commissioner of administration, in the case of other employers, to permit employers to enter into personal services contracts with certain participants during the five-year waiting period if the employer establishes that there is a compelling reason for hiring the participant because of the participant's specialized or extensive experience.

Note that while subsections (b) and (c) permit state agencies to hire certain participants, neither subsection excuses the participant from paying the penalty established under subsection (a).

Sec. 39 permits the Legislative Council to adopt a RIP for legislative employees.

Sec. 40 directs state agencies (other than the legislature) to file with the Office of Management and Budget reports showing the expected effect of the RIP on the agency's personal services cost and operation. Subsection (b) directs OMB to report to the legislature on the RIP. The reports are to begin January 15, 1998, and end in the year 2001.

Sec. 41 states that employees do not have a vested or contractual right to benefits under a RIP until an agreement is executed with the administrator of the retirement system. The legislature reserves the right to make changes to the program.

Sec. 42 permits the Department of Administration to adopt regulations for the RIP, other than the legislative portion.

Sec. 43 makes the definitions in TRS and PERS, as appropriate, applicable to the bill, except that school districts are excluded from the definition of "employer" for both provisions. This has the effect of excluding school districts from participating in a RIP under this bill. Subsection (c) defines terms used in the bill.

Other uncodified and transitional provisions

Secs. 44 - 49, salary increases for other employees, provide for salary increases for the groups of employees identified. Section 45 provides for an increase for judicial branch employees for two fiscal years while sec. 46 provides for an increase for those employees for a third fiscal year. Section 47 reflects the fact that judges salaries are increased in secs. 1 - 5 of the bill. Sec. 48 confirms an increase for legislative employees other than legislators.

Sec. 50, approving monetary terms, provides legislative approval of the monetary terms of the collective bargaining agreements with the collective bargaining organizations listed in the section.

Sec. 51, limiting application of the geographic differential, limits the effects of the new geographic salary differential set out in bill sec. 13 by delaying its application to state employees who are currently receiving a differential under AS 39.27.020 until July 1, 1997, and then applying a reduced amount for the next fiscal year.

Sec. 52 states that the Act does not modify or terminate the terms of a collective bargaining agreement in effect on the effective date of the Act.

Sec. 53 repeals sec. 51 of the Act (which delays implementing the new geographic salary differential) on July 1, 1998.

Sec. 54 repeals sections 30, 31, and 39, of the bill on July 1, 2000. Those sections establish the retirement incentive program, authorize the state to participate in the RIP, and authorize the legislative retirement incentive program.

Sec. 55 repeals sections 32 - 36 of the Act, on July 1, 1999. Sections 32 - 34 authorize the University of Alaska, Regional Resource Centers, and those political subdivisions and public organizations that are employers under PERS to participate in the RIP. Section 35 permits state employees to count certain employment with political subdivisions in determining whether they can retire. Section 36 authorizes a retirement incentive plan for the administrative director of the court system.

Sec. 56 establishes an effective date of July 1, 1996, for the entire bill.

TC:lmb
96-109.lmb

MAJOR PROVISIONS OF SB 1003 (FIN)

COLD--Section 9

LEAVE--Section 12
New employees will cash in leave at rate earned. **Savings of .5%.**

GEO DIFF--Section 14

TIER III--Section17
Employee contribution tward retirement goes to 6.75%

RULE 85 and 20/50--Section 18
At any time when the employees age and amount of service, when added together, is 85 or greater, they are elegible for retirement. Peace Officer or Fire Fighter can retire at age 50 if they have at least 20 years of service. **Savings of .1%.**

RAMP--Section 20
Multiplier effect on years of service. **Savings of 2.13%.**

HIGH 5--Section 26
Future employee's retirement will be calculated at the highest five consecutive years of employment vs. three. **Savings of .42%.**

RIP--Sections 30-43
Section
Must work for state for 10 years to qualify for health benefits after retirement. Full benefits can be purchased for employee and dependent if retiree has less than 10 years of credited service.
Savings of 1.4%.

TOTAL RIP SAVINGS: $1.5 million

6-4-96
F33
SFC

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM June 3, 1996

SUBJECT: Power of the Governor to limit subjects considerated at a special session

TO: Senator Rick Halford, Co-chair
Senate Finance Committee

FROM: Tamara Brandt Cook
Director
TBC

The Governor has issued a supplemental proclamation in which he adds subjects to the May 7, 1996 proclamation and which is a "refinement of the subjects listed in that proclamation..." You have asked whether the supplemental proclamation is unconstitutionally narrow in any regard.

A question presented by this situation is whether the Governor, having listed a subject in a proclamation calling a special session, may later restrict that subject or delete it. Paragraphs (2) through (4) of the May 7, 1996 proclamation, taken together, permit the legislature to consider any appropriation for any purpose from any source. To the extent that paragraphs (1), (2) and (6) of the supplemental proclamation amount to a restriction on the types of appropriations the legislature may consider, the supplemental proclamation is questionable.

I have found no case law from any jurisdiction on the question of whether a governor may delete a subject from the call for a special session. There are several cases holding that the governor may add subjects or amend the date of the session before the special session is convened. [1] Some courts have allowed the governor to add or amend a subject after the special session has been convened, [2] while one court has held that the governor cannot add

---

[1] Guenthner v. Brown, 671 S.W.2d 260 (Ct. App Ky. 1984)(change of date); Foster v. Graves, 275 S.W. 653 (Ark. 1925)(additional subject); In re City of Pittsburg, 66 A. 348 (Pa. 1907), aff'd., 52 L.Ed. 151(additional subject).

[2] Jaksha v. Nebraska, 385 N.W.2d 922 (Nebr. 1986)(additional subject); Stickler v. Higgins, 106 S.W.2d 1008 (Ct. App. Ky. 1937)(amendment of reference to law to be repealed).

subjects to a special session after it has been convened. [3] In Alaska, of course, art. II, sec. 9 explicitly allows the legislature to consider not only those subjects designated in the proclamation, but also those "presented by" the governor, which language suggests that the governor may add subjects even after the special session has been convened.[4]

However, it is not safe to assume that a governor can delete subjects, just because the constitution allows him or her to add subjects. In my opinion, the deletion of subjects should be treated like the rescission of a call (since a deletion of a subject is a rescission of part of the call), so that the governor could delete a subject before, but **not** after, the special session was convened. (Advisory Opinion to the Governor 96 S.2d 413 (Fla. 1957); Opinion of the Justices, 12 A.2d; but for a contrary opinion see Royster v. Brock, 79 S.W.2d 707 (Ct. App. Ky.) My reasons for this conclusion are as follows:

1. The legislature's power to legislate is limited only by constitutional prohibitions. Article II, sec. 9 of Alaska's constitution limits legislation in special sessions to subjects designated in the proclamation or presented by the governor, but does **not** specifically authorize the governor to limit subjects by removing ones he or she has already designated or presented. While one could fairly imply a power to rescind a designation before the legislature "assumes jurisdiction" over the subject by convening, there is no justification for implying such a power once the legislature has convened.

2. If the governor had the power to delete subjects after the special session had been convened, the governor could, by simply deleting all subjects, force the legislature to adjourn, which would be contrary to the intent of Alaska's constitutional convention.

3. The power to remove a subject during the session would give the governor a type of political leverage that is not contemplated by the constitution, i.e., the power to say, in effect, "I don't like the bill you are considering so I'll prevent you from passing it." If the governor does not approve of the legislature's ultimate policy choices, the constitutional remedy is the veto, not removing the legislature's power to act once it is in session.

4. Alaska's constitution limits the subject matter of a special session called by the governor in order to "relieve" the legislators from political pressure to consider material extraneous to the subject that was important enough to justify the call. 3 Minutes, Alaska Constitutional Convention 1687-1688 (Mrs. Nordale). Allowing the governor to delete subjects after the legislature had convened would not further that purpose.

---

[3] Sims v. Weldon, 263 S.W. 42 (Ark. 1924)(a subject cannot be added by the governor once the special session has convened).

[4] The purpose of "or presented by him" in art. II, sec. 9, Constitution of the State of Alaska was to allow the legislators to present their bills to the governor, who could then present them to the legislature in the special session. 3 Minutes, Alaska Constitutional Convention 1686 (Mrs. Sweeney).

The primary argument for allowing the governor to rescind a subject after the legislature has convened would be that the legislature can always call itself into special session if it believes that the subject deleted by the governor is important enough. And, of course, that action would be the best way to avoid a constitutional cloud on legislation if indeed the governor does try to delete or restrict a subject after the session convenes, and the legislature nevertheless wants to pass legislation on that subject.

There is also a possibility that paragraph (1) of the supplemental proclamation is too narrow in that the stated subject is appropriations for state employee collective bargaining agreements and adjustments to salary schedules for state employees not covered by collective bargaining agreements, but the Governor also appears to be attempting to dictate the result of the legislature's consideration of that subject by requiring that those items be funded. I believe that, should the legislature partially fund those items, that appropriation would address the subject and be a valid appropriation. Likewise in paragraph (5)(c),(d), and (e) the Governor states, not only specific subjects for the legislature to consider, but attempts to dictate the effective date of any bill addressing those subjects. The effective date of legislation is not a subject in itself and is within the sole control of the legislature, in that the effective date may not be separately vetoed or changed by the Governor. Furthermore, an effective date requires a supermajority vote of the legislature. The Governor's effort to control the effective date of legislation arguably deprives the legislature of the power to enact legislation by majority vote without a special effective date.

Article II, section 9 of the state constitution states: "At special sessions called by the governor, legislation shall be limited to subjects designated in his proclamation calling the session, to subjects presented by him, and the reconsideration of bills vetoed by him after adjournment of the last regular session." While the constitution permits the governor to limit consideration by the legislature of only certain subjects, it does not permit him or her to dictate to the legislature the results of its consideration.

In other jurisdictions which authorize the Governor to limit the subjects that may be taken up at a session, very narrow calls have been upheld. (People v. Larkin, 517 P.2d 389 (Colorado 1973); People v. McKenna, 611 P.2d 574 (Colorado 1980)) The framers of our state constitution debated the issue of whether the Governor should be required to limit subjects to be considered at a special session and concluded that the Governor should because (1) with annual regular sessions, there would be little need for special sessions except to address specific emergencies; (2) limiting the sessions would protect the legislature from pressures to deal with other subjects; and (3) if a call proves too narrow, the legislature may avoid the limit by calling itself into session. (Alaska Constitutional Convention Proceedings, Part 3, pages 1685 - 1690) This suggests that the framers expected the Governor to have the power to issue a very narrow call.

On the other hand, courts have found that, having named a subject in a call, the legislature has absolute power to enact any measure respecting that subject or to enact none. (State v.

Clancy, 77 P. 312 (Montana 1904); Empire Sav., Etc. v. Otero Sav. & Loan, 640 P.2d 1151 (Colorado 1982)) Furthermore, if the Governor attempts to restrict legislative power unduly in a call, the restriction may be considered by the court to be advisory only and not binding on the legislature. (In re Opinion of the Justices, 171 S.902 (Alabama 1936)) Some states have even held that the legislature has some leeway in addressing a matter not specifically included in a call if the matter clearly relates to the purpose of the call. In Colorado the court has adopted a "rational nexus" test. Legislation which is not specifically within the subject of a call is, nonetheless, valid if it " . . . bears a rational nexus to an item specified in the governor's call." (Wieder v. People, 722 P.2d 396 (Colorado 1986, page 398)) In Arkansas the court has held that the legislature may consider not only legislation specifically mentioned in the call, but also legislation that may incidently arise out of the call or is necessary in accomplishing the purpose of the call. (Arkansas Motor Carriers v. Pritchett, 798 S.W.2d 918 (Ark. 1990))

If you recall, the Governor in 1992 issued a Proclamation calling the legislature into special session ". . . on the subject of statutory changes for the purpose of amending Title 16 of the Alaska Statutes as it applies to the taking of fish and wildlife." Despite the effort by the Governor to limit the session to "statutory changes" the legislature introduced and considered a resolution proposing a constitutional amendment dealing with subsistence. Bear in mind, however, if the court should find that a measure is outside of the call, this would probably result in the invalidation of the proposed legislation. (State v. Edwards, 241 S.W. 945 (Missouri 1922))

TBC:glc
96-403.glc

SENATE FINANCE COMMITTEE REPORT

DATE: 5/8/96 FURTHER:

Date of 5-Day Notice: 5-9-96 p. 4214
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 6-4-96

The Finance Committee considered SENATE BILL NO. 1003

Relating to public employees.

and recommends:

[✓] ~~be~~ **replaced** with ______ CS SB 1003 (Fin)
[ ] adopt **previous** ______ CS ______ (______)
[ ] attached amendment(s)
[ ] adopt Letter of Intent by ______ Committee
[ ] further referral to the ______ Committee

Senate Bill:
[ ] ~~same~~ title
[✓] ~~new~~ title
House Bill:
[ ] same title
[ ] technical change
[ ] new: SCR* ______

SIGNING DO PASS	*DP*	*OTHER RECOMMENDATIONS*	*NR*	*DNP*	*AM*
[signature]	✓	[signature]	(use	separate bills)	
[signature]	✓				
[signature]	✓	[signature]	(use	separate ✓	bills)
Co-Chair: [signature]	✓	*Co-Chair:*			
Co-Chair: [signature]	✓	*Co-Chair:*			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

[ ] **APPROPRIATION -- no fiscal note**

***include fiscal notes accompanying Governor's bill**

FSS 6-4-96
SFC-96
Adopted

9-LS1893\O
4-2 (c DD)
(BS absent)
SF moved bill
DD obj
R/O
5-2

CS FOR SENATE BILL NO. 1003(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to public employee compensation, benefits, and labor relations; relating to salaries, geographic and cost-of-living differentials for certain state employees, and to salary surveys and preparation of an annual pay schedule regarding certain state employees; relating to retirement and early retirement incentives for certain public employees; relating to pay and benefit programs for public employees; relating to and making conforming amendments concerning certain state aid calculations formerly based on geographic differentials for state employee salaries; and providing for an effective date."

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

*** Section 1.** PURPOSE AND LEGISLATIVE INTENT. The purpose of sec. 7 of this Act is to affirm the interpretation and practice of the state with regard to the use of criteria similar to the criteria in the permanent fund dividend program for determining the establishment and

FISCAL NOTE

No. 1
Bill Version: CSSB 1003(FIN)am
(H) Publish Date: 6/6/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO.

Revision Date:
Title: "An Act relating to compensation and benefits of public employees....."
Sponsor: (S) Fin
Requestor: (H) Fin

Department Affected: Administration
BRU: Finance
Component: Finance

COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES	19.4	19.4	19.9	9.9	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	26.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	45.4	19.4	19.9	9.9	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	45.4	19.4	19.9	9.9	0.0	0.0
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	45.4	19.4	19.9	9.9	0.0	0.0

Estimate of any current year (FY 96) cost: $ 0

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1		
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
See attached.

Post-it® Fax Note 7671	Date 9/4/96 # of pages 6
To Dave T.	From Kathy
Co./Dept. Leg. Finance	Co. Senate Finance
Phone # 5413	Phone # 2618
Fax #	Fax #

Prepared by: Don Wanie DW
Division: Finance

Approved by Commissioner: Mark Boyer [signature]
Agency: Department of Administration
Date: 6/6/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

Rev 10/94
G:\DIROFFC\LEGISLAT\1996\cssb1003 (FIN)am

FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB 1003 (FIN)am

1996 LEGISLATIVE SESSION

Retirement Incentive:
The Division of Finance is responsible for verification of employment history and processing of termination pay for all state employees. This includes verifying the length of employment, accounting for all leave without pay during the entire employment with the state and determining salaries for the three highest years. Final and terminal leave pay must be processed in accordance with contractual agreements.

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. It is estimated a half time Accounting Technician I will be needed in FY 97, 98 and 99 and the first half of FY 2000 to accommodate the additional workload generated by the program.

Accounting Technician I,

	FY 97	FY 98	FY 99	FY 2000
Range 14 A half time.	19.4	19.4		
Range 14 B half time.			19.9	9.9

Terminal Leave Calculation and RIP Tracking:
Contractual services funding of $26.0 will also be needed in FY 97 to cover the cost of a senior level contract Analyst/Programmer for four months. The funds will be used to help implement the necessary payroll (AKPAY) and accounting (AKSAS) program and system changes needed to accommodate changes in terminal leave pay calculation, and RIP savings tracking.

FISCAL NOTE

No. 2
Bill Version: CSSB 1003(FIN)am
(H) Publish Date: 6/6/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date:
Title: An Act relating to compensation and benefits of public employees'.
Sponsor: Senate Finance Committee
Requestor: Senate Rules

Department Affected: Administration
BRU: Retirement & Benefits
Component: Retirement & Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	477.1	477.1	413.5	303.8	303.8	303.8
TRAVEL	30.0	30.0	25.0	25.0	25.0	25.0
CONTRACTUAL	168.4	115.4	114.6	114.6	114.6	114.6
SUPPLIES	12.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	123.8	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	811.3	625.5	556.1	446.4	446.4	446.4
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	811.3	625.5	556.1	446.4	446.4	446.4
TOTAL	811.3	625.5	556.1	446.4	446.4	446.4

Estimate of any current year (FY 96) cost: $ zero

POSITIONS:

FULL-TIME	6	6	6	6	6	6
PART-TIME	0	0	0	0	0	0
TEMPORARY	5	5	3	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

The actuarial costs to participating employers due to the retirement incentive program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the program.

Prepared by: Robert F Stalnaker *Robert F Stalnaker* Phone: 465-4470
Division: Retirement & Benefits Date:

Approved by Commissioner: Mark Boyer *Alison M Elgee*
Agency: Department of Administration Date: 6/10/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

Rev: 01/95

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

ANALYSIS: (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. In addition, it allows for separation bonuses for state employees. Authorization of a RIP for State employees could begin as early as June 30, 1996 or as late as June 30, 1999. RIP eligibility periods for state employees would be designated by the Commissioner of Administration. RIP window periods would last from 30-60 days. The University of Alaska could adopt a RIP any time between June 30, 1996 and June 30, 1999. Participating PERS political subdivision employers could adopt a RIP between October 31, 1996 and October 31, 1997. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47 or 53 (depending on date of hire), if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member is indebted to the system and must make a lump sum payment or take an actuarial reduction from their lifetime benefit for the indebtedness amount. **The total cost of the incentive is required to be paid within three years and will not impact the actuarial soundness of the retirement plans.**

This bill also establishes a 10 year vesting period for health insurance; and calculates benefits on a five year average salary. **These changes only apply to those employees first hired after the effective te of this bill and will not impact the actuarial soundness of the PERS.**

We estimate that six permanent employees will be needed to manage the operations of the program and increased service demands into the future. Five long-term non-permanent employees will also be needed over the next two fiscal years, with three of those to remain for the third fiscal year. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services. Subsequent increases in the number of retirees will necessitate increased permanent employees to handle the increased demand for information and services.

We estimate that we will need to increase our normal number of counseling trips by 17 trips over the next two fiscal years to assure that members and employers understand the options and requirements of the programs.

The total estimated administrative cost to the division by fiscal year is as follows:

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

		FY 1997	FY 1998	FY 1999
PERSONAL SERVICES				
FY 1997				
1 Accountant III	$ 60.0			
1 Retirement & Benefits Spec II	60.0			
1 Retirement & Benefits Spec I	52.8			
1 Accounting Tech II	46.6			
2 Retirement & Benefits Tech II	84.4			
2 Retirement & Benefits Tech II (NP)	75.6			
2 Accounting Clerk III (NP)	68.2			
1 Admin Clerk I (NP)	29.5			
TOTAL FY 1997 COSTS		$477.1		
FY 1998				
1 Accountant III	$ 60.0			
1 Retirement & Benefits Spec II	60.0			
1 Retirement & Benefits Spec I	52.8			
1 Accounting Tech II	46.6			
2 Retirement & Benefits Tech II	84.4			
2 Retirement & Benefits Tech II (NP)	75.6			
2 Accounting Clerk III (NP)	68.2			
1 Admin Clerk I (NP)	29.5			
TOTAL FY 1998 COSTS			$477.1	
FY 1999				
1 Accountant III	$ 60.0			
1 Retirement & Benefits Spec II	60.0			
1 Retirement & Benefits Spec I	52.8			
1 Accounting Tech II	46.6			
2 Retirement & Benefits Tech II	84.4			
2 Retirement & Benefits Tech II (NP)	75.6			
1 Accounting Clerk III (NP)	34.1			
TOTAL FY 1999 COSTS				$413.5

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB 1003(FIN) am

	FY 1997	FY 1998	FY 1999
TRAVEL			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	$ 30.0	$ 30.0	$ 25.0
CONTRACTUAL			
Communication (Telephone, Postage)	13.4	13.4	12.6
Actuarial Services	50.0	50.0	50.0
Computer System Upgrades	50.0	0.0	0.0
Legal Services	50.0	50.0	50.0
Software Maintenance	3.0	0.0	0.0
Training/Risk Management	2.0	2.0	2.0
TOTAL CONTRACTUAL	168.4	115.4	114.6
SUPPLIES			
Office Supplies, Calculators, software	12.0	3.0	3.0
EQUIPMENT			
Computer Workstations	40.0	0.0	0.0
File Cabinets (6)	2.4	0.0	0.0
Office Chairs (10)	6.0	0.0	0.0
Microfiche Viewers (10)	5.0	0.0	0.0
Office Workstations	30.0	0.0	0.0
Computer/Network Printers	12.0	0.0	0.0
Computer Network Upgrades	21.4	0.0	0.0
Telephone Unit (10)	6.0	0.0	0.0
TOTAL EQUIPMENT	123.8	0.0	0.0
TOTAL OPERATIONS COST	$811.3	$625.5	$556.1

The retirement technicians, retirement specialists, accounting technicians, and accounting clerks need constant access to the PERS and TRS computer files. We do not have any excess terminals, microfiche viewers, or calculators. Our equipment request will satisfy our equipment needs for the duration of this program. We propose the purchase of personal computers to be used as terminals because they will be compatible with the division's local area network.

We are also proposing the purchase of two additional computer printers. The previous RIPs put a great demand on our existing printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our existing printers. After comparing the cost of leasing printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

All administrative costs of the program will be paid in advance by participating employers as required by the bill.

Funding Source Breakdown for FY 1997:

1029	PERS	$527.3
1034	TRS	284.0
		$811.3

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSB 1003 (Fin)
PUBLISH DATE

FISCAL NOTE

REQUEST:
Revision Date: 6/4/96
Title: Public Employees and Agency Plans
Sponsor: Rules/Gov.
Requestor: Senate Finance

Affected Agency: All
BRU:
Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 97	FY 98	FY 99	FY 2000	FY 2001	FY 2002
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						

REVENUE						

FUNDING: (THOUSANDS OF DOLLARS)

General Fund						
Federal Fund						
Other						
TOTAL	0.0	0.0	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

Estimated FY 96 Impact: 0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Prepared By: Senator Rick Halford, Co-chair
Senate Finance Committee

Date: 6/4/96
Phone: 465-4958

CS FOR SENATE BILL NO. 1003(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 6/4/96
Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to public employee compensation, benefits, and labor relations; relating to salaries, ~~geographic~~ and cost-of-living differentials for certain state employees, and to salary surveys and preparation of an annual pay schedule regarding certain state employees; relating to retirement of and early retirement incentives for certain public employees; relating to pay and benefit programs for public employees; ~~relating to and making conforming amendments concerning certain state aid calculations formerly based on geographic differentials for state employee salaries;~~ and providing for an effective date."

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

* Section 1. PURPOSE AND LEGISLATIVE INTENT. The purpose of sec. 7 of this Act is to affirm the interpretation and practice of the state with regard to the use of criteria similar to the criteria in the permanent fund dividend program for determining the establishment and

maintenance of state residency for eligibility for the cost-of-living differential under AS 23.40.210. It is also the intent of the legislature to provide express statutory authority to the state to establish or clarify those standards through adoption of regulations by the Department of Administration and to set the eligibility criteria for the differential outside the collective bargaining context.

* **Sec. 2.** AS 22.05.140(a) is amended to read:

(a) Except as provided in (d) of this section, the monthly base salary of the chief justice is <u>**$9,203**</u> [$8,333] and for each other justice, the monthly base salary is <u>**$9,159**</u> [$8,292].

* **Sec. 3.** AS 22.07.090(a) is amended to read:

(a) Except as provided in (c) of this section, the monthly base salary of a judge of the court of appeals is <u>**$8,652**</u> [$7,833]. The compensation of a judge may not be diminished during the term of office, unless by a general law applying to all salaried officers of the state.

* **Sec. 4.** AS 22.10.190(a) is amended to read:

(a) Except as provided in (d) of this section, the monthly base salary for each superior court judge is <u>**$8,469**</u> [$7,667].

* **Sec. 5.** AS 22.15.220(a) is amended to read:

(a) Except as provided in (e) of this section, the monthly base salary for each district court judge is <u>**$7,179**</u> [$6,500].

* **Sec. 6.** AS 22.15.220(b) is amended to read:

(b) Each magistrate shall receive annual compensation <u>**including geographic differential pay**</u> to be determined by the supreme court. Salary increases shall be determined on the basis of percentage of pay increase the legislature provides for state employees in the classified service. [THE BASE SALARY OF A MAGISTRATE SHALL BE INCREASED BY A PERCENTAGE EQUAL TO THREE AND ONE-HALF PER CENT TIMES THE NUMBER OF STEP INCREASES PROVIDED UNDER AS 39.27.020 THAT A STATE EMPLOYEE WOULD RECEIVE WORKING IN THE SAME ELECTION DISTRICT.] A magistrate's annual compensation may be payable, at the option of the magistrate, either monthly in 12 equal installments or semi-monthly in 24 equal installments.

* **Sec. 7.** AS 23.40.210 is amended by adding new subsections to read:

(b) An employee is eligible for the cost-of-living differential under (a) of this section only if the individual is a state resident. The required presence of an employee at a work station where room and board are provided or reimbursed by the employer may not be considered to be physical presence in the state or physical absence from the state for purposes of determining eligibility for the cost-of-living differential.

(c) The commissioner of administration may adopt regulations under AS 44.62 (Administrative Procedure Act) to clarify and implement the criteria for establishing and maintaining eligibility for the cost-of-living differential.

(d) An agreement entered into under AS 23.40.070 - 23.40.260 must require compliance with the eligibility criteria for receiving the cost-of-living differential contained in this section and the regulations adopted by the commissioner under (c) of this section.

(e) In this section, "state resident" means an individual who is physically present in the state with the intent to remain permanently in the state under the requirements of AS 01.10.055 or, if the individual is not physically present in the state, intends to return to the state and remain permanently in the state under the requirements of AS 01.10.055, and is absent only temporarily for reasons allowed under AS 43.23.095(8) or a successor statute.

* **Sec. 8.** AS 24.10.100 is amended to read:

Sec. 24.10.100. SALARY OF LEGISLATORS. The monthly salary for each member of the legislature is $2,001 [EQUAL TO STEP A, RANGE 10 OF THE SALARY SCHEDULE IN AS 39.27.011(a) FOR JUNEAU]. The president of the senate and the speaker of the house of representatives are each entitled to an additional $500 a year during tenure of office.

~~* Sec. 9. AS 29.60.160(a) is amended to read:~~

(a) Payments to a municipality or other eligible recipient under AS 29.60.110 - 29.60.130 shall reflect area cost-of-living differentials. Payments shall be based on the sum of per capita, per mile, and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined [ANNUALLY BY

ELECTION DISTRICT] under the provisions of **AS 29.60.164 and 29.60.165** [AS 39.27.030]. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without reference to application of this section.

*** Sec. 10.** AS 29.60 is amended by adding new sections to read:

Sec. 29.60.164. AREA COST-OF-LIVING DIFFERENTIALS. (a) The area cost-of-living differential multiplier shall be determined by multiplying the cost-of-living steps found in the table in this subsection by three and one-half percent. The following area cost-of-living steps apply:

Election District	Cost of Living
1	0
2	1
3	1
4	0
5	2
6a (excluding Valdez Duty Station)	4
6b (Valdez Duty Station)	5
7	1
8	0
9	2
10	2
11	2
12	7
13	7
14	8
15a (excluding Nenana Duty Station)	9
15b (Nenana Duty Station)	8
16a (south of Arctic Circle)	4
16b (north of Arctic Circle)	9
17	9
18	9

19	8
In other states	minus 6.

(b) For purposes of (a) of this section, "election district" means an election district designated in the governor's proclamation of reapportionment and redistricting of December 7, 1961.

Sec. 29.60.165. COST-OF-LIVING SURVEY. Subject to an appropriation for this purpose, the director shall conduct a survey, at least every five years, to review the differentials established in AS 29.60.164. This survey must address factors, as determined by the director, that are also relevant in review of state salary schedules, entitlement for beneficiaries of state programs, and payments for state service providers. The survey must reflect the costs of living in various election districts of the state, and Seattle, Washington, by using the cost of living in Anchorage as the base.

* **Sec. 11.** AS 29.60.290(b) is amended to read:

(b) The area cost-of-living differential payable to each municipality under this section shall be determined [ANNUALLY BY ELECTION DISTRICT] under the provisions of **AS 29.60.164 and 29.60.165** [AS 39.27.030]. Except as provided in AS 29.60.300, application of the area cost-of-living differential may not result in a payment that is less than the minimum payment determined under (a) of this section. [FOR PURPOSES OF THIS SUBSECTION, THE ELECTION DISTRICTS USED ARE THOSE DESIGNATED BY THE PROCLAMATION OF REAPPORTIONMENT AND REDISTRICTING OF DECEMBER 7, 1961, AND RETAINED FOR THE HOUSE OF REPRESENTATIVES BY PROCLAMATION OF THE GOVERNOR ~~SEPTEMBER 3, 1965.]~~

* **Sec. 12.** AS 39.20.250(a) is amended to read:

(a) Terminal leave for unused personal leave shall be allowed upon separation from service. The payment **for leave earned before the effective date of this bill section** equals the compensation that the officer or employee would have received if the officer or employee had remained in the service until the expiration of the period of unused personal leave. **The payment for leave earned on or after the effective date of this bill section equals the employee's accrued and unused hours of**

personal leave at the time of separation from service multiplied by the hourly rate of pay to which the employee was entitled at the time the leave was earned. A payment of terminal leave to an employee shall be made as a lump sum payment**. For purposes of this subsection, an employee is considered to use the earliest accrued leave when the employee uses personal leave** [OR IN INSTALLMENTS OVER A PERIOD OF TIME, AS THE EMPLOYEE ELECTS].

*** Sec. 13.** AS 39.27.011 is amended by adding new subsections to read:

(e) Effective July 1, 1996, the amounts set out in the salary schedule contained in (a) of this section are increased by the lesser of

(1) 1.5 percent; or

(2) one-half of the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for Anchorage, Alaska, from the second half of 1994 to the second half of 1995.

(f) Effective July 1, 1997, the amounts set out in the salary schedule contained in (a) of this section, as increased under (e) of this section, are increased by the lesser of

(1) 1.5 percent; or

(2) one-half of the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for Anchorage, Alaska, from the second half of 1995 to the second half of 1996.

(g) Effective July 1, 1998, the amounts set out in the salary schedule contained in (a) of this section, as increased under (e) and (f) of this section, are increased by the lesser of

(1) 1.5 percent; or

(2) one-half of the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, consumer price index for all urban consumers for Anchorage, Alaska, from the second half of 1996 to the second half of 1997.

~~* Sec. 14. AS 39.27.020 is repealed and reenacted to read:~~

Sec. 39.27.020. PAY DIFFERENTIALS. (a) The following pay differentials are approved as an amendment to the basic salary schedule in AS 39.27.011:

Geographic Area Percentage Above or Below

(Election Districts)	Basic Salary Schedule
3, 4, and 7 - 28	0
1, 2, 5, 6	5
34 - 36	10
29 - 33	4
37 - 40	20
Washington State	minus 20.

(b) For purposes of determining the differential provided under (a) of this section, an appointing authority may increase the salary on which the geographic pay differential is computed by up to 20 percent of the employee's base salary set out in AS 39.27.011 if

(1) the duty station for the position or job class is located in election districts 37, 38, 39, or 40;

(2) the position or job class requires the employee to hold a license to practice law under AS 08.08 or to practice medicine under AS 08.64; and

(3) the director certifies that recruitment or retention for the position or job class in that election district is so difficult that the increase is essential to recruitment or retention of employees in the position.

(c) The director may establish pay differentials for positions in foreign countries or in states other than the State of Washington. If the director establishes a pay differential under this subsection, the director shall adjust the differential as necessary to maintain equitable relationships between salaries for positions outside the state and in the state.

(d) For purposes of (a) of this section, "election district" means an election district designated in the governor's proclamation of reapportionment and redistricting applicable to the 1994 general election.

* **Sec. 15.** AS 39.27.030 is repealed and reenacted to read:

Sec. 39.27.030. COST-OF-LIVING SURVEY. Subject to an appropriation for this purpose, the director shall conduct a survey, at least every five years, to review the pay differentials established in AS 39.27.020. The survey may address factors, as determined by the director, that are also relevant in review of state salary schedules, entitlement for beneficiaries of state programs, and payments for state service providers. The survey must reflect the costs of living in various election districts of the state, and Seattle, Washington, by using the cost of living in Anchorage as a base.

* **Sec. 16.** AS 39.27.045 is amended to read:

Sec. 39.27.045. DEFINITION. In **AS 39.27.020 - 39.27.030** [AS 39.27.030 - 39.27.040], "director" means the director of the division of personnel.

~~* Sec. 17. AS 39.35.160(a) is amended to read:~~

(a) **A** [BEGINNING JANUARY 1, 1987, EACH] peace officer or fire fighter **who is first hired on or after the effective date of this bill section shall contribute to the system an amount equal to seven percent of the peace officer's or fire fighter's compensation. A peace officer or fire fighter first hired before the effective date of this bill section** shall contribute to the system an amount equal to seven and one-half percent of the peace officer's or fire fighter's compensation. **Each** [BEGINNING JANUARY 1, 1987, EACH] other employee **who is first hired on or after the effective date of this bill section shall contribute to the system an amount equal to six percent of the employee's compensation. Each other employee who is first hired before the effective date of this bill section** shall contribute to the system an amount equal to six and three-quarters percent of the employee's compensation. The contributions shall be deducted by the employer at the end of each payroll period. The contributions shall be deducted from employee compensation before computation of applicable federal taxes, and the contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2).

* **Sec. 18.** AS 39.35.370(a) is amended to read:

(a) Subject to AS 39.35.450, a terminated employee is eligible for a normal retirement benefit

(1) at age 60 with at least five years credited service;

(2) with at least 20 years of credited service as a peace officer or fire fighter **for peace officers or fire fighters first hired before the effective date of this bill section**; [OR]

(3) **at age 50 with at least 20 years of credited service as a peace officer or fire fighter, for peace officers and fire fighters first hired on or after the**

effective date of this bill section;

(4) with at least 30 years of credited service for all other employees **if the employee was first hired before the effective date of this bill section; or**

(5) at any time when the employee's age and amount of credited service equal or exceed 85 when added together, for all other employees first hired on or after the effective date of this bill section.

* Sec. 19. AS 39.35.370(b) is amended to read:

(b) Subject to AS 39.35.450, a terminated employee is eligible for an early retirement benefit at age 55 with at least five years credited service. An actuarial adjustment shall be made to retirement benefits paid under this section for an early retirement benefit. **The monthly amount of a retirement benefit that would be due under (c) of this section shall be reduced by multiplying one-half of one percent times the number of months, to the nearest month, by which the retirement date of the employee falls short of the date that the employee reaches age 60.**

~~* Sec. 20. AS 39.35.370(c) is amended to read:~~

(c) The monthly amount of a retirement benefit for

(1) a peace officer or fire fighter is two percent of the average monthly compensation times the years of credited service through 10 years, plus two and one-half percent of the average monthly compensation times the years of service over 10 years**;**

(2) [. FOR] all other employees **first hired before the effective date of this bill section,** [IT] is

(A) [(1)] two percent of the average monthly compensation times all years of service before July 1, 1986, and for years of service through a total of 10 years; plus

(B) [(2)] two and one-quarter percent of the average monthly compensation times all years of service after June 30, 1986, over 10 years of total service through 20 years; plus

(C) [(3)] two and one-half percent of the average monthly compensation times all years of service after June 30, 1986, over 20 years of total service**;**

<u>**(3) all other employees first hired on or after the effective date of this bill section, is**</u>

<u>**(A) one and one-half percent of the average monthly compensation times all years of service through a total of 10 years; plus**</u>

<u>**(B) one and three-quarters percent of the average monthly compensation times all years of service over 10 years of total service through 20 years; plus**</u>

<u>**(C) two percent of the average monthly compensation times all years of service over 20 years.**</u>

* Sec. 21. AS 39.35.450(a) is amended to read:

(a) Benefits payable under this section are in place of benefits payable under AS 39.35.370, 39.35.385, and <u>**former AS 39.35.460**</u> [39.35.460]. Upon filing an application with the administrator or when a disabled employee first attains eligibility for normal retirement under AS 39.35.400(f) or 39.35.410(h), the employee shall designate the person who is the employee's spouse at the time of appointment to retirement as the contingent beneficiary. However, if the designation of the spouse is revoked under (c) of this section, the employee may designate a dependent approved by the administrator as the contingent beneficiary or may take normal or early retirement under AS 39.35.370 or 39.35.385 [OR A LEVEL INCOME OPTION UNDER AS 39.35.460]. The administrator shall pay benefits under the option elected by the employee. The employee may elect an option that provides that

(1) the employee is entitled to receive a reduced benefit payable for life, and, after the employee's death, the contingent beneficiary is entitled to payments in the amount of 75 percent of the reduced benefit payable for life;

(2) the employee is entitled to receive a reduced benefit payable for life, and, after the employee's death, the contingent beneficiary is entitled to receive payments in the amount of 50 percent of the reduced benefit payable for life [;

(3) THE EMPLOYEE IS ENTITLED TO RECEIVE A REDUCED BENEFIT PAYABLE DURING THE JOINT LIFETIME OF THE EMPLOYEE AND THE CONTINGENT BENEFICIARY, AND, AFTER THE DEATH OF EITHER THE EMPLOYEE OR THE CONTINGENT BENEFICIARY, THE SURVIVOR IS

ENTITLED TO RECEIVE PAYMENTS IN THE AMOUNT OF 66 2/3 PERCENT OF THE REDUCED BENEFIT PAYABLE FOR LIFE].

* Sec. 22. AS 39.35.475(a) is amended to read:

(a) Once each year the administrator shall increase benefit payments to

(1) eligible disabled members;

(2) [, TO] persons age 60 or older receiving benefits under this system in the preceding calendar year;

(3) members who were first hired before the effective date of this bill section [, AND TO PERSONS] who have received benefits under this system for at least five years **and** who are not otherwise eligible for an increase under this section**; and**

(4) survivors of members described in (3) of this subsection when the member and the survivor have together received benefits under this system for at least five years.

* Sec. 23. AS 39.35.475(b) is amended to read:

(b) The increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 39.35.480. **For members first hired on or after the effective date of this bill section, the amount of the increase is a percentage of the current benefit equal to the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent. For members first hired before the effective date of this bill section, the** [THE] amount of the increase is a percentage of the current benefit equal to

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

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

* Sec. 24. AS 39.35.485(a) is amended to read:

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

AS 39.35.370(c) is entitled to a benefit of at least $25 a month for each year of credited service, not including adjustments made under AS 39.35.340 for military service, AS 39.35.350 for reinstatement of credited service, AS 39.35.360 for credit for earlier service, AS 39.35.370(c) for early retirement, AS 39.35.420 for nonoccupational death benefits, AS 39.35.450 for the survivor's option, **former** AS 39.35.460 for the level income option, AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.480 for the cost of living.

* **Sec. 25.** AS 39.35.535(c) is amended to read:

(c) A benefit recipient may elect major medical insurance coverage in accordance with regulations and under the following conditions:

(1) a person **who is receiving a benefit based on membership that began before the effective date of this bill section but after June 30, 1986, or who is receiving a benefit based on membership that began on or after the effective date of this bill section and who has at least 10 years of credited service for an employer, and** who is

(A) younger than 60 years of age must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage;

(B) [(2) A PERSON WHO IS] at least 60 years of age but is younger than 65 years of age must pay an amount equal to one-half of the full monthly group premium for retiree major medical insurance coverage;

(C) [(3)] a disabled member or a person 65 years of age or older is not required to make premium payments**;**

(2) a person who is receiving a benefit based on membership that began on or after the effective date of this bill section and who has less than 10 years of credited service for an employer must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage, except that a disabled member is not required to make premium payments.

* **Sec. 26.** AS 39.35.680(4) is amended to read:

(4) "average monthly compensation" means the result obtained by dividing the compensation earned by an employee during a considered period by the number of months, including fractional months, for which compensation was earned;

the considered period consists of **(A) for employees first hired before the effective date of this bill section,** the three consecutive payroll years during the period of credited service that yields the highest average, **and (B) for employees first hired on or after the effective date of this bill section, the five consecutive payroll years during the period of credited service that yield the highest average,** or if the employee does not have **the required number of** [THREE] consecutive payroll years, the employee's period of credited service; an employee must have at least 115 days of credited service in the last payroll year in order for that year to be used as part of the [THREE] consecutive payroll years;

* **Sec. 27.** AS 44.31.020 is amended to read:

Sec. 44.31.020. DUTIES OF DEPARTMENT. The Department of Labor shall

(1) enforce the laws, and adopt regulations under them concerning employer-employee relationships, including the safety, hours of work, wages, and conditions of workers, including children;

(2) accumulate, analyze, and report labor statistics;

(3) operate systems of workers' compensation and unemployment insurance; and

(4) gather data reflecting the cost of living in the various election districts of the state upon request of the director of personnel **for determination of area cost-of-living differentials under AS 29.60.164 and 29.60.165 or** under **AS 39.27.030** [AS 39.27.030 - 39.27.040].

* **Sec. 28.** AS 39.20.250(b); AS 39.27.035, 39.27.040; and AS 39.35.460 are repealed.

* **Sec. 29.** FINDINGS AND PURPOSE AS TO SECS. 30 - 43. The State of Alaska and many local governments are facing the need to restructure their operations and their work forces in order to reduce expenditures and to balance budgets. Retirement and separation incentives are management tools that have been used extensively by the private sector, the federal government, and other state and local governments across the country. The purpose of secs. 30 - 43 of this Act is to make these management tools temporarily available to the state and to the municipalities of the state. Sections 30 - 43 of this Act will enable these entities to be more efficient and cost-effective by eliminating certain nonessential positions and producing a net reduction in personnel costs.

* **Sec. 30.** RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a retirement incentive plan under secs. 30 - 43 of this Act, as appropriate, and designate categories of employees eligible to participate in that plan. An employer need not extend the incentive plan to all employees who would otherwise be eligible, but may choose to extend the plan only to employees

(1) in specific budget or administrative components of the employer;

(2) in specific job classifications;

(3) in specific geographic locations; or

(4) on the basis of any combination of factors under (1) - (3) of this subsection.

(b) An employee is eligible to participate in a retirement incentive plan under secs. 30 - 43 of this Act only if the

(1) employee is a vested member of the public employees' retirement system or the teachers' retirement system;

(2) employee will be qualified to retire under AS 14.25.110 or AS 39.35.370 after receipt of the credit described in (f) of this section;

(3) savings to the employer in personal services costs for the employee's position will exceed the costs to the employer for that position within three years after the employee is appointed to retirement.

(c) An employer shall file its proposed retirement incentive plan with the commissioner of administration. Except as provided in sec. 37 of this Act, the commissioner shall approve the plan if the plan meets the requirements of secs. 30 - 43 of this Act, except that the commissioner may approve a state agency's retirement incentive plan only if the office of management and budget approves the calculation of savings under (b)(3) of this section. A proposed plan filed under this section must

(1) identify job classifications of employees, and specific budget or administrative components, eligible to participate in the plan;

(2) include a reimbursement agreement that

(A) requires the employer, for each employee who retires under the plan, to reimburse the appropriate retirement system, within three years after the end of the fiscal year in which the employee is appointed to retirement, in an amount equal to

(i) the actuarial equivalent of the difference between the benefits the participant receives after the addition of the credit under (f) of this section and the amount the participant would have received without the credit, less the amount the participant has paid on the indebtedness determined under (d) or (e) of this section; and

(ii) an appropriate share of the administrative costs of the program; and

(B) provides that contributions from the employer under this section take priority over other obligations of the employer to the maximum extent permitted by law.

(d) A member of the teachers' retirement system who participates in an approved retirement incentive plan under secs. 30 - 43 of this Act is indebted to that system for an amount calculated under this subsection. The indebtedness is 25.95 percent of the member's actual compensation for the school year in which the member terminates employment, or the calculated school year compensation for a member who works less than the entire school year. An outstanding indebtedness at the time a member is appointed to retirement under an approved retirement incentive plan requires an actuarial adjustment to the benefits payable to that member.

(e) A member of the public employees' retirement system who participates in an approved retirement incentive plan under secs. 30 - 43 of this Act is indebted to that system for an amount calculated under this subsection. The indebtedness is 22 1/2 percent for a peace officer or fire fighter, and 20 1/4 percent for other members, of the member's actual annual compensation for the year in which the member terminates employment, or the calculated annual compensation for a member who works fewer than 12 months. An outstanding indebtedness at the time a member is appointed to retirement under an approved retirement incentive plan requires an actuarial adjustment to the benefits payable to that member.

(f) An employee who participates in an approved retirement incentive plan under secs. 30 - 43 of this Act receives a credit of three years. The three years must be applied in the following order until exhausted:

(1) to meet the age or service required for eligibility for normal retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

(2) to meet the age required for early retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

(3) to reduce the actuarial adjustment required for early retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

(4) as years of credited service for calculating retirement benefits.

(g) In this section,

(1) "department" means

(A) a principal department of the executive branch of state government; an independent state entity that is attached to a principal department of the executive branch for administrative purposes but that is not a public organization as defined in AS 39.35.680 is part of that department for purposes of this paragraph; and

(B) the Office of the Governor;

(2) "employer"

(A) for purposes of a retirement incentive plan under AS 14.25, means the Board of Regents of the University of Alaska, the Department of Education, or the Regional Resource Center, but does not include a school district; and

(B) for purposes of a retirement incentive plan under AS 39.35, has the meaning given in AS 39.35.680 and includes a department but does not include a school district.

*** Sec. 31.** AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a) A state agency may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for its employees as part of a permanent reduction in the personal services costs in that section of the state agency.

(b) Upon the request of a state agency, the commissioner of administration shall establish one or more periods during which the employees of that state agency who are eligible under sec. 30(b) of this Act to participate in a retirement incentive plan may apply to the commissioner of administration to participate in the state agency's approved plan. The periods shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The periods shall be no less than 30 days and no more than 60 days in duration, and may not begin less than 30 days after their establishment. A state agency is not required to request an application period and may request more than one application period.

(c) A proposed retirement incentive plan adopted under this section may not permit an employee who is the governor, the lieutenant governor, or a commissioner, deputy commissioner, or assistant commissioner of a principal department of the executive branch to participate in the plan.

(d) A proposed retirement incentive plan adopted under this section may permit participation only by an employee who is eligible to participate under sec. 30(b) of this Act and who

(1) has been continuously employed by the state for at least one year before the employee applies to participate in the state agency's approved plan;

(2) is a permanent seasonal employee who has been continuously employed by the state in a permanent seasonal position during all of the time in the one year before the employee's application to participate in which the position normally is filled;

(3) has a job sharing agreement with a state agency in which two or more employees share a single position identified by a single position control number and in which the employee who applies to participate in the plan was continuously employed by the agency during the portion of the one year before the employee's application in which the employee normally worked under the job sharing agreement; or

(4) meets a combination of the requirements of this subsection.

(e) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the commissioner under (b) of this section. A state agency, in a plan adopted under this section, may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

* Sec. 32. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of Alaska may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for university employees.

(b) Upon the request of the Board of Regents, the commissioner of administration shall establish one or more periods during which the employees of the university who are eligible under sec. 30(b) of this Act to participate in a retirement incentive plan may apply to the commissioner of administration to participate in the university's approved plan. The periods shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The periods shall be no less than 30 days and no more than 60 days in duration and may not begin less than 30 days after their establishment. The Board of Regents is not required to request an application period and may request more than one application period.

(c) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the commissioner under (b) of this section. The Board of Regents, in a plan adopted under this section, may set an earlier date by which an employee of the University of Alaska must be appointed to retirement in order to participate in the plan.

(d) A participant in the optional university retirement program under AS 14.40.661 - 14.40.799 who is vested in the public employees' retirement system or the teachers' retirement system may participate in a retirement incentive plan for that system if the participant meets the other qualifications of secs. 30 - 43 of this Act. If a provision of this subsection is inconsistent with another provision of law, the provision of this subsection governs.

* **Sec. 33.** AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a political subdivision of the state or public organization that has elected to participate in the public employees' retirement system under AS 39.35.550 - 39.35.650 may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for its employees. A plan adopted under this section must provide that the application period for participation in the retirement incentive plan is December 31, 1996, through June 30, 1997.

(b) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement on or before February 1, 1998. The governing body of the political subdivision or public organization, in a plan adopted under this section, may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

* Sec. 34. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF REGIONAL RESOURCE CENTERS IN THE TEACHERS' RETIREMENT SYSTEM. (a) A regional resource center that has employees who are members of the teachers' retirement system may adopt, and file with the commissioner of administration for approval, a proposed retirement incentive plan for its employees. A plan adopted under this section must provide that the application period for participation in the retirement incentive plan is June 30, 1996, through December 31, 1996.

(b) The commissioner of administration may not accept the application of an employee to participate in an approved retirement incentive plan adopted under this section unless the employee will be appointed to retirement on or before August 1, 1997. The regional resource center, in a plan adopted under this section, may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

* Sec. 35. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT. For purposes of determining the years of service requirements for retirement under AS 14.25.110 or AS 39.35.370, as appropriate, a vested member who is a state employee and who applies to participate in a retirement incentive plan under secs. 30 - 43 of this Act may receive credit for employment with a political subdivision or public organization before the political subdivision or organization became an employer under the public employees' retirement system. The member may not receive credit for those years under this section for purposes of determining benefits. If a provision of this section is inconsistent with any other provision of law, the provision of this section governs.

* Sec. 36. PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR OF COURT. (a) The chief justice of the state supreme court may adopt a retirement incentive plan for an administrative director of the Alaska Court System who is a member of the judicial retirement system under AS 22.25.012 if participation in the plan will result in savings to the court system in personal services costs within three years after commencement of the plan. The administrative director may participate only if the administrative director is vested in the judicial retirement system and will be qualified to retire under AS 22.25.010 after receipt of the retirement incentive. To participate, the administrative director shall apply

to the commissioner of administration to participate in the approved court system plan.

(b) The court system shall include in the retirement incentive plan a reimbursement agreement that requires the court system, for each administrative director of the Alaska Court System who is retired under the plan, to reimburse the judicial retirement system within three years after the end of the fiscal year in which the administrative director is appointed to retirement in an amount equal to

(1) the actuarial equivalent of the difference between the benefits the administrative director receives after the addition of the credit under (e) of this section and the amount the participant would have received without the credit, less the total of the amount the participant has paid on the indebtedness determined under (d) of this section; and

(2) an appropriate share of the administrative costs of the program.

(c) A retirement incentive plan adopted under this section must provide that contributions from the court system under (b) of this section take priority over other obligations of the court system under (b) of this section to the maximum extent permitted by law.

(d) An administrative director of the Alaska Court System who participates in an approved retirement incentive plan is indebted to the system. The amount of indebtedness is equal to 21 percent of the director's actual annual compensation for the year in which the director terminates employment to participate in the program, or the calculated annual compensation for an administrative director who works fewer than 12 months. An outstanding indebtedness at the time the administrative director is appointed to retirement under an approved retirement incentive plan will require an actuarial adjustment to the benefits payable to the director.

(e) An administrative director of the Alaska Court System who participates in an approved retirement incentive plan receives a credit of three years that may only be used to meet the age requirements for normal or early retirement under AS 22.25.010(d).

(f) The chief justice of the Alaska Supreme Court may adopt and file with the commissioner of administration for approval, a proposed retirement incentive plan for the administrative director of the court system who is a member of the judicial retirement system. Upon the request of the chief justice, the commissioner of administration shall establish a period during which an administrative director eligible to participate in the retirement incentive plan of the court system may apply to the commissioner of administration to participate in the court system's approved plan. The period shall begin no earlier than July 1, 1996, and end no later than June 30, 1999. The period shall be no less than 30 days and no more than 60 days in duration and may not begin less than 30 days after establishment. The chief justice is not required to request an application period.

(g) The commissioner of administration may not accept the application of an administrative director of the court system to participate in an approved retirement incentive plan adopted under this section unless the administrative director will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the commissioner under (f) of this section. The chief justice, in a plan adopted under this section, may set an earlier date by which an administrative director must be appointed to retirement in order to participate in the plan.

* Sec. 37. RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency owed by an employer other than the state under an agreement entered into under sec. 30(c)(2) of this Act, the Department of Administration may

(1) direct that the amount of the delinquency or a lesser amount be withheld from any money payable to the employer by a state department or agency and that the amount withheld be credited to the delinquency; and

(2) bring action against the employer.

* Sec. 38. REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT. (a) If an individual is reemployed as a member of the public employees' retirement system under AS 39.35, the teachers' retirement system under AS 14.25, the judicial retirement system under AS 22.25, or the optional university retirement program under AS 14.40.661 - 14.40.799 after appointment to retirement under secs. 30 - 43 of this Act, that individual forfeits the incentive credit received under secs 30 - 43 of this Act and is indebted to the system under which the individual took retirement. The indebtedness is 150 percent of the amount the individual received as a result of participation in a retirement incentive plan under secs. 30 - 43 of this Act and to which the individual would not otherwise have been entitled, including the cost of health insurance. The amount that the individual has paid under sec. 30(d) or (e) of this Act will be applied as a credit toward the reemployment indebtedness. Interest on the reemployment indebtedness accrues from the date of reemployment until the date that the

individual either is appointed to retirement and accepts an actuarial adjustment to the individual's future benefits or repays the indebtedness in full. The rate of interest is that established by regulation for the public employees' retirement system by the public employees' retirement board and for the teachers' retirement system by the teachers' retirement board.

(b) An individual who was appointed to retirement under secs. 30 - 43 of this Act may not be employed by, or enter into a contract for personal services with, a state agency or the University of Alaska within the five years after the date of appointment to retirement, except that

(1) the University of Alaska may enter into a personal services contract with the individual for teaching or research that does not entitle the individual to receive retirement, health, or leave benefits, except social security replacement if required by the Internal Revenue Code; and

(2) the individual may accept employment with the legislature during a legislative session if the employment is on an hourly basis and does not entitle the individual to receive retirement, health, or leave benefits.

(c) Notwithstanding the prohibition in (b) of this section, a state agency or the University of Alaska may enter into a personal services contract with an individual who was appointed to retirement under secs. 30 - 43 of this Act if the Board of Regents, for the University of Alaska, or the commissioner of administration, for a state agency, determines that there is a compelling reason to do so because of the individual's specialized or extensive experience that relates to a particular program or project of the state agency or university. However, a state agency may not enter into a contract with an individual under this subsection if the individual was employed by the state agency at the time of the individual's appointment to retirement.

* **Sec. 39.** LEGISLATIVE EMPLOYEE RETIREMENT INCENTIVE PLAN. (a) The Legislative Council may adopt and file with the commissioner of administration a retirement incentive plan for employees of the legislative branch of state government. The plan must designate categories of employees eligible to participate in that plan, include a reimbursement agreement for the cost of participation by employees in the plan, and require employees to meet the eligibility criteria and pay the indebtedness amount under sec. 30 of this Act. The Legislative Council may exercise the powers of an employer under sec. 30 of this Act, but a

plan adopted by the council is not subject to review by the office of management and budget or approval of the commissioner of administration.

(b) The application periods established by the Legislative Council under the plan during which the employees of a legislative agency who meet the requirements of sec. 30(b) of this Act are eligible to participate in the retirement incentive plan shall begin no earlier than June 30, 1996, and end no later than June 30, 1999. The application periods shall be no less than 30 days and not more than 60 days in duration, and may not begin less than 30 days after their establishment. The Legislative Council is not required to establish an application period and may establish more than one application period.

(c) The commissioner of administration may not accept the application of an employee to participate in the Legislative Council retirement incentive plan under this section unless the employee will be appointed to retirement not later than the first day of the month that is six months after the last day of the application period established by the Legislative Council under this section. The Legislative Council may set an earlier date by which an employee must be appointed to retirement in order to participate in the plan.

(d) The provisions of secs. 35, 37, 38, 41, and 43 of this Act apply to a plan adopted under this section.

* **Sec. 40.** OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an employee category for participation in a retirement incentive plan under secs. 30 - 32 of this Act, the executive head of the relevant state agency shall describe in detail the expected effect of the plan or program on the agency's personal services cost and operation. This financial report must be approved by the director of the office of management and budget before the commissioner of administration may approve the proposed plan or program. The state agency shall report each year to the office of management and budget on the cost of each employee's participation and the effect on the agency's personal services cost and operation.

(b) The office of management and budget shall submit to the legislature annual reports on the retirement incentive and separation incentive programs under secs. 30 - 43 of this Act beginning January 15, 1998, and continuing through January 15, 2000, and shall submit a final report January 15, 2001. Each report must provide the information necessary for the legislature to evaluate the effectiveness of the programs in achieving their objectives. The report must include information on the designated employee categories under the incentive programs, the cost to the state, the cost to the employee, the annual budgeted amount, by state agency, for the incentives, the number of positions deleted or left vacant, and the projected or actual net savings over the three-year period, and recommendations to the legislature for changes in appropriations that reflect the cost and cost savings resulting from the retirement and separation incentive programs.

*** Sec. 41.** PROGRAM CHANGES. (a) An individual employee does not have a vested or contractual right to a benefit under secs. 30 - 43 of this Act until an agreement is executed with the administrator that specifically authorizes that employee to participate in the retirement incentive program under secs. 30 - 43 of this Act or until an agreement is executed with the commissioner of administration to participate in the separation incentive program under secs. 30 - 43 of this Act. The legislature reserves the right to change any aspect of either incentive program as it relates to employees for whom participation agreements have not yet been executed with the administrator or with the commissioner of administration.

(b) In this section, "administrator" means the administrator of the public employees' retirement system of employees who are members of that system, and the administrator of the teachers' retirement system for employees who are members of that system.

*** Sec. 42.** REGULATIONS. The commissioner of administration may adopt regulations under AS 44.62 (Administrative Procedure Act) to implement and interpret secs. 30 - 38 and 40 - 43 of this Act.

*** Sec. 43.** DEFINITIONS. (a) Unless otherwise provided in secs. 30 - 43 of this Act, the definitions set out in AS 14.25.220 apply to provisions in secs. 31 - 39 of this Act that relate to teachers' retirement system and members of the teachers' retirement system.

(b) Unless otherwise provided in secs. 30 - 43 of this Act, the definitions set out in AS 39.35.680 apply to provisions in secs. 31 - 39 of this Act that relate to the public employees' retirement system and members of the public employees' retirement system except that "employer" does not include a school district.

(c) In secs. 30 - 43 of this Act,

(1) "office of management and budget" means the office of management and budget in the Office of the Governor;

(2) "public employees' retirement system" means the Public Employees' Retirement System of Alaska (AS 39.35);

(3) "state agency"

(A) means

(i) the judicial branch of state government;

(ii) a principal department of the executive branch of state government; and independent state entity that is attached to a principal department of the executive branch for administrative purposes but that is not a public organization as defined in AS 39.35.680 is part of that department for purposes of this clause; and

(iii) the Office of the Governor;

(B) does not include

(i) the University of Alaska;

(ii) a political subdivision of the state; or

(iii) a public organization as defined in AS 39.35.680;

(4) "teachers' retirement system" means the Teachers' Retirement System of Alaska (AS 14.25).

* **Sec. 44.** SALARY ADJUSTMENTS FOR CERTAIN EXEMPT EMPLOYEES OF THE EXECUTIVE BRANCH. Permanent and temporary employees of the executive branch who are in the exempt service under AS 39.25, who are not members of a collective bargaining unit established under the Public Employment Relations Act (AS 23.40), and who are not otherwise covered by AS 39.27.011(a), are entitled to receive salary adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(e) - (g), as enacted by sec. 13 of this Act, and to receive geographic differentials comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.25.020, as enacted by sec. 14 of this Act.

* **Sec. 45.** SALARY INCREASES FOR EMPLOYEES OF THE UNIVERSITY OF ALASKA. The employees of the University of Alaska who are not members of a collective bargaining unit are entitled to receive salary increases in accordance with the compensation policy of the Board of Regents of the University of Alaska.

* **Sec. 46.** SALARY ADJUSTMENTS FOR EMPLOYEES OF THE JUDICIAL BRANCH. For the fiscal years beginning July 1, 1997, and July 1, 1998, permanent and temporary employees of the judicial branch, other than justices and judges, who are not members of a

collective bargaining agreement unit are entitled to receive salary adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(f) - (g), as enacted by sec. 13 of this Act, and geographic differential adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.020, as enacted by sec. 14 of this Act.

* **Sec. 47.** SALARY INCREASES FOR JUDICIAL BRANCH EMPLOYEES. For the fiscal year beginning July 1, 1996, and ending June 30, 1997, the temporary and permanent employees of the judicial branch, other than justices and judges, who are not members of a collective bargaining unit are entitled to receive a salary increase of 5.2 percent of the employee's base salary as of June 30, 1996.

* **Sec. 48.** JUDGES AND JUSTICES. Notwithstanding AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e), and sec. 13 of this Act, justices and judges in the judicial branch are not entitled to receive the increases provided by AS 22.05.140(d), AS 22.07.090(c), AS 22.10.190(d), and AS 22.15.220(e) for the fiscal year beginning July 1, 1996, and ending June 30, 1997.

* **Sec. 49.** SALARY INCREASES FOR LEGISLATIVE BRANCH EMPLOYEES. Employees of the legislative branch of state government who are not otherwise subject to AS 39.27.011, other than legislators, are entitled to receive salary adjustments comparable to those received by the classified and partially exempt employees of the executive branch under AS 39.27.011(e) - (g), as enacted by sec. 13 of this Act.

* **Sec. 50.** APPROVAL OF MONETARY TERMS OF AGREEMENTS. (a) This section

(1) supersedes the provisions of any bill passed by the Second Session of the Nineteenth Alaska State Legislature and enacted into law that disapproves the monetary terms of the collective bargaining agreements listed in this section; and

(2) satisfies the terms of any bill passed by the Second Session of the Nineteenth Alaska State Legislature and enacted into law that imposes conditions on the approval of the monetary terms of those agreements.

(b) This section constitutes approval of the monetary terms of the collective bargaining agreements entered into between the state and the following collective bargaining organizations:

(1) Alaska State Employees Association, for the General Government Unit;

(2) Alaska Public Employees Association, for the Supervisory Unit;

(3) Public Employees Local 71, for the Labor, Trades and Crafts Unit;

(4) Inlandboatmen's Union of the Pacific, representing the unlicensed marine unit;

(5) International Organization of Masters, Mates, and Pilots, Pacific Maritime Region, for the Masters, Mates, and Pilots Unit;

(6) Public Safety Employees Association, representing state troopers and other commissioned law enforcement personnel;

(7) the Classified Employees Association, representing University of Alaska employees;

(8) the Alaska Community Colleges' Federation of Teachers, representing faculty members of the University of Alaska;

(9) the Alyeska Correspondence School Education Association representing teachers at the Alyeska Central School;

(10) Alaska Vocational Technical Center Teacher's Association representing teachers at the Alaska Vocational Technical Center; and

(11) International Brotherhood of Electrical Workers representing nonjudicial, nonsupervisory, classified employees of the Alaska Court System.

* **Sec. 51.** LIMITATION ON THE REDUCTION OF EMPLOYEE SALARIES. (a) So long as the employee remains in the same geographic area, as set out in AS 39.27.020, as amended by sec. 14 of this Act,

(1) the salary that an employee is receiving on June 30, 1996, may not be reduced by application of a provision of sec. 14 of this Act until June 30, 1997;

(2) for the fiscal year beginning July 1, 1997, the salary that an employee is receiving on June 30, 1997, may not be reduced by more than five percent as a result of the application of a provision of this Act.

(b) If an employee moves to another geographic area after June 30, 1996, both the pay differential in AS 39.27.020(a) and the limitation on applicable salary in AS 39.27.020(b), as reenacted by sec. 14 of this Act, apply to that employee's salary on the effective date of the move.

(c) Nothing in this Act prohibits a reduction in an employee's salary as a result of a voluntary or involuntary demotion.

* Sec. 52. Nothing in this Act modifies or terminates the terms of a collective bargaining agreement in effect on the effective date of this Act.

Insert> Amend #1 Non-severability.

* Sec. 5~~3~~4. Section 51 of this Act is repealed July 1, 1998.

* Sec. 5~~4~~5. Sections 30, 31, and 39 of this Act are repealed July 1, 2000.

* Sec. 5~~5~~6. Sections 32 - 36 of this Act are repealed December 31, 1999.

* Sec. 5~~6~~7. This Act takes effect July 1, 1996.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION

(2) Alaska Public Employees Association, for the Supervisory Unit;

(3) Public Employees Local 71, for the Labor, Trades and Crafts Unit;

(4) Inlandboatmen's Union of the Pacific, representing the unlicensed marine unit;

(5) International Organization of Masters, Mates, and Pilots, Pacific Maritime Region, for the Masters, Mates, and Pilots Unit;

(6) Public Safety Employees Association, representing state troopers and other commissioned law enforcement personnel;

(7) the Classified Employees Association, representing University of Alaska employees;

(8) the Alaska Community Colleges' Federation of Teachers, representing faculty members of the University of Alaska;

(9) the Alyeska Correspondence School Education Association representing teachers at the Alyeska Central School;

(10) Alaska Vocational Technical Center Teacher's Association representing teachers at the Alaska Vocational Technical Center; and

(11) International Brotherhood of Electrical Workers representing nonjudicial, nonsupervisory, classified employees of the Alaska Court System.

* **Sec. 51.** LIMITATION ON THE REDUCTION OF EMPLOYEE SALARIES. (a) So long as the employee remains in the same geographic area, as set out in AS 39.27.020, as amended by sec. 14 of this Act,

(1) the salary that an employee is receiving on June 30, 1996, may not be reduced by application of a provision of sec. 14 of this Act until June 30, 1997;

(2) for the fiscal year beginning July 1, 1997, the salary that an employee is receiving on June 30, 1997, may not be reduced by more than five percent as a result of the application of a provision of this Act.

(b) If an employee moves to another geographic area after June 30, 1996, both the pay differential in AS 39.27.020(a) and the limitation on applicable salary in AS 39.27.020(b), as reenacted by sec. 14 of this Act, apply to that employee's salary on the effective date of the move.

(c) Nothing in this Act prohibits a reduction in an employee's salary as a result of a voluntary or involuntary demotion.

* Sec. 52. Nothing in this Act modifies or terminates the terms of a collective bargaining agreement in effect on the effective date of this Act.

Insert Amend #1 Non-severability.

* Sec. 5~~3~~.4 Section 51 of this Act is repealed July 1, 1998.

* Sec. 5~~4~~.5 Sections 30, 31, and 39 of this Act are repealed July 1, 2000.

* Sec. 5~~5~~.6 Sections 32 - 36 of this Act are repealed December 31, 1999.

* Sec. 5~~6~~.7 This Act takes effect July 1, 1996.

9-LS1893\O.1
Chenoweth
6/4/96

AMENDMENT #1 Sen. Miller

OFFERED IN THE SENATE
TO: CSSB 1003(FIN)

Page 28, following line 3:

Insert a new bill section to read:

"* Sec. 53. PROVISIONS NOT SEVERABLE. Notwithstanding AS 01.10.030, the provisions of this Act are not severable."

Renumber the following bill sections accordingly.

9-LS1893\O.10
Cramer
6/5/96

AMENDMENT #2

OFFERED IN THE SENATE BY SENATOR MILLER

TO: CSSB 1003(FIN)

Page 1, line 2:

Delete ", **geographic**"

Page 1, line 4, following "**to retirement**"

Insert "**of**"

Page 1, lines 6 - 8:

Delete "**relating to and making conforming amendments concerning certain state aid calculations formerly based on geographic differentials for state employee salaries;**"

Page 3, line 26, through page 5, line 24:

Delete all material.

Renumber the following bill sections accordingly.

Page 6, line 28, through page 7, line 26:

Delete all material.

Renumber the following bill sections accordingly.

Page 8, line 7, through page 9, line 6:

Delete all material.

Renumber the following bill sections accordingly.

Page 9, line 15, through page 10, line 9:

Delete all material.

Renumber the following bill sections accordingly.

Page 11, lines 3 - 29:

Delete all material.

Renumber the following bill sections accordingly.

Page 13, lines 19 - 20:

Delete "**<u>for determination of area cost-of-living differentials under AS 29.60.164 and 29.60.165 or</u>**"

Page 13, lines 23, 28, and 29; page 14, lines 2, 12, and 22; page 15, lines 13, 21, and 30; page 18, line 18; page 19, line 18; page 21, lines 24, 25, and 27 - 28; page 22, lines 5 and 18; page 23, line 27; and page 24, lines 7, 9, 11, 20, 23, and 27:

Delete "30 - 43"

Insert "21 - 34"

Page 14, line 21:

Delete "sec. 37"

Insert "sec. 28"

Page 16, line 28; page 17, line 8; page 18, line 2; and page 23, line 4:

Delete "sec. 30(b)"

Insert "sec. 21(b)"

Page 21, line 14:

Delete "sec. 30(c)(2)"

Insert "sec. 21(c)(2)"