

ALASKA LEGISLATURE

2087

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

To: Senator Jerry Mackie

We the undersigned desire a change in state law to provide an opportunity for employees covered by the Public Employee Retirement System (PERS) to buy up any temporary time and have it credited toward the minimum service time needed for retirement. Currently, employees in this system can 'buy back' their temporary time but it is not credited toward the minimum service time needed for retirement. We believe this is the right thing to do.

Sincerely,

Signature	Printed Name	Address	Employer
<i>[Signature]</i>	PETER J ROB	Box 381 Nome AK 99762	ADF+G
<i>[Signature]</i>	Peter J Bente	Box 1611 Nome, AK 99762	ADF+G
<i>[Signature]</i>	Kate Persons	Box 381 Nome, AK 99762	ADF+G
<i>[Signature]</i>	Jeanne Walker	Box 2078 Nome, AK 99762	Dept. of Labor
<i>[Signature]</i>	Vickie Erickson	Box 1967 Nome AK 99762	Dept. of Labor
<i>[Signature]</i>	John Merkaitis	PO Box 1476 Nome AK 99762	Labor
<i>[Signature]</i>	Elizabeth M. Breach	P.O. Box 11023 Nome, AK 99762	ADF+G
<i>[Signature]</i>	Juliana Vacc	PO Box 1855 Nome, AK 99762	ADF+G
<i>[Signature]</i>	Charles Leon	P.O. Box 1716 Nome AK 99762	ADF+G
<i>[Signature]</i>	Fred Burr	Box 1215 Nome AK 99762	ADF+G
<i>[Signature]</i>	Lowell Fair	2814 Colville Drive Anchorage AK 99517	ADF+G
<i>[Signature]</i>	Paul Thompson	POB 1128 Nome AK 99762	ADF+G
<i>[Signature]</i>	Tom Kron	9650 Arlene Anch 99515	"
<i>[Signature]</i>	Dave Mesiar	15740 Wind Song Dr Anch 99516	ADF+G
<i>[Signature]</i>	Beverly Cross	3932 Bulcher Dr	ADF+G
<i>[Signature]</i>	DAN HUTTUNEN	P.O. Box 874105 WASILLA, AK.	ADF+G
<i>[Signature]</i>	Lawrence S. Bukis	2615 Brooke Dr. Anch AK	ADF+G
<i>[Signature]</i>	Keith Weiland	3962 Dandelion Win Cir	ADF+G
<i>[Signature]</i>	Daniel T. Moore	P.O. Box 520009, Big Lake, AK	ADF+G
<i>[Signature]</i>	Carmen Olito	PO Box 111466, Anchorage AK 99511	ADF+G
<i>[Signature]</i>	Larry Pelizz	701 Glacier Dr., Wasilla AK 99754	ADF+G

Joe Dinnocenzo
PO Box 3045
Kodiak, AK 99615

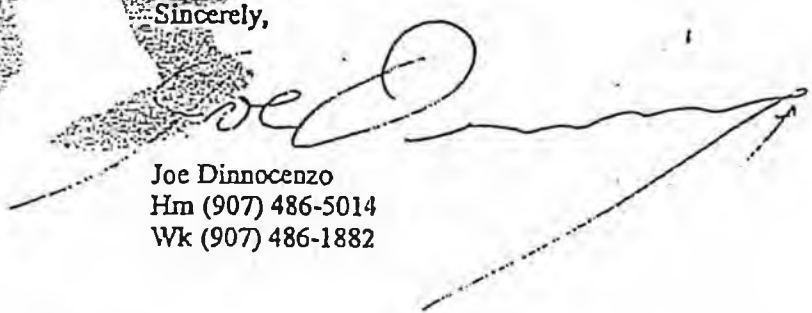
November 23, 1998

Ms Cathy Botelho
ADF&G
PO Box 240020
Douglas AK 99824-0020

Dear Ms Botelho,

A small group of state employees in Kodiak have started lobbying to get the state legislature to consider allowing state employees to count "paid up" temporary service toward the minimum service requirement for retirement. Last spring, Senator Jerry Mackie expressed an interest in submitting a bill this fall that would accomplish this. Jeff Barnhart has recently written a follow up letter to Senator Mackie reregistering our interest in this idea (copy attached). We understand you were once interested and active in promoting this concept. We believe we have a real chance of getting a bill through this year with Senator Mackie's support. Of course, there needs to be interest shown by state employees too. To that end, we have started collecting signatures on a petition (copy attached) which we plan to submit to Senator Mackie sometime just after the next session begins. Jeff Barnhart has been in touch with his staff (Jeanie) in the Juneau office and they are preparing a fiscal note for this proposal. If you are interested in continuing to support this idea, we could use help in getting this petition more widely distributed beyond Kodiak. Mackie's staff (Jeannie or David) can be contacted in Juneau office (1-800-821-4925). Mackie himself can be reached at his home (826-3008) or lodge (826-4000) in Craig to register your interest. Also if you know of other supporters of this idea elsewhere in the state who might be interested in promoting this idea in their areas either pass the word along or let us know so we can contact them. In addition, should you have ideas about what we might additionally do to support this proposal please let me know. Thanks.

Sincerely,



Joe Dinnocenzo
Hm (907) 486-5014
Wk (907) 486-1882

October 7, 1998

Jeffrey P. Barnhart
11276 Bells Flat Road
Kodiak, Alaska 99615

Senator Jerry Mackie
P.O. Box 795
Craig, AK 99921

Dear Jerry,


I spoke with you and Senator Duncan during your visit to the Department of Fish and Game office building in March, while you were attending the commercial fish trade show in Kodiak. During our visit I ask Senator Duncan if he had submitted a bill this year allowing state employee temporary time to be credited toward the minimum service time needed for retirement. You asked some questions and Senator Duncan suggested you stop by his office and pick up copies of the previous bills he introduced. You also asked me to write you a letter.

I've enclosed a photocopy of page 2 from the July 1997 PERS newsletter. As shown we can 'buy back' our temporary time to increase our PERS service, although it does not count toward retirement eligibility. I would like to see the temporary time count toward retirement eligibility. We worked for the State as temporaries, we can purchase the service, and we should be permitted to use that time to fulfill the retirement eligibility requirements.

I believe the cost to the State would be negligible. There might even be a cost savings. I believe if cost information is included with the bill, it would have a much better chance of passing this year.

I am looking forward to working with you on this bill.

Sincerely,


Jeffrey Barnhart

As do many Alaskans, I note the urgent need to bring revenues in line with expenditures.

I would like to take this opportunity to strongly suggest that we are currently living well beyond our means, and we need to cut costs by any reasonable measures. Toward that end, I am writing to encourage you to expeditiously support the passage of SB 85. I don't see how we can begin to balance the budget without some downsizing, and one element of that seems surely to be layoffs. By their nature, layoffs always occur at the lowest, least senior ranks of employees. And this leads to 'Pyramid Inversion,' making government ever less effective. SB 85 allows senior people the option to depart sooner if they have temporary time, without increasing benefits paid by the state. I think this makes ethical and budgetary sense.

On a larger scale, I would urge you to consider privatizing the Alaska Marine Highway system. It worked very well for the Alaska Railroad, and I think would do so for the ferry's as well.

port for SB 85!!!

Subject: Support for SB 85!!!

Date: Tue, 2 Mar 1999 21:14:03 -0900


From: Alice.Huttunen@msb.Mat-Su.k12.ak.us (Alice Huttunen)

To: <Senator_Jerry_Mackie@legis.state.ak.us>

Please read the following short message. It is written in word97.

Thank you for considering my thoughts.

Dan Huttunen

 POM1.doc	Name: POM1.doc Type: Winword File (application/msword) Encoding: base64
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Subject: Thanks

Date: Thu, 25 Feb 1999 21:37:34 -0900


From: Donna Dinnocenzo <dinno@ptialaska.net>

To: "Jerry Mackie" <Senator_Jerry_Mackie@legis.state.ak.us>

CC: "Alan Austerman" <Representative_Alان_Austerman@legis.state.ak.us>

J

I want to thank you for submitting and sponsoring Senate Bill 85. Not only does this bill right an inequity that is a long time in coming, it also I believe will save the state some money. Allbeit it won't solve all our cash flow problems but it's a tiny innovative step toward helping to conserve state funds. I recognize we all face some hard choices in the next few weeks. I have already told you about my veivs on income tax. I realize they are not popular views. However I also beleive the governors income tax proposal does not go far enough to fund state government. I beleive that I should pay state income tax to help support state government. I have 5 members in my family and we have an income of about 42,000 last year. That includes Alaska Permanent Fund Dividends. Although I have a full time job with the state, I currently work parttime to supplement my income and my wife works too. I beleive if an income tax doesn't tax folks at my level of income, then it won't raise much money and it won't give ownership of state government back to the public. Like you, I am concerned about the effect of taxes on business. But I beleive that the effect of drastically reducing goverment programs will have even more negative effects on the economy as a whole and businesses in particular. I am willing to pay income tax to help support responsible state spending. And I will continue to look for and support ways to save state dollars too. Again thanks for your support. Joe Dinnocenzo

 Part 1.2	Type: application/ms-tnef Encoding: base64
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Letter -

Commitment

on SB 85

Subject: I support SB 85

Date: Wed, 3 Mar 1999 12:15:44 -0900

From: "Marie Huttunen" <marieh@alaskalife.net>

To: <Senator_Jerry_Mackie@legis.state.ak.us>

I think this will be a way to save money in the current budget crisis
:)

March 3, 1999

Senator Jerry Mackie
Alaska State Legislature
State Capitol, Room 427
Juneau, Alaska 99801-1182

Dear Senator Mackie:

I enthusiastically support your statements in the Senate Majority News regarding Senate Bill 85, which you are sponsoring. Passage of this legislation will resolve a long-standing inequity in the Public Employee Retirement System. Similar legislation has come before the legislature several times this decade. In 1992, the senate bill died on the floor of the House on the last day of the session. The failures of these bills were great personal disappointments.

If this legislation passes, some employees who qualify may opt for immediate retirement, resulting in a reduction in the state work force. In some small way, this may allow the state to achieve staff reductions without forcing layoffs of people with less time in state service.

Thank you, both for myself and on behalf of many dedicated state employees who worked for years as temporaries.

Sincerely,



Catherine A. Botelho
P.O. Box 210515
Auke Bay, Alaska 99821

POM for Senator Mackie



From: Ms Susan Malutin
PO Box 2846

Telephone: 486-6216

Kodiak, AK 99615

Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS
Message:

PLEASE CONTINUE YOUR SUPPORT FOR SB 85.

Entered in KOD on 3/02/99 POMID: 924

Distribution: 1

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Message 1 out of 1.

POM for Senator Mackie



From: Mr. Lawrence S Buklis
2615 Brooke Dr

Telephone: 267-2122

Anchorage, AK 99517

NON Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS
Message:

SB 85 IS WIN WIN FOR LABOR AND MANAGEMENT. IT SAVES THE STATE MONEY AND IS A MATTER OF FAIRNESS TO EMPLOYEES. QUICK PASSAGE OF THIS BILL COULD CONTRIBUTE TO SAVINGS FOR EVEN THE PRESENT FISCAL YEAR.

Entered in ANC on 3/02/99 POMID: 919

Distribution: 20

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Message 14 out of 32.

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(907) 465-3517 (FAX)

SENATOR JERRY MACKIE

SENATE MAJORITY LEADER

MEMORANDUM

April 5, 2000

To: Representative Gene Therriault, Co-Chair
House Finance Committee
Alaska State Legislature

Representative Eldon Mulder, Co-Chair
House Finance Committee
Alaska State Legislature

From: Senator Jerry Mackie
Senate Majority Leader

A handwritten signature in black ink, appearing to read "Jerry Mackie".

Subject: CSSB 85(Rules) "An Act relating to credited service in the public employees' retirement system for temporary employment; and creating a public service benefit in the public employees' retirement system."

I respectfully request that you consider scheduling CSSB 85(Rules) for a hearing in the House Finance Committee, pending referral from the House State Affairs Committee. The House State Affairs Committee will consider SB 85 on their committee calendar at **8:00 a.m., Tuesday, April 11th**. SB 85 passed the Senate March 30, 2000 by a vote of Y-19, 0-N, and 1-Absent.

I introduced this legislation at the request of several of my Kodiak constituents. SB 85 is an effective management tool for our State to utilize in minimizing the impact of current and future budget reductions. This bill will have the effect of allowing employees to meet their retirement eligibility threshold sooner than would otherwise be anticipated. Employees prone to use this benefit for retirement credit are employees with higher service totals, on the higher end of the pay schedule. Additionally, employer costs decrease when these employees are replaced through reduced costs to the Supplemental Benefit System and to the Retirement System. Savings are realized in the long term by replacing Tier I and Tier II category employees, due to lower benefit costs.

Employees who choose to use this benefit are required to pay the full actuarial cost of using the temporary service(AS 39.35.345). There is NO GENERAL FUND EXPENDITURE involved in this legislation. The fiscal note reflects a \$4,000 designated fund source - "The Public Employees Retirement Trust Fund", for contracted services for computer system modifications.

I am hopeful that you will schedule CSSB 85(RULES) in the near future. This legislation provides the State of Alaska with a simple economic remedy in minimizing the impact of downsizing Alaskan government.

**SPONSOR STATEMENT
CSSB 85(RULES)**

Re: SB 85 – "An Act relating to credited service in the public employees' retirement system for temporary employment." SPONSORED BY - SENATOR JERRY MACKIE

Currently, temporary employees in the PERS system can buy back their temporary time, however, this time does not count towards the minimum service time needed for retirement. SB 85(Rules) amends AS 39.35.345(d) to allow employees covered by the Public Employee Retirement System (PERS) to buy up any temporary time and have it credited toward the minimum service time for retirement.

CSSB 85(Rules) also amends AS 39.35 by adding a new section **Sec. 39.35.375 Public Service Benefit**. This provision would entitle a person to a retirement benefit if they had at least two years of paid up PERS service and a total of at least five years of combined PERS and TRS (Teachers' Retirement System) service. When the Department of Education switched from the Public Employees System to the Teachers' Retirement System, employees were not able to get any credit for their previous PERS service.

Fiscal Impact

Temporary service as recognized under the retirement system under AS 39.35.345, provides that the full actuarial cost of using the temporary service be paid by the employee. There are no general funds involved in this proposal. The Department of Administration Fiscal Note dated 3/1/99 reflects a \$4 thousand dollar charge; the designated fund source is the Public Employees Retirement Trust Fund. This charge reflects approximately 40 hours of computer system modifications that will be required to initiate this change.

This legislation will allow the state to realize immediate cost savings by enabling employees to meet the retirement eligibility threshold sooner. The employees prone to use this for retirement credit are employees with higher service totals, thus they are on the higher end of the pay scale. Additionally, the employer costs decrease when these employees are replaced through reduced costs to the Supplemental Benefit System and to the Retirement System. Savings are realized in the long term by replacing Tier I and Tier II category employees with Tier III employees due to lower benefit costs.

SB 85 back-up information includes many support letters and petitions. Although I introduced this legislation at the request of several of my Kodiak constituents, this legislation has received the support from many Alaskan workers from throughout the State of Alaska. Also included are support letters from the AFLCIO and the Teamsters.

SB 85 is a responsible piece of the puzzle in the development of Alaska's long-term budget solution. This is a reasonably simple "economic tool" that may be used to minimize the impact of downsizing Alaska's state government.

SB

85

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/10/99

FURTHER:

2/11/00

DATE TURNED IN TO OFFICE: *2/11/00*

Finance Committee considered

SENATE BILL NO. 85

"An Act relating to credited service in the public employees' retirement system for temporary employment."

and recommends:

- be replaced with _____ C *For the committee* _____ (FIN)
- adopt previous _____ C _____ ()
- attached amendment(s)
- adopt Letter of Intent by _____
- further referral to the _____

- Senate Bill:
 - same title
 - new title
- House Bill:
 - same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Bill of Latta</i>	X	<i>For E. G. ...</i>	✓		
<i>Pete Kelly</i>	✓				
<i>Sam Whelan</i>	✓				
<i>Loren D. Leman</i>	✓				
Co-Chair: <i>Boyer</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

<i>For the committee</i>			
<i>FN</i>			

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 85(L&C)

SENATE FINANCE
COMMITTEE

Amendment Number: 1
Bill Number: SB 85
Sponsor: Wilken ~~Phillips~~ Date: 1/21/00
Logged In By: Mindy

1 Page 1, line 2, following "employment":

2 Insert "; and creating a public service benefit in the Public Employees' Retirement
3 System"

4 Page 1, following line 11:

5 Insert a new bill section to read:

6 **** Sec. 2.** AS 39.35 is amended by adding a new section to read:

7 **Sec. 39.35.375. Public service benefit.** (a) An active or inactive member
8 who has never been vested in this system or in the teachers' retirement system under
9 AS 14.25, who has at least two years of credited service in this system, and who has
10 membership service in the teachers' retirement system may claim credited service in
11 this system in an amount equal to the membership service the member has in the
12 teachers' retirement system. The claimed credited service may be added to service
13 earned under this chapter to enable the member to qualify for a public service benefit
14 under this section. The member may not claim credited service for membership
15 service for which the member has received a refund under AS 14.25.150 unless the
16 member fully pays the indebtedness as established under AS 14.25.063. The member
17 may not claim credited service in this system based on unused sick leave under
18 AS 14.25.115.

19 (b) To claim credited service under this section, the member shall file a
20 written request with the administrator when the member applies to retire. The
21 administrator shall determine the full actuarial cost of benefits based on the member's
22 total credited service and shall transfer from the teachers' retirement system to this
23 system an amount equal to the sum of the member contributions and any indebtedness
24 payments to the teachers' retirement system and the employer contributions to the

1 teachers' retirement system made on behalf of the employee together with interest
2 earned on those contributions and indebtedness payments. If the amount to be
3 transferred, when combined with the amount of employee contributions and
4 indebtedness payments to this system and the amount of employer contributions on
5 behalf of the employee in this system, and interest earned on contributions and
6 indebtedness payments for the employee, is less than the full actuarial cost computed
7 under this subsection, an indebtedness to the system equal to the amount of the
8 difference is established. Interest as prescribed by regulation accrues on the
9 indebtedness. The member must pay any outstanding indebtedness existing at the time
10 the member applies for retirement in full before the member is appointed to retirement
11 under this section.

12 (c) A member is entitled to receive a public service benefit under this section
13 if the member has at least a total of five years credited service under this chapter and
14 credited service from the teachers' retirement system claimed under this section. A
15 public service benefit shall be calculated using the higher of the average monthly
16 compensation for service in this system or the average base salary for service in the
17 teachers' retirement system. The amount of the benefit shall be calculated in
18 accordance with AS 39.35.370(c).

19 (d) Credited service earned under either this system or the teachers' retirement
20 system that has been claimed for a public service benefit under this section may not
21 be used for any other purpose. A member who claims credited service under this
22 section loses all rights to benefits under AS 14.25 based on the claimed credited
23 service. A member may not claim credited service under this section unless the
24 member claims all of the membership service the member has in the teachers'
25 retirement system. A public service benefit does not constitute a normal or early
26 retirement benefit for purposes of qualifying for a conditional service retirement
27 benefit under AS 14.25.125 or AS 39.35.385.

28 (e) A member whose rights to benefits under AS 14.25 are subject to a
29 qualified domestic relations order may claim credited service under this section.
30 However, the credited service claimed remains subject to the terms of the order.

31 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the
32 teachers' retirement system who is an active member or inactive member of this

1 system may reinstate, under this section, membership service earned under AS 14.25
2 for which the member received a refund of contributions.

3 (g) If a member retires under this section and subsequently returns to work
4 for an employer under this system or the teachers' retirement system, benefits under
5 this section shall cease during the period of reemployment and shall recommence
6 when the reemployment is ended. The credited service earned during the period of
7 reemployment may not be added to the credited service claimed for a public service
8 benefit under this section. If a member vests and meets the other eligibility
9 requirements under this system or the teachers' retirement system during the
10 reemployment, the member is entitled to a benefit under AS 14.25 or AS 39.35, as
11 appropriate."

12 Renumber the following bill section accordingly.

SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

Bill Number	SB 85
Amendment	# 1
Motion	abpt
<u>Motion by</u>	W
<u>Objection</u>	
<u>Objection by</u>	
<u>Removed</u>	
<u>Second Objection by</u>	
<u>Committee Member</u>	<u>Vote</u>
Senator Lyda Green	
Senator Randy Phillips	
Senator Dave Donley	
Senator Loren Leman	
Senator Al Adams	
Senator Gary Wilken	
Senator Pete Kelly	
Co-Chair Sean Parnell	
Co-Chair John Torgerson	
<u>Tally</u>	
Yea	0
Nay	0
Absent	0
<u>MOTION</u>	No obj.

DRAFT* FISCAL NOTE *DRAFT

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 85 (FIN)

Revision Date/Time	<u>1/27/00 2:29 PM</u>	Dept. Affected	<u>Administration</u>
Title	<u>An Act relating to credited service that vested members of PERS receive for temporary service</u>	BRU	<u>Centralized Administrative Services</u>
Sponsor	<u>Senator Mackie</u>	Component	<u>Retirement and Benefits</u>
Requester	<u>Senate Finance</u>	Component No.	<u>64</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	4.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	4.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (1029 P/E Retire)	4.0	0.0	0.0	0.0	0.0	0.0
TOTAL	4.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Since the full actuarial cost of this service is to be paid by the member, there is no anticipated cost to the Public Employees' Retirement System employers. Contracted Services are required to provide computer system modifications.

See attached fiscal analysis of the PUBLIC SERVICE BENEFIT.

Prepared by:	<u>Guy Bell, Director</u>	Phone	<u>465-4471</u>
Division	<u>Retirement and Benefits</u>	Date/Time	<u>1/27/00 2:29 PM</u>
Approved by Commissioner:	<u>Robert Poe, Jr</u>	Date	<u>1/27/00</u>
Agency	<u>Department of Administration</u>		

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DRAFT

Fiscal Note CSSB 85 (FIN) – Continued

Public Service Benefit

This amendment has been introduced or considered during a number of previous legislative sessions. The committee asked for an explanation of the unfunded liability discussed in a previous review of this provision.

The public service benefit provision would entitle a person to a retirement benefit with at least two years of paid up PERS service and a total of at least five years of combined PERS and TRS service.

We have submitted a \$0 fiscal note for the legislation as amended. The public service benefit amendment requires members to pay the difference between the employer/employee contributions including interest earned by the system on those amounts and the full actuarial cost to receive this benefit.

Based upon a reevaluation of system data, we have determined that there are only 22 members who have the required paid service in both retirement systems and are not currently employed.

This will have no measurable impact on employer contribution rates or the total funding of PERS and TRS. There will be a very small impact on the total liabilities of the PERS and TRS funds (less than \$700 thousand for both systems).

Since members are required to pay the full actuarial cost for these benefits, why is there an increase in total system liabilities?

The individuals affected by this legislation have left their money in the PERS and TRS systems but, because they are not vested, the systems have assumed no benefit liability for them. In effect, the systems have gotten an actuarial gain from their contributions (employer and employee). With this amendment, these members will be entitled to a benefit, therefore eliminating this actuarial gain and increasing system liability.

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SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

MEMORANDUM

March 15, 1999

To: Senate Finance Committee Members
Alaska State Legislature

From: Senator Jerry Mackie
Senate Majority Leader

Subject: CSSB 85(L&C) Sponsor: Senator Mackie

The Senate Labor and Commerce Committee recently passed out CSSB 85(L&C). This proposed CS is currently in the Senate Finance Committee for consideration. This proposed CS reflects one change to the original version:

IN REFERENCE TO VERSION: CSSB 85 (L&C) (*See Attachment #1)
Page 1, Line 9, after word retires.

Added: An election under this subsection does not change the date that an employee is considered to have commenced participation in the system under AS 39.35.120.

This language was added to clarify the original intent of this legislation that employees who originally qualified under Tier II could not use temporary time to qualify for Tier I benefits.

Tier I participants qualify for state paid medical retirement benefits upon retirement. Tier II employees are responsible for full medical insurance costs up until the age of 60, and then they are required to pay a half of these costs between the ages of 60-65. After age 65, the state picks up the full costs. This language was inserted to strengthen our intent language by ensuring that this provision could not be misinterpreted to provide that flexibility.

Another important "intent" behind this legislation is to ensure that the full actuarial cost of using the temporary service be paid by the employee. This proposal has no added fiscal impact to the State of Alaska or other employers geographically spread throughout our state under this particular Public Employees Retirement System. (*See Attachment #2).

I am hopeful that you will schedule SB 85 for a hearing in the near future; this legislation provides the State of Alaska, as well as the other employers within our state currently under this system, with a simple economic remedy in minimizing the impact of downsizing Alaskan government.

- Attachments:**
1. **CSSB 85(L&C)**
 2. **List of employers within our state, including the State of Alaska, under the PERS system.**

CS FOR SENATE BILL NO. 85(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/10/99
Referred: Finance

Sponsor(s): SENATOR MACKIE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credited service in the public employees' retirement system
2 for temporary employment."

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

4 * Section 1. AS 39.35.345(d) is repealed and reenacted to read:

5 (d) An employee may choose whether the credited service granted under this
6 section is used to satisfy the credited service requirements for normal retirement under
7 AS 39.35.370(a)(2) or (3) or is only used for the calculation of benefits. An election
8 under this subsection is irrevocable and applies to all temporary credited service that
9 the employee has accrued when the employee retires. **Added:* An election under this
10 subsection does not change the date that an employee is considered to have
11 commenced participation in the system under AS 39.35.120.

12 * Sec. 2. A member of the public employees' retirement system who has claimed credited
13 service under AS 39.35.345 before the effective date of this Act may exercise the election
14 established under AS 39.35.345(d), as amended by sec. 1 of this Act, before the member is

PERS DISTRICT LISTING

Attachment #2

DISTRICT

State of Alaska
 Southwest Region Schools
 Annette Island School District
 Bering Stralls School District
 Chatham School District
 Alaska Municipal League
 City of Valdez
 Juneau Borough School District
 Matanuska-Susitna Borough
 Matanuska-Susitna School District
 Anchorage School District
 Copper River School District
 University of Alaska Acct. Services
 City of Haines
 City of Kenai
 Fairbanks North Star Borough
 Fairbanks No. Star Borough S.D.
 Denali Borough School District
 Geophysical Institute
 City and Borough of Sitka
 Chugach Regional School District
 Ketchikan Gateway Borough
 City of Soldotna
 Iditarod Area School District
 Kuspuk School District
 City and Borough of Juneau
 City of Kodiak
 City of Fairbanks
 Fairbanks Municipal Util. Sys.
 City of Wasilla
 City of Skagway
 Greater Sitka Borough School District
 City of Palmer
 City of Wrangell
 City of Bethel
 Valdez City Schools
 Hoonah City Schools
 City of Nome
 City of Kotzebue
 Galena City Schools
 City of Petersburg
 Bristol Bay Borough
 North Slope Borough
 Wrangell City Schools
 City of Cordova
 Nome City Schools
 City of King Cove
 Alaska Housing Finance Corporation
 Lower Yukon School District
 Northwest Arctic School District
 Southeast Island School District
 Pribilof School District
 Lower Kuskokwim School District
 Kodiak Island School District
 Yukon Flats School District
 Yukon Koyukuk School District
 North Slope Borough School District
 Aleutian Regional School District
 Cordova Community Hospital
 Lake & Peninsula School District
 Sitka Community Hospital
 Tanana City School District
 Southeast Regional Resource Center
 Hydaburg City School District
 City of Tanana
 North PAC Fish Mgmt Council
 City of Barrow
 City of Saint Paul
 Municipality of Anchorage
 Kodiak Island Borough
 Nome Joint Utility Board
 City of Sand Point
 Ketchikan Gateway Borough S.D.
 City of Dillingham
 City of Unalaska
 Kenai Peninsula Borough

DISTRICT

City of Ketchikan
 City of Seward
 City of Fort Yukon
 Bristol Bay Borough School District
 Cordova Public Schools
 City of Craig
 Petersburg Medical Center
 Kenai Peninsula Borough S. D.
 City of North Pole
 City of Galena
 City of Nenana
 Haines Borough
 Nenana City Public School
 City of Saxman
 City of Hoonah
 City of Pelican
 City of Whittier
 Anchorage Parking Authority
 Craig School District
 Dillingham City School District
 City of Thorne Bay
 City of Akutan
 Unalaska City School District
 Kashunamiut School District
 City of Saint Mary's
 City of Homer
 City of Ruby
 Special Education Service Agency
 Bartlett Memorial Hospital
 Northwest Arctic Borough
 Saint Mary's School District
 Selawik City Council
 Bristol Bay Housing Authority
 Copper River Basin Reg. Hsng. Auth.
 Skagway City School District
 City of Klawock
 Petersburg Public Schools
 CSED--Child Support Enforcement Division
 IRS Levies--Internal Revenue Service
 QDRO--Qualified Domestic Relations Order
 Aleutians East Borough
 City of Kivalina
 Bering Stralls Cstal Res Svcs Area
 City of Shishmaref
 City of Huslia
 City of Kaltag
 City of Lower Kalskag
 Haines Borough School District
 City of Noorvik
 City of Elim
 City of Aika
 Aleutians East Borough S. D.
 Aleutians W. Coast Res Serv Area
 Delta/Greely School District
 Lake and Peninsula Borough
 City and Borough of Yakutat
 City of Unalakleet
 Klawock School District
 City of Old Harbor
 City of Mekoryuk
 AK Gateway School District
 City of Saint George
 Pelican City Schools
 Denali Borough
 City of Allakaket
 City of Kachemak
 City of Nulqsut
 Cook Inlet Housing Authority
 Interior Regional Housing Authority
 Yakutat City School District
 Kake City School District
 City of Quinhagak
 Aleutian Housing Authority
 City of Marshall
 Anchorage Telephone Utility
 Bering Stralls Regional Housing Authority

DISTRICT

City of Egegik
 City of Anaktuvuk Pass
 Ilisagvik College
 North Pacific Rlm Housing
 City of Kake
 Saxman Seaport
 Tlingit-Haldl Regional Housing Authority

KODIAK OFFICE
112 MILL BAY ROAD
KODIAK, ALASKA 99615
(907) 486-4925
(907) 486-5264 (FAX)

STATE CAPITOL
JUNEAU, ALASKA 99801-1182
(907) 465-4925
(800) 821-4925 (TOLL FREE)
(907) 465-3517 (FAX)

SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

March 10, 1999

To: Senator Sean Parnell, Co-Chair
Senate Finance Committee

Sean

Senator John Torgerson, Co-Chair
Senate Finance Committee

John

From: Senator Jerry Mackie
Majority Leader

Jerry Mackie

Re: **SB 85 - "An Act relating to credited service in the public employees' retirement system for temporary employment."**

I respectfully request your consideration in scheduling SB 85 for a hearing before the Senate Finance Committee at your earliest convenience.

Currently, temporary employees in the PERS system can buy back their temporary time, however, this time does not count towards the minimum service time needed for retirement. This legislation amends AS 39.35.345(d) to allow employees covered by the Public Employee Retirement System (PERS) to buy up any temporary time and have it credited toward the minimum service time for retirement.

Fiscal Impact

Temporary service as recognized under the retirement system under AS 39.35.345, provides that the full actuarial cost of using the temporary service be paid by the employee. There are no general funds involved in this proposal. The Department of Administration Fiscal Note dated 3/1/99 reflects a \$4 thousand dollar charge; the designated fund source is the Public Employees Retirement Trust Fund. This charge reflects approximately 40 hours of computer system modifications that will be required to initiate this change.

This legislation will allow the state to realize immediate cost savings by enabling employees to meet the retirement eligibility threshold sooner. The employees prone to use this for retirement credit are employees with higher service totals, thus they are on the higher end of the pay scale.

SB 85 is a responsible piece of the puzzle in the development of Alaska's long-term budget solution. This is a reasonably simple "economic tool" that may be used to minimize the impact of downsizing Alaska's state government.

This legislation provides equity among all state employees in temporary positions by enabling them to count their temporary time towards retirement eligibility. I see this as an opportunity for the legislature to send a positive message to Alaska's State employees during a critical economic period within the state.

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SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SB 85 - "AN ACT RELATING TO CREDITED SERVICE IN THE PUBLIC EMPLOYEES'
RETIREMENT SYSTEM FOR TEMPORARY EMPLOYMENT."
SPONSOR: SENATOR JERRY MACKIE

INDEX

- I. Sponsor Statement SB 85 by Senator Mackie with Press Release attachment
- II. SB 85
- III. Fiscal Note - Department of Administration 3/1/99
- IV. Alaska Statute 39.35.345
- V. Position Paper - Department of Administration 3/1/99
- VI. Support petitions and letters

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SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT

SB 85 - "An Act relating to credited service in the public employees' retirement system for temporary employment."

This legislation amends **AS 39.35.345(d)** to allow employees covered by the Public Employee Retirement System (PERS) to buy up any temporary time and have it credited toward the minimum service time for retirement. Employees in this system can currently buy back their temporary time, however their temporary time is not credited toward the minimum service time needed for retirement.

SB 85 would allow employees to **choose** whether the credited service granted is used for normal retirement under the "20 and out" and the "30 and out" retirement options cited below:

AS 39.35.370(a) Retirement benefits. Subject to AS 39.35.450, a terminated employee is eligible for a normal retirement benefit

(2) with at least 20 years of credited service as a peace officer or fire fighter; or

(3) with at least 30 years of credited service for all other employees

Temporary service as recognized under the retirement system under AS 39.35.345, provides that the full actuarial cost of using the temporary service be paid by the employee. The provisions of this bill will not result in any additional costs to the State of Alaska Retirement System. It is, however, more likely for the state to realize cost savings; the employees prone to use this for retirement credit are employees with higher service totals, thus they are on the higher end of the pay scale. I believe SB 85 is an option that provides us with a reasonable and fair remedy in minimizing the impact of current and future budget reductions.

Fiscal Impact

Temporary service as recognized under the retirement system under AS 39.35.345, provides that the full actuarial cost of using the temporary service be paid by the employee. There are no general funds involved in this proposal. The Department of Administration Fiscal Note dated 3/1/99 reflects a \$4 thousand dollar charge; the designated fund source is the Public Employees Retirement Trust Fund. This charge reflects approximately 40 hours of computer system modifications that will be required to initiate this change.

This legislation will allow the state to realize immediate cost savings by enabling employees to meet the retirement eligibility threshold sooner. The employees prone to use this for retirement credit are employees with higher service totals, thus they are on the higher end of the pay scale.

SB 85 is a responsible piece of the puzzle in the development of Alaska's long-term budget solution. This is a reasonably simple "economic tool" that may be used to minimize the impact of downsizing Alaska's state government.

This legislation provides equity among all state employees in temporary positions by enabling them to count their temporary time towards retirement eligibility. I see this as an opportunity for the legislature to send a positive message to Alaska's State employees during a critical economic period within the state.



Senate Majority News

Maggie Wall, Senate Majority Press Secretary
State Capitol, Room 413
Juneau, AK 99801
Phone: (907) 465-4582

For Broadcast Actualities: (800) 478-6540
Web Site: <http://www.akrepublicans.org>

For Immediate Release: February 24, 1999 Contact: Senator Jerry Mackie at (907) 465-4925

Bill Allows Temporary Employees To Credit Time Toward Retirement

(JUNEAU)—State employees with temporary service would be able to buy up any temporary time and have it credited toward the minimum service time for retirement if a proposed Senate bill becomes law.

Senate Bill 85, sponsored by Senator Jerry Mackie (R-Craig), fixes an inequity in the Public Employee Retirement System (PERS). "This legislation provides equity to all state employees in temporary positions by enabling them to count their temporary time toward retirement eligibility," said Sen. Mackie.

Currently, temporary employees in the PERS system can buy back their temporary time, however their temporary time is not credited toward the minimum service time needed for retirement.

Provisions of the change proposed by Sen. Mackie will result in no additional cost to the State of Alaska Retirement System. "It's more likely for the State to realize cost savings," said Sen. Mackie. "The employees prone to use this for retirement credit are employees with higher service totals, thus they are on the higher end of the pay scale. I believe SB 85 is an option that provides us with a reasonable and fair remedy in minimizing the impact of current and future budget reductions," Sen. Mackie said.

"The passage of SB 85 is not only an opportunity to send a positive message to Alaska's State employees during a critical economic period in our state, it is the right thing to do," said Sen. Mackie.

SB85 is in the Senate Labor and Commerce Committee which is chaired by Sen. Mackie.

###

Sec. 39.35.345. Temporary service credit.

(a) A vested employee is entitled to credited service for periods in which the employee regularly rendered full-time personal service to an employer but was not qualified to participate in the system because of the exclusion of temporary workers as described in AS 39.35.680(21)(C)(iii). Benefits are not payable on this credited service unless the employee makes retroactive contributions to the system for the period of time that credited service is claimed. The retroactive contribution is the full actuarial cost of providing benefits for the credited service claimed.

(b) To obtain credited service under this section, an employee shall elect to do so and shall verify the period of temporary service. When eligibility for temporary service credit has been established, an indebtedness shall be determined as provided in (a) of this section. Any outstanding indebtedness existing at the time an employee retires requires an actuarial adjustment to the benefits payable based on the temporary service. Interest as prescribed by regulation accrues on the indebtedness beginning

(1) July 1, 1981, or one year following the date the employee first becomes vested, whichever is later, for an employee who claims temporary service credit no more than one year after the employee becomes vested;

(2) the date of vesting, for an employee who becomes vested after June 30, 1980, who is claiming temporary service credit more than one year after vesting for service performed before the employee vested;

(3) July 1, 1980, for an employee who became vested before July 1, 1980, who is claiming temporary service credit after June 30, 1981, for service performed before July 1, 1980;

(4) one year after completing the temporary service, for an employee who was vested on the last day of employment as a temporary employee and who claims the temporary service no more than one year after completing the service;

(5) on the date of completing the temporary service, for an employee who was vested on the last day of employment as a temporary employee and who claims temporary service more than one year after completing the service.

(c) A deferred vested employee on July 1, 1980, is eligible to claim credited service under (a) of this section. To obtain credited service under this section, a deferred vested employee shall elect to do so and shall verify the period of temporary service. When eligibility for temporary service credit has been established, an indebtedness shall be determined as provided in (a) of this section. Interest as prescribed by regulation accrues on that indebtedness beginning July 1, 1981. Any outstanding indebtedness existing at the time a deferred vested employee retires requires an actuarial adjustment to the benefits payable based on the temporary service.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal or early retirement.

History -

(Sec. 29 ch 146 SLA 1980; am Sec. 25, 26 ch 106 SLA 1988)

Revisors Notes -

Enacted as AS 39.35.156. Renumbered in 1980.

Department of Administration

Contact: Guy Bell

Bill Number: SB 85

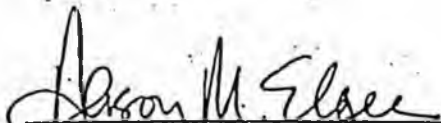
Phone: 465-4471

Bill Title: An act relating to credited service that vested members of the Public Employees' Retirement System receive for temporary service.

This bill would allow a member to claim temporary service as either "credited" service, which only increases the benefit amount, or "membership" service, which enables the member to reach the minimum service requirements for retirement, in addition to increasing the benefit. Under present law, temporary service may only be claimed as "credited" service.

This bill would enable employees to use temporary service to retire under the "20 and out" and "30 and out" retirement provisions.

Since the full actuarial cost of using the temporary service must be borne by the employee, the provisions of this bill will not result in any cost to the retirement system. However, this bill will have the effect of allowing employees to meet the retirement eligibility threshold sooner than would otherwise be anticipated.


Robert Poe Jr., Commissioner

3/1/99
Date

**SB 85 – “AN ACT RELATING TO CREDITED SERVICE IN
THE PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
FOR TEMPORARY EMPLOYMENT.”**

Sponsor: Senator Jerry Mackie

SUPPORT LETTERS AND PETITIONS

To: Senator Jerry Mackie

We the undersigned desire a change in state law to provide an opportunity for employees covered by the Public Employee Retirement System (PERS) to buy up any temporary time and have it credited toward the minimum service time needed for retirement. Currently, employees in this system can 'buy back' their temporary time but it is not credited toward the minimum service time needed for retirement. We believe this is the right thing to do.

Sincerely,

<u>Signature</u>	<u>Printed Name</u>	<u>Address</u>	<u>Employer</u>
	PETER J ROB	Box 381 Nome AK 99762	ADF+G
	Peter J Bente	Box 1611 Nome, AK 99762	ADF+G
	Kate Persons	Box 381 Nome, AK 99762	ADF+G
	Jeanne Walker	Box 2078 Nome, AK 99762	Dept. of Labor
	Vickie Erickson	Box 1967 Nome, AK 99762	Dept. of Labor
	John Merkatis	PO Box 1476 Nome AK 99762	Labor
	Elisabeth M. Brown	P.O. Box 11023 Nome, AK 99762	ADF+G
	Juliana Vaccic	PO Box 1855 Nome, AK 99762	ADF+G
	Charles Leza	P.O. Box 1716 Nome AK 99762	ADF+G
	Fred Burr	Box 1215 Nome - AK 99762	ADF+G
	Lowell Fair	3814 Colandrea Drive Anchorage, AK 99577	ADF+G
	Paul Thompson	POB 1123 Nome AK 99762	ADF+G
	Tom Kron	9650 Arlene Anch 99515	ii
	Dave Mesiar	15740 Wind Song Dr Anch 99515	ADF+G
	Beverly Cross	3932 Balcham Dr	ADF+G
	DAN HUTTUNEN	P.O. Box 874105 WASILLA, AK	ADF+G
	Lawrence S. Bukis	2615 Brooke Dr. Anch AK	ADF+G
	Keith Weiland	3912 Dandelion Way Wasilla	ADF+G
	Dante T. Moore	P.O. Box 520509, Big Lake, AK	ADF+G
	Carmen Olito	P.O. Box 111486, Anchorage AK 99577	ADF+G
	Larry Pelizz	701 Glacier Dr., Wasilla AK 99765	ADF+G

To: Senator Jerry Mackie

We the undersigned desire a change in state law to provide an opportunity for employees covered by the Public Employee Retirement System (PERS) to buy up any temporary time and have it credited toward the minimum service time needed for retirement. Currently, employees in this system can 'buy back' their temporary time but it is not credited toward the minimum service time needed for retirement. We believe this is the right thing to do.

Sincerely,

<u>Signature</u>	<u>Printed Name</u>	<u>Address</u>	<u>Employer</u>
<i>Stanley Kaneshiro</i>	Stanley Kaneshiro	616 Thorshelm Kodiak, Ak	State of Ak.
<i>Susan Malutin</i>	SUSAN MALUTIN	Box 2846 Kodiak	AK
<i>Meloyne Haloren</i>	Meloyne Haloren	Box 136 Kodiak	SAA
<i>Forrest Blau</i>	J. Forrest Blau	10783 Birch Circle, Kodiak	State of Alaska
<i>B. O. Roney</i>	B. O. Roney	1113A Larch St. Kodiak, Ak	State of AK
<i>Jethy P. Barnhart</i>	Jethy P. Barnhart	11276 Bells Flat Road, Kodiak Ak	ADF&G
<i>Eric Saunders</i>	ERIC SAUNDERS	Box 1271, Kodiak, AK	DOC
<i>Mary Gross</i>	Mary Gross	Box 4080, Kodiak	DHSS
<i>Lacey Vandaeze</i>	LACEY VANDAEZE	Box 4477, Kodiak	ADF&G
<i>Kimberly Phillips</i>	Kimberly Phillips	Box 683 Kodiak	ADF&G
<i>Masha Elwyn Thue</i>	Masha Elwyn Thue	P.O. Box 4187, Kodiak	ADF&G
<i>James A Spalinger</i>	JAMES A SPALINGER	Box 1462 Kodiak	ADF&G
<i>David R Jackson</i>	DAVID R JACKSON	11248 Kalsin dr. Kodiak AK	ADF&G
<i>Richard W. Shepar</i>	RICHARD W. SHEPARD	P.O. Box 1344 KODIAK, AK	ADF&G
<i>Carrie Worton</i>	Carrie Worton	P.O. Box 1614 Kodiak AK	ADF&G
<i>Jim Blackburn</i>	Jim Blackburn	P.O. Box 948, Kodiak, AK 99615	ADF&G
<i>Pennies Jones</i>	Pennies Jones	P.O. Box 8926 Kodiak, AK 99615	ADF&G
<i>Doris Mensch</i>	DORIS MENSCH	Box 631, KODIAK, AK 99615	ADF&G

Joe Dinnocenzo
PO Box 3045
Kodak, AK 99615


November 23, 1998

Ms Cathy Botelho
ADF&G
PO Box 240020
Douglas AK 99824-0020

Dear Ms Botelho,

A small group of state employees in Kodiak have started lobbying to get the state legislature to consider allowing state employees to count "paid up" temporary service toward the minimum service requirement for retirement. Last spring, Senator Jerry Mackie expressed an interest in submitting a bill this fall that would accomplish this. Jeff Barnhart has recently written a follow up letter to Senator Mackie reregistering our interest in this idea (copy attached). We understand you were once interested and active in promoting this concept. We believe we have a real chance of getting a bill through this year with Senator Mackie's support. Of course, there needs to be interest shown by state employees too. To that end, we have started collecting signatures on a petition (copy attached) which we plan to submit to Senator Mackie sometime just after the next session begins. Jeff Barnhart has been in touch with his staff (Jeanie) in the Juneau office and they are preparing a fiscal note for this proposal. If you are interested in continuing to support this idea, we could use help in getting this petition more widely distributed beyond Kodiak. Mackie's staff (Jeannie or David) can be contacted in Juneau office (1-800-821-4925). Mackie himself can be reached at his home (826-3008) or lodge (826-4000) in Craig to register your interest. Also if you know of other supporters of this idea elsewhere in the state who might be interested in promoting this idea in their areas either pass the word along or let us know so we can contact them. In addition, should you have ideas about what we might additionally do to support this proposal please let me know. Thanks.

Sincerely,



Joe Dinnocenzo
Hm (907) 486-5014
Wk (907) 486-1882

October 7, 1998

Jeffrey P. Barnhart
11276 Bells Flat Road
Kodiak, Alaska 99615

Senator Jerry Mackie
P.O. Box 795
Craig, AK 99921

Dear Jerry,

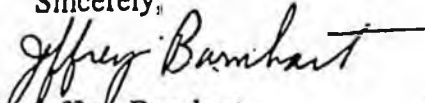
I spoke with you and Senator Duncan during your visit to the Department of Fish and Game office building in March, while you were attending the commercial fish trade show in Kodiak. During our visit I ask Senator Duncan if he had submitted a bill this year allowing state employee temporary time to be credited toward the minimum service time needed for retirement. You asked some questions and Senator Duncan suggested you stop by his office and pick up copies of the previous bills he introduced. You also asked me to write you a letter.

I've enclosed a photocopy of page 2 from the July 1997 PERS newsletter. As shown we can 'buy back' our temporary time to increase our PERS service, although it does not count toward retirement eligibility. I would like to see the temporary time count toward retirement eligibility. We worked for the State as temporaries, we can purchase the service, and we should be permitted to use that time to fulfill the retirement eligibility requirements.

I believe the cost to the State would be negligible. There might even be a cost savings. I believe if cost information is included with the bill, it would have a much better chance of passing this year.

I am looking forward to working with you on this bill.

Sincerely,


Jeffrey Barnhart

As do many Alaskans, I note the urgent need to bring revenues in line with expenditures.

I would like to take this opportunity to strongly suggest that we are currently living well beyond our means, and we need to cut costs by any reasonable measures. Toward that end, I am writing to encourage you to expeditiously support the passage of SB 85. I don't see how we can begin to balance the budget without some downsizing, and one element of that seems surely to be layoffs. By their nature, layoffs always occur at the lowest, least senior ranks of employees. And this leads to 'Pyramid Inversion,' making government ever less effective. SB 85 allows senior people the option to depart sooner if they have temporary time, without increasing benefits paid by the state. I think this makes ethical and budgetary sense.

On a larger scale, I would urge you to consider privatizing the Alaska Marine Highway system. It worked very well for the Alaska Railroad, and I think would do so for the ferry's as well.

ort for SB 85!!!

Subject: Support for SB 85!!!

Date: Tue, 2 Mar 1999 21:14:03 -0900


From: Alice.Huttunen@msb.Mat-Su.k12.ak.us (Alice Huttunen)

To: <Senator_Jerry_Mackie@legis.state.ak.us>

Please read the following short message. It is written in word97.

Thank you for considering my thoughts.

Dan Huttunen

 POM1.doc	Name: POM1.doc Type: Winword File (application/msword) Encoding: base64
--	--

Subject: Thanks

Date: Thu, 25 Feb 1999 21:37:34 -0900

From: Donna Dinnocenzo <dinno@ptialaska.net>

To: "Jerry Mackie" <Senator_Jerry_Mackie@legis.state.ak.us>

CC: "Alan Austerman" <Representative_Alان_Austerman@legis.state.ak.us>

J

I want to thank you for submitting and sponsoring Senate Bill 85. Not only does this bill right an inequity that is a long time in coming, it also I believe will save the state some money. Allbeit it won't solve all our cash flow problems but it's a tiny innovative step toward helping to conserve state funds. I recognize we all face some hard choices in the next few weeks. I have already told you about my veivs on income tax. I realize they are not popular views. However I also beleive the governors income tax proposal does not go far enough to fund state government. I beleive that I should pay state income tax to help support state government. I have 5 members in my family and we have an income of about 42,000 last year. That includes Alaska Permanent Fund Dividends. Although I have a full time job with the state, I currently work parttime to supplement my income and my wife works too. I beleive if an income tax doesn't tax folks at my level of income, then it won't raise much money and it won't give ownership of state government back to the public. Like you, I am concerned about the effect of taxes on business. But I beleive that the effect of drastically reducing goverment programs will have even more negative effects on the economy as a whole and businesses in particular. I am willing to pay income tax to help support responsible state spending. And i will continue to look for and support ways to save state dollars too. Again thanks for your support. Joe Dinnocenzo

Part 1.2

Type: application/ms-tnef
Encoding: base64

Letter -

Commitment

Subject: I support SB 85

Date: Wed, 3 Mar 1999 12:15:44 -0900

From: "Marie Huttunen" <marieh@alaskalife.net>

To: <Senator_Jerry_Mackie@legis.state.ak.us>

I think this will be a way to save money in the current budget crisis
:)

March 3, 1999

Senator Jerry Mackie
Alaska State Legislature
State Capitol, Room 427
Juneau, Alaska 99801-1182

Dear Senator Mackie:

I enthusiastically support your statements in the Senate Majority News regarding Senate Bill 85, which you are sponsoring. Passage of this legislation will resolve a long-standing inequity in the Public Employee Retirement System. Similar legislation has come before the legislature several times this decade. In 1992, the senate bill died on the floor of the House on the last day of the session. The failures of these bills were great personal disappointments.

If this legislation passes, some employees who qualify may opt for immediate retirement, resulting in a reduction in the state work force. In some small way, this may allow the state to achieve staff reductions without forcing layoffs of people with less time in state service.

Thank you, both for myself and on behalf of many dedicated state employees who worked for years as temporaries.

Sincerely,



Catherine A. Botelho
P.O. Box 210515
Auke Bay, Alaska 99821

POM for Senator Mackie



From: Ms Susan Malutin
PO Box 2946

Telephone: 486-6216

Kodiak, AK 99615

Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS
Message:

PLEASE CONTINUE YOUR SUPPORT FOR SB 85.

Entered in KOD on 3/02/99 POMID: 924

Distribution: 1

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[Next POM](#)

Message 1 out of 1.

POM for Senator Mackie



From: Mr. Lawrence S Buklis
2615 Brooke Dr

Telephone: 267-2122

Anchorage, AK 99517

NON Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

Message:

SB 85 IS WIN WIN FOR LABOR AND MANAGEMENT. IT SAVES THE STATE MONEY AND IS A MATTER OF FAIRNESS TO EMPLOYEES. QUICK PASSAGE OF THIS BILL COULD CONTRIBUTE TO SAVINGS FOR EVEN THE PRESENT FISCAL YEAR.

Entered in ANC on 3/02/99 POMID: 919

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Message 14 out of 32.



**ALASKA STATE EMPLOYEES ASSOCIATION
AFSCME Local 52, AFL-CIO**

HEADQUARTERS, 3510 Spenard Road, Ste. 201, Anchorage AK 99503
(907) 277-5200 * Toll Free 800-478-ASEA * Fax (907) 277-5206

March 8, 1999

Senator Jerry Mackie
Alaska State Capitol, Room 427
Juneau, Alaska, 99801-1182

RE: Senate Bill 85

Dear Senator Mackie:

I am writing in support of Senate Bill 85. This measure is the right thing to do for a number of reasons, first and foremost SB 85 will save the state money immediately.

As the Business Manager of the largest state employee union, I understand the financial pressures the state faces each year in balancing the operating budget. Any reductions imposed by the legislature has an immediate impact on the rank and file state employee. Membership in the General Government Unit (GGU) has decreased 10% over the past four years due primarily to layoffs resulting from legislative budget cuts. I hope this year will be an exception.

That is why passage of Senate Bill 85 is so important. It will save the state money immediately. The savings will come in the form of early retirement of long-term state employees. These Alaskans started their state service as temporary workers back in the 1970's. Eventually these temporary employees were hired into permanent state employment. In 1980, the legislature recognized the inequity of treating these workers differently than other full-time employees and permitted them to "buy back" the time they had worked as temporaries. However, A.S. 39.35.345 included section (d) which prohibited these employees from counting the time worked as a temporary toward retirement. At that time state government was expanding, now it is "downsizing."

As we face the fiscal challenges of the coming year, an early retirement program should be part of the solution. Passage of SB 85 is a step in the right direction. SB 85 would allow those state employees who have prior temporary service to retire sooner. This RIP opportunity would save the state money and avoiding further layoffs.

Sincerely,

Chuck O'Connell, Business Manager
ASEA/AFSCME Local 52, AFL-CIO

Post-It™ brand fax transmittal memo 7671 # of pages ▶ 1

To	From
Co.	Co.
Dept.	Phone #
Fax #	Fax #



Alaska State Legislature

Please enter into the record my testimony to the Labour + Commodities
committee name

committee on SB 85, dated MARCH 9 1999
bill/subject

I support SB 85. It gives the employee the option of applying time worked as a temporary employee towards their retirement. From 1976 to 1980 I worked as a temporary employee. I would work 11 months + then be layed off for 1 month. This was a cost savings to the state because they paid no health benefits, sick leave, or vacation time. Currently temporary time may not be counted towards retirement. This bill allows the employee to count this time towards ^{retirement} if they pay into the retirement system the full actuarial cost. So the bill will not cost the state money but will give credit to the employee for time actually worked.

This bill will not affect me personally, as I already have 19 years of service in and plan to work past my scheduled retirement time of 20 years. However I support this bill because it is fair to the employee and doesn't cost the State anything.

Signed: LEN SCHWARTZ

Testifier

MYSELF

Representing (Optional)

BOX 533 KODIAK AK 99615

Address

486-1878

Phone No.

POM for Senator Mackie



From: Ms Edith Whitted
PO Box 520992

Telephone: 892-6132

Dig Lake, AK 99652

NON Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS
Message:

I WORKED IN A TEMPORARY POSITION WITH THE SCHOOL DISTRICT FOR TWO AND ONE HALF YEARS. I RECEIVED NO CREDIT FOR THOSE YEARS. I SUPPORT THIS LEGISLATION AS IT WOULD HELP THIS SITUATION.

Entered in MAT on 3/09/99 POMID: 1324

Distribution: 10

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Message 11 out of 29.

POM for Senator Mackie



From: Mrs Sally Johnson
HC30 Box 5409

Telephone: 376-2855

Wasilla, AK 99654

NON Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

Message:

PLEASE VOTE FOR THIS LEGISLATION. THANK YOU.

Entered in MAT on 3/09/99 POMID: 1327

Distribution: 10

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Message 14 out of 29.

POM for Senator Mackie



From: Ms Mary Moeglein
POB 877108

Telephone: 373-5181

Wasilla, AK 99687

NON Constituent

Registered Voter: U

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

Message:

I AM IN SUPPORT OF SB 85.

Entered in MAT on 3/09/99 POMID: 1331

Distribution: 17

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Message 16 out of 29.

POM for Senator Mackie



From: Ms Linda Kuzina
POB 873152

Telephone: 376-8894

Wasilla, AK 99687

NON Constituent

Registered Voter: U

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS
Message:

I AM IN SUPPORT OF SB 85.

Entered in MAT on 3/09/99 POMID: 1332

Distribution: 17

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Message 17 out of 29.

POM for Senator Mackie



From: Ms. Lucy Bikulcs
PO Box 870634

Telephone: 376-9425

Wasilla, AK 99687

NON Constituent

Registered Voter: Y

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

Message:

SUPPORT FAIR AND EQUITABLE TREATMENT OF EMPLOYEES IN THE PERS RETIREMENT SYSTEM.

Entered in MAT on 3/09/99 POMID: 1341

Distribution: 17

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Message 21 out of 29.

POM for Senator Mackie



From: Mrs. Janice Werner
HC 02 Box 7221

Telephone: 745-4871

Palmer, AK 99645

NON Constituent

Registered Voter: U

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

Message:

I WOULD LIKE THIS BILL PASSED. I'VE WORKED FOR THE SCHOOL DISTRICT FOR 19 YEARS AND AM ONLY GETTING CREDIT FOR APPROXIMATELY 15 YEARS. SUPPORT OF THIS BILL WOULD HELP ME TO RETIRE AT A REASONABLE AGE.

Entered in MAT on 3/09/99 POMID: 1345

Distribution: 33

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Message 23 out of 29.

POM for Senator Mackie



From: Mrs. Debbie Wells
PO Box 2829
331 N Bonanaza
Palmer, AK 99645

Telephone: 745-4871

NON Constituent

Registered Voter: U

Bill: SB 85 Title: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS
Message:

I WOULD LIKE THIS BILL PASSED. I HAVE WORKED FOR THE SCHOOL DISTRICT FOR EIGHT YEARS AND HAVE CREDIT FOR SIX YEARS. I WOULD HAVE TO WORK 30 YEARS TO GET 20 YEARS OF CREDIT. THIS WOULD HELP ME TO RETIRE AT A RESONABLE AGE.

Entered in MAT on 3/09/99 POMID: 1349

Distribution: 33

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Message 24 out of 29.



Alaska State Legislature

Please enter into the record my testimony to the Sen. Lobby Committee
committee name

committee on SB 85, dated ~~2/25/99~~ 3/9/99
bill/subject

I worked as the temporary on-call Secretary for the Public Defender Agency for 3 years before being hired as the permanent employee. I have calculated I have one-year of temporary service I could add to my minimum time required for retirement. I ask you to pass SB 85 as this will cost the State nothing and allow us the option to purchase the actual worked time. Thank you

Signed: Vicki Jones
Testifier

State Employee
Representing (Optional)

818 Steiner Way Kodiak AK
Address

(907) 486-6236
Phone No.

March 24, 1999

RECEIVED

MAR 27 1999

Senate Finance
Committee

FROM: Jeffrey Barnhart
11276 Bells Flat Road
Kodiak, AK 99615

TO: Finance Committee Members:
John Torgerson
Sean Parnell
Dave Donley
Lyda Green
Pete Kelly
Loren Leman
Randy Phillips
Gary Wilken
Al Adam

Re: Senate Bill 85 "An Act relating to credited service in the public employees' retirement system for temporary employment"

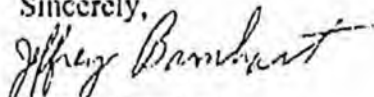
Dear Finance Committee Members,

Thank you for scheduling a hearing on SB 85. I support this bill.

- Employees have completed the service time, however the time worked was not credited to the employee because of the position classification (temporary).
- It has been determined there is no cost associated with the bill. On the contrary, administration has determined it will provide a cost savings to the state.
- This bill in no way detracts from the state's interest, but affords long term employees an option affecting retirement which will benefit the state.

The legislature and the governor have asked the people of the state for suggestions on ways to reduce spending. This bill provides a method to reduce spending at no cost to the state. I encourage all of you to support this bill. Thank You.

Sincerely,



Jeffrey Barnhart

11MK-20-99 FRI 10:29
MAR-26-99 FR. 10:06 AM

KENAI LIU
SRIY:EW H.UM SORVVU

FHA NO. 2033013
FHA NO. 30302033

.. P. 01

RECEIVED

MAR 27 1999

Senate Finance
Committee

March 25, 1999

Senate Finance Bill #85

Please support this bill. I have worked for the Kenai Peninsula Borough School District for 13 years and am credited with approximately 9 years. It was very depressing for those of us in our school district, when we found out that even our own school board, city council and borough assembly got a year of recognition for each school year or session worked. We would like equity in formulating our years of service. We are very loyal, hard-working employees and many have hours of time they donate to keep our schools going and kids thriving.

Sherley Zobeck
by Gretchen L. Hundertmark

Sherley Zobeck
By Gretchen L. Hundertmark

Sherley Zobeck
298 W. Marydale
Soldotna, AK 99669

262-5469

Submitted by
Clark Damfien

FINDINGS

1. A person could work for the State 13 years less 2 days and not be eligible for a retirement benefit.
2. One employee classification may pay contributions equal to the time the earned in the other system into PERS (AS39.35.158, AS22.25.012)
3. Provisions are made for employees who work half time in PERS and TRS. (39.35.131)
4. Alternate benefits are made for Elected Public Officers. (39.35.384 & 39.35.389)
5. The additional supplemental funds I contributed are lost.
6. I currently am entitled to withdraw my contributions plus 4 1/2% compounded opposed to the 12% average earned by the funds. (years 1975-97)

9. FINANCIAL SUMMARY OF PERS AND TRS FUNDS

	MY CONTRIBUTIONS value	STATE CONTRIBUTIONS value
TRS + PERS	\$ 6,352.	\$13,295.
VALUE IN FUNDS, July 1997 using fund earning rates	\$69,344.73	\$139,160.12
ASSUMING MY MONTHLY BENEFIT OF \$606.32. THE PROJECTED VALUE OF CONTRIBUTIONS AFTER 216 MONTHS	\$119.35	\$584,065.73
FUND VALUE WHEN I DIE AFTER 250 MONTHS		\$704,549.69

CONCLUSIONS

1. The 5 year retirement benefit period could be met by providing provisions to transfer between retirement funds.
2. I would have been receiving a regular retirement benefit had all my contributions been deposited or transfereed in the PERS account.
3. My fund earnings as of 1997 plus assumed 8% future earnings will pay my benefit 216 months. (APPENDIX B line 216)
4. Under the 1984 Unisex Pension Mortality table, I may expect to live 250 months, 20.8 years from Nov. 1996. The remaining fund value is \$704,549.69 less post retirement adjustments and change in health insurance charges..
5. If an employee is hired at the end of their career and earns the same as I did, they will receive the \$237.82 benefit less health coverage. The remaining fund balances from my employment are adequate to cover the benefits of 11.9 employees without them making any contributions. (\$704,549/\$59,455) (balance left in fund divided by my benefit)

ASSOCIATION OF ALASKA SCHOOL BOARDS

Advocates for Alaska's Youth

IN SUPPORT OF SB 85

PERS CREDIT FOR TEMPORARY EMPLOYEES

The Association of Alaska School Boards supports Senate Bill 85 (Sponsor: Sen. Mackie), which allows employees covered by the public employee retirement system to buy up any temporary time and have it credited toward the minimum service time for retirement.

Under current law, temporary employees can buy back their temporary time, however their temporary time is not credited toward the minimum service time needed for retirement.

SB 85 sends a positive message to our school district employees during a critical economic period within our state.

March 30, 1999

SENATE FINANCE COMMITTEE

SIGN-IN
SB 85

as amended

CREDITED SERVICE FOR TEMP EMPLOYEES: PERS

NAME: EARL CLARK Subject/Bill No: SB 85
Co./Dept./Title: R Phone: 789-9235
Address: 9163 PARKWOOD Zip: 99801

Do you wish to testify? Yes No Respond To Questions

↑ IF NECESSARY

NAME: Clarke DAMON Subject/Bill No: Amendment
Co./Dept./Title: DR Phone: 364-3453
Address: Douglas Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Guy Bell/Bill Church Subject/Bill No: SB 85
Co./Dept./Title: A&ministration/Retirement + Benefits Phone: 465-2292
Address: SQB Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions



Teleconference Participants

TCN: 10089

Participant Lists

View List for

ALL



Testifiers



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Participants

Unidentified Testifiers: 0

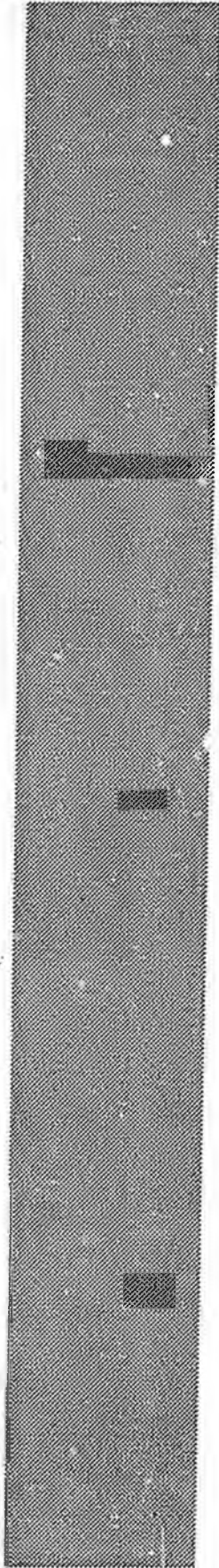
Unidentified Observers: 0

ANCHORAGE (ANC)

1 Name:Mr. Michael Dean Phone: 344 9121
 Address: PO Box 112923 Affiliation: self
 City /St /Zip:Anchorage AK 99511 Type: Testifier
 Bill: SB 85: CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

2 Name:Mr. Blair McCune Phone: 264 4400
 Address: 900 W 5th Ave #200 Affiliation: Public Def
 City /St /Zip:Anchorage AK 99501 Type: Testifier
 Bill: SB 1: NO MANDATORY PAROLE RELEASE WITHOUT GED

KODIAK (KOD)



SENATE FINANCE COMMITTEE

SIGN-IN

SB 85-CREDITED SERVICE FOR TEMP EMPLOYEES:PERS

NAME: Guy Bell / Bill Church Subject/Bill No: SB 85
Co./Dept./Title: Retirement: Benefits Phone: 465-2292
Address: State Office Building Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Clancke DAWON Subject/Bill No: SB 85
Co./Dept./Title: Self Phone: 304 3453
Address: Box 455 Douglas Zip: 99824
Do you wish to testify? Yes No Respond To Questions

NAME: EARL CLARK Subject/Bill No: 85 As Amend
Co./Dept./Title: _____ Phone: 789-9235
Address: 9163 Parkwood Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SB

88

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 4, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/10/99

The FINANCE Committee considered:

CSSB 88(FIN)

CS FOR SENATE BILL NO. 88(FIN)

DIETITIANS AND NUTRITIONISTS

"An Act relating to licensure of dietitians and nutritionists; and providing for an effective date."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) DOED 4/9/99

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i> Theriault			X	
<i>[Signature]</i> Bunde	✓			
<i>[Signature]</i> Kohring				X
<i>[Signature]</i> Austerman			X	
<i>[Signature]</i> Moses			X	
<i>[Signature]</i> G. DAVIS			X	
<i>[Signature]</i> W. DAVIS	X			
<i>[Signature]</i> WILLIAMS			X	
<i>[Signature]</i> Grassmiller	X			
<i>[Signature]</i> KOSTER	X			

(10) CHAIR'S SIGNATURE *[Signature]*
 Theriault

FISCAL NOTE

No. 2
 Bill Version: CSSB 88 (L&C)
 (S) Publish Date: 4-7-99

STATE OF ALASKA
1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected Commerce & Econ Dev.
 Title An Act relating to licensure of dietitians and BRU Occupational Licensing
nutritionists; and providing for an effective date. Component Occupational Licensing
 Sponsor Senator Donley
 Requester Senate Labor and Commerce Component Serial No. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	8.5	8.5	8.5	8.5	8.5	8.5
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	6.0	6.0	6.0	6.0	6.0	6.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	15.5	15.5	15.5	15.5	15.5	15.5

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	31.0	0.0	31.0	0.0	31.0	0.0
------------------------	------	-----	------	-----	------	-----

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF//Program Receipts	15.5	15.5	15.5	15.5	15.5	15.5
1037 GF//Mental Health						
Other (Specify Type)						
TOTAL	15.5	15.5	15.5	15.5	15.5	15.5

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 CSSB 88 (L&C) creates licensing of dietitians and nutritionists by the Department of Commerce and Economic Development. The division of occupational licensing anticipates existing staff will perform the licensing and investigative functions; however, like all licensing programs, time spent on this program will be based on positive timekeeping. The personal services costs reflected in this fiscal note are estimates of time that will be required to implement this new program. All costs will be covered by licensing fees. The estimated costs are explained on the attached page.

Prepared by Jennifer Strickler, Administrative Manager Phone 465-2144
 Division Occupational Licensing Date/Time 3/26/99 4:02 PM
 Approved by Commissioner Deborah B. Sedwick Date 3/30/99
 Agency Commerce & Economic Development

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#2

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 88 (L&C)

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS FOR CSSB 88 (L&C)

PERSONAL SERVICES **\$8.5**

Provides 2.5 months of an Occupational Licensing Examiner I position, Range 12, \$8.5.

CONTRACTUAL SERVICES **\$6.0**

Funding provides approximately 30 hours of AG legal time for regulations, license appeals, and discipline, \$3.0; and, printing, postage, communications, and advertising costs, \$3.0. Any examination fees are anticipated to be paid by the applicant directly to the examining agency.

SUPPLIES **\$1.0**

To fund daily operating supplies of the program.

TOTAL: \$15.5

REVENUE & FUND SOURCE: Revenue will be generated by licensing fees sufficient to cover program costs. Approximately 100 licensees are expected to seek licensure and renew licenses biennially. Licensing fees must cover direct costs plus approximately \$100 per licensee for division/departement overhead for the two-year period. Based on 100 licensees, licensing fees are estimated to be \$410.00 for the first biennium, and adjusted to actual costs based on positive timekeeping for the first renewal.



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SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT

FOR

CSSB 88 (FIN)

"An Act relating to licensure of dietitians and Nutritionists"

The Committee Substitute for Senate Bill 88 codifies professional title licensure of dietitians and nutritionists. Senate Bill 88 increases public access to the services of dietitians and nutritionists, helps to ensure the quality of such services, and protects consumers.

Senate Bill 88 represents sound public policy because it protects Alaskans from the potential harm that could be caused by untrained individuals. It accomplishes this by allowing Alaskans to differentiate between individuals who are qualified nutritionists and dietitians and those who are not. Also, with the advent of managed care and HMO's, it is necessary to make sure that the work of dietitians and nutritionists will be performed by experts in that field. There is legislation pending in Congress, which includes reimbursement for nutrition services within the Medicare Program, but only to those recognized by the state as nutrition professionals.

Senate Bill 88 contains provisions which ensure that individuals with nutrition practice experience and bachelor's, master's, or doctoral degrees from accredited schools may continue to work in Alaska. There are over 120 registered dietitians and nutritionists that live throughout Alaska. They work in hospitals, nursing homes, public health clinics, school nutrition programs and with athletic programs. In hospitals and clinics they are part of the health care team (physicians, nurses and therapists) providing education in diabetes, heart disease, kidney failure, digestive disorders, eating disorders, high risk pregnancies, AIDS and cancer treatments, to name just a few.

The licensing of dietitians and nutritionists enables the public to identify individuals who are qualified by education, experience and examination to provide nutrition care services. Recognition defines the dietetics and nutrition practice which includes the integration and application of the principles derived from the sciences of nutrition, biochemistry, food physiology, management, and behavioral and social sciences to achieve and maintain the health of the citizens of Alaska through the provision of nutrition care services.

Vice-Chair, Senate Finance Committee • Chair, Capital Budget Subcommittee • Co-Chair, Anchorage Caucus
MEMBER: Senate Judiciary Committee • Senate Labor & Commerce Committee • Legislative Council

January-May: STATE CAPITOL • JUNEAU, AK • 99801-1182 • (907) 465-3892 • FAX: (907) 465-6595
June-December: 716 W. 4TH AVE., STE. 430 • ANCHORAGE, AK • 99501 • (907) 269-0234 • FAX: (907) 269-0238

Page 2
CS Senate Bill 88 (FIN)
Sponsor Statement

Senate Bill 88 corrects the current situation where any person can call themselves a "nutritionist" or "dietitian" without even one day of formal education or experience. This can endanger the consumer with harmful, expensive or even dangerous advice and unproven therapies. Senate Bill 88 would reduce this danger to the public, through the licensing of dietitians and nutritionists.

Senate Bill 88 does not establish a new board. The licensing program will be conducted by the Division of Occupational Licensing, and will have no cost to the state, since licensing fees from the dietitians and nutritionists will pay for all of the program's administrative costs. It is also important to note that Senate Bill 88 will in no way impact other professions practicing nutrition or health food retailers unless they refer to themselves as a nutritionist or dietitian without meeting the standards that this bill would codify.



SENATOR DAVE DONLEY
ALASKA STATE LEGISLATURE

SECTIONAL ANALYSIS
CS SENATE BILL 88 (FIN)

"An Act relating to licensure of dietitians and nutritionists"

Section 1: Adds a new chapter to AS 08. The new chapter is Chapter 38 that is entitled *Dietitians and Nutritionists*.

The following are the new sections of Chapter 38:

Sec. 08.38.010. License Required (page 1)—This section stipulates that a person may not use the title of "dietitian," "licensed dietitian," "nutritionist," "licensed nutritionist," or an occupational title using the word "dietitian" or "nutritionist".

Also, covered by this section are the penalties for meeting the stipulations of this section.

Sec. 08.38.020. Dietitian Licensure (page 2)—This section stipulates that the department shall issue a dietitian license to individuals completing the requisite criteria.

Sec. 08.38.030. Nutritionist Licensure (page 2)—This section stipulates that the department shall issue a nutritionist license to individuals completing and meeting the requisite criteria. A grandfather clause for this section is found on page 5, lines 6-13.

Sec. 08.38.040. Grounds for suspension, revocation, or refusal to issue a license (page 2)—This section allows the department, after a hearing to impose a disciplinary sanction or refuse to issue a license to an individual licensed under this chapter if they commit one of the listed offenses.

Sec. 08.38.050. Licensure by credentials (page 3)—The department may issue a license to an individual it determines as having sufficient credentials from another state.

Vice-Chair, Senate Finance Committee • Chair, Capital Budget Subcommittee • Co-Chair, Anchorage Caucus
MEMBER: Senate Judiciary Committee • Senate Labor & Commerce Committee • Legislative Council!

January-May: STATE CAPITOL • JUNEAU, AK • 99801-1182 • (907) 465-3892 • FAX: (907) 465-6595
June-December: 716 W. 4TH AVE., STE. 430 • ANCHORAGE, AK • 99501 • (907) 269-0234 • FAX: (907) 269-0238

Page 2
Sectional Analysis
Senate Bill 88

Sec. 08.38.080. Exemptions (page 3)—This section allows exemptions to the requirements of this chapter. The exemptions include: an animal nutritionist or a person serving in the armed services or who is a federal employee whose job title includes the term "dietitian" or "nutritionist".

Sec. 08.38.090. Regulations (page 5)—This section allows the department to promulgate regulations to implement this chapter.

Sec. 08.38.100. Definitions (page 4)—This section sets out the relevant definitions to this chapter.

Section 2: (page 4)—This section adds conforming language to AS 08.01.010 to include regulation of dietitians and nutritionists to the applicability of Title 08 Business and Professions.

Section 3: (page 4)—This section adds conforming language to AS 08.02.010(a) Professional designation requirements.

Section 4: (page 5)—This section adds a grandfather clause to the licensure of a nutritionist section found on page 2, line 11 which would give a nutritionist a year and a half from the effective date to meet the requirements of AS 08.38.030 as created by this legislation.

Sections 5 & 6: (page 5)—These sections set out the effective dates of this Act.



THE AMERICAN DIETETIC ASSOCIATION

216 WEST JACKSON BOULEVARD
CHICAGO, ILLINOIS 60606-6995
312/899-0040

DIVISION OF GOVERNMENT AFFAIRS
1225 EYE STREET, NW #1250
WASHINGTON, DC 20005
202/371-0500

LAWS THAT REGULATE DIETITIANS/NUTRITIONISTS

- Alabama (1989)**—licensing of dietitian/nutritionist
- Arkansas (1989)—licensing of dietitians
- California (1982)—registration* of dietitians
- Connecticut (1994)—certification of dietitians
- Delaware (1994)—certification of dietitians/nutritionists
- District of Columbia (1986)—licensing of dietitians and nutritionists
- Florida (1988)—licensing of dietitians, nutritionists and nutrition counselors
- Georgia (1994)**—licensing of dietitians
- Idaho (1994)—licensing of dietitians
- Illinois (1991)—licensing of dietitians and nutrition counselors
- Indiana (1994)—certification of dietitians
- Iowa (1985)—licensing of dietitians
- Kansas (1989)**—licensing of dietitians
- Kentucky (1994)*—licensing of dietitians and certification of nutritionists
- Louisiana (1987)**—licensing of dietitians/nutritionists
- Maine (1994)**—licensing of dietitians and dietetic technicians
- Maryland (1994)**—licensing of dietitians and nutritionists
- Minnesota (1994)—licensing of dietitians and nutritionists
- Missouri (1998)*—certification# of dietitians
- Mississippi (1994)**—licensing of dietitians and nutritionist title protection
- Montana (1987)**—licensing of nutritionists and dietitian title protection
- Nebraska (1995)**—licensing of medical nutrition therapists
- Nevada (1995)*—certification of dietitians
- New Mexico (1997)**—licensing of dietitians, nutritionists and nutrition associates
- New York (1991)—certification of dietitians and nutritionists
- North Carolina (1991)—licensing of dietitians and nutritionists
- North Dakota (1989)**—licensing of dietitians and certification# of nutritionists
- Ohio (1986)—licensing of dietitians
- Oklahoma (1984)—licensing of dietitians
- Oregon (1989)—certification# of dietitians
- Puerto Rico (1974)**—licensing of dietitians and nutritionists
- Rhode Island (1991)**—licensing of dietitians and nutritionists
- South Dakota (1996)—licensing of dietitians and nutritionists
- Tennessee (1987)—certification—of dietitians/nutritionists
- Texas (1993)**—certification# of dietitians
- Utah (1996)**—certification of dietitians
- Vermont (1993)—certification of dietitians
- Virginia (1995)*—certification of dietitians and nutritionists
- Washington (1988)—certification of dietitians and nutritionists
- West Virginia (1996)—licensing of dietitians
- Wisconsin (1994)—certification of dietitians

- * This is an entitlement law, which protects use of the title by individuals meeting state mandated qualifications.
- ** Year amended and/or reauthorized.
- # These laws provide the certified practitioner with a license, and are termed "voluntary licensing" laws.

- **Licensing**—statutes include an explicitly defined scope of practice, and performance of the profession is illegal without first obtaining a license from the state.
- **Statutory certification**—limits use of particular titles to persons meeting predetermined requirements, while persons not certified can still practice the occupation or profession.
- **Registration**—is the least restrictive form of state regulation. As with certification, unregistered persons may be permitted to practice the profession if they do not use the state recognized title. Typically, exams are not given and enforcement of the registration requirement is minimal.

Evidence on the Cost Effectiveness of Medical Nutrition Therapy

Findings both from randomized controlled clinical trials and from case studies show that medical nutrition therapy can save health care dollars and improve outcomes when provided to patients with diseases or injuries that place them at high risk of malnutrition -- being inadequately nourished. Almost 17 million patients each year are treated for illnesses or injuries that stem from or place them at risk of malnutrition. Whether in hospitals, long-term care institutions, or scattered throughout the community, medical professionals recognize that medical nutrition therapy is a key factor in improving outcomes and speeding recovery for at least 40 percent of hospital patients in the U.S. who are malnourished based on clinical nutrition evaluations (Roubenoff, Roubenoff, Preto & Balke, "Malnutrition among hospitalized patients: A problem of physician awareness," *Archives of Internal Medicine*, 1987).

An internal analysis of nearly 2,400 case studies submitted by ADA members shows that on average more than \$8,000 per patient can be saved with the intervention of medical nutrition therapy. Case studies show that, for diseases and conditions in which medical nutrition therapy is appropriate, the average annual or one-time savings per case include:

- For cancer, \$10,535 savings per case because specialized nutrition therapy enhances effectiveness of chemotherapy and radiation therapy;
- for heart disease, \$9,134 savings per case because medical nutrition therapy reduces the need for drugs and other artery-clearing procedures and/or surgery;
- for type I diabetes (insulin-dependent), \$9,049 savings per case because diabetic complications that result in hospitalization are reduced;
- for type II diabetes (non insulin-dependent), \$1,994 savings per case because medical nutrition therapy reduces or eliminates the need for insulin or oral agents;
- for kidney disease, \$18,467 savings per case by postponing the need for dialysis;
- for high cholesterol, \$2,709 savings per case by reducing the need for drugs;
- for hypertension, \$4,075 savings per case by reducing drug use and preventing complications such as stroke; and
- for a variety of other conditions -- such as burns and surgery -- requiring tube or intravenous feedings, \$7,051 savings per case by transitioning the patient to less invasive and less expensive nutrient sources.

A survey of 2,337 patient records at 19 hospitals indicates that early nutritional interventions and regular clinical nutrition services reduce hospital stays for malnourished and at-risk patients. The reduced hospital days translate into \$8,200 per bed per year average cost savings according to *Cutting Hospital Costs with Clinical Nutrition Services*, a new report by the Nutritional Care Management Institute (NCMI) of Tucker, Georgia.

A report in the July 1995 issue of *The American Journal of Medicine* highlights a study which found that the use of a diabetes team, led by an endocrinologist working with a nurse diabetes educator and dietitian, resulted in a 56 percent reduction in length of hospital stays among patients hospitalized with a primary diagnosis of diabetes compared with patients treated by an internist alone. Currently, hospital care of diabetic patients costs an estimated \$65 billion a year. The potential 5-day reduction in hospitalization found by this study translates into billions of dollars per year in potential health care savings.