

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902

1789 SLC SB 50 - SB 62

the credit of the unemployment fund, and the liability of the state is limited accordingly. (§ 1001 ch 5 ESLA 1955)

Sec. 23.20.370. Benefits of decedent or incompetent. Benefits due and payable to a deceased or judicially declared incompetent person shall be paid, in accordance with regulations prescribed by the department, to persons in the following order: spouse, child, or parent, payment to whom the department finds will carry out the purposes of this chapter. The regulations need not conform to the statutes applicable to the descent and distribution of decedents' estates. A receipt from the person to whom the department makes payment fully discharges the fund and the department from liability for the benefits. (§ 721 ch 5 ESLA 1955)

Sec. 23.20.375. Eligibility for benefits. (a) An insured worker is eligible for and shall receive waiting-week credit or benefits, as the case may be, for a week of his unemployment with respect to which he has not been determined to be disqualified under § 380 of this chapter, if the worker has, in accordance with regulations prescribed by the department with respect to the week,

- (1) filed a notice of his unemployment;
- (2) registered for work; and
- (3) certified for waiting-week credit or filed a claim for benefits, as the case may be.

(b) No benefits are payable for a waiting week and no benefits are payable for a week of unemployment occurring within the benefit year before the completion of the waiting week, except that no insured worker is required to serve a waiting week if the first week of his unemployment occurring within a benefit year is immediately preceded by a week of unemployment in the preceding benefit year for which benefits are payable.

(c) Benefits based on service in employment defined in § 525(a) (4), (5) and (6) of this chapter are payable in the same amount, on the same terms and subject to the same conditions as compensation payable on the basis of other service subject to this chapter; except that benefits based on service in an instructional, research or principal administrative capacity in an institution of higher education as defined in § 520 of this chapter may not be paid to an individual for any week of unemployment which begins during the period between two successive academic years, or during a similar period between two regular terms, whether or not successive, or during a period of paid sabbatical leave provided for in the individual's contract, if the individual has a contract or contracts to perform services in any such capacity for any institution or institutions of higher education for both the aca-

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(c) This section shall be given the same meaning as the Secretary of Labor gives to § 3304(a) (5) of the Internal Revenue Code of 1954. (§ 742 ch 5 ESLA 1955)

For case decided under former law, see *Aragon v. Unemployment Compensation Comm'n*, 10 Alaska 524, 149 F.2d 447 (9th Cir. 1945), aff'd in part and rev'd in part on other grounds, 11 Alaska 236, 329 U.S. 143, 67 S. Ct. 245, 91 L. Ed. 136 (1946). Am. Jur. reference.—48 Am. Jur., Social Security, Unemployment Insurance and Retirement Funds, § 35.

Sec. 23.20.390. Recovery of improper payments. (a) An individual who receives a sum as benefits from the unemployment compensation fund when not entitled to it under this chapter is liable to the fund for the sum improperly paid to him.

(b) As soon as the department has knowledge of payments of benefits to an individual under the circumstances mentioned in this section, it shall promptly prepare and deliver or mail to the individual at his last known address a notice of determination of liability declaring that the individual has been determined liable to refund the amount of benefits paid under the circumstances mentioned in this section. The amount, if not previously collected, shall be deducted from future benefits payable to the individual. However, if the department determines that an individual has died, or has acted in good faith in claiming and receiving benefits to which he was not entitled, and that great hardship would result from charging the individual with repayment of the benefits, the department may absolve the individual from liability to the fund for repayment of the benefits.

(c) For similar cause and in the same manner, a claim by another state for the recovery of sums paid as benefits under an employment security law of the other state is recoverable under this chapter if the sums were fraudulently obtained and the other state has a comparable provision in its employment security law for recovery of the sums on behalf of this state.

(d) If paid-out benefit sums have neither been repaid by the recipient nor deducted from benefits payable to him within six years following the last day of the year in which payment was made, the commissioner may declare the sums uncollectible and cancel both the resulting shortage and related records.

(e) An appeal from the determination of liability under this section may be made in the same manner and to the same extent as provided by this chapter for an appeal relating to a determination

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§ 23.20.406 LABOR AND WORKMEN'S COMPENSATION § 23.20.407

(b) The right to benefits is exempt from levy, execution, attachment, and any other remedy provided for the collection of debt.

(c) A benefit received by an individual, so long as it is not mingled with other funds of the recipient, is exempt from any remedy for the collection of all debts except debts incurred for necessities furnished to the individual or his spouse or dependents during the time when the individual is unemployed.

(d) A waiver of an exemption provided in this section is void. (§ 763 ch 5 ESLA 1955)

Funds cannot be "mingled" until they have been actually paid over to each claimant. *Fidalgo Island Packing Co. v. Phillips*, 16 Alaska 689, 149 F. Supp. 260 (D. Alas. 1957).

And until the funds become "mingled," the exemptions listed in this section preclude the impressing of the benefits due the claimants with any lien whatsoever. *Fidalgo Island Packing Co. v. Phillips*, 16 Alaska 689, 149 F. Supp. 260 (D. Alas. 1957).

Attorney fee does not constitute a lien on benefits.—Although the court

may decide what is a just attorney fee, the social purpose of the Employment Security Act would be impaired if the attorney fee were to constitute a lien upon the benefits. *Fidalgo Island Packing Co. v. Phillips*, 16 Alaska 689, 149 F. Supp. 260 (D. Alas. 1957).

Application of "salvage" theory to unemployment compensation benefits.—See *Fidalgo Island Packing Co. v. Phillips*, 16 Alaska 689, 149 F. Supp. 260 (D. Alas. 1957).

Article 6A. Extended Unemployment Compensation.

Section	Section
406. Extended benefits; eligibility	408. Extended benefit periods
407. Weekly extended benefit amount; total payable	409. Definitions

Sec. 23.20.406. Extended benefits; eligibility. (a) Except when the result would be inconsistent with other provisions of this chapter, the provisions of this chapter which apply to claims for or the payment of regular benefits apply to claims for and the payment of extended benefits.

(b) An individual is eligible to receive extended benefits with respect to any week of unemployment in his eligibility period if the department finds that with respect to that week

(1) he is an "exhaustee" as defined in § 409 (5) of this chapter; and

(2) he has otherwise satisfied the requirements of this chapter for the receipt of regular benefits. (§ 1 ch 1 SLA 1971)

Sec. 23.20.407. Weekly extended benefit amount; total payable. (a) The weekly extended benefit amount payable to an individual for a week of total unemployment in his eligibility period is an amount equal to the weekly basic or augmented benefit amounts payable to him during his applicable benefit year.

(b) The total extended benefit amount payable to any eligible individual with respect to his applicable benefit year is the least of the following amounts:

(1) 50 per cent of the total amount of regular benefits, including dependents' allowances, which were payable to him under this chapter in his applicable benefit year;

(2) 13 times his average weekly benefit amount, including dependents' allowances, which was payable to him under this chapter for a week of total unemployment in the applicable benefit year; or

(3) 39 times his average weekly benefit amount, including dependents' allowances, which was payable to him under this chapter for a week of total unemployment in the applicable benefit year, reduced by the total amount of regular benefits which were paid or considered paid to him under this chapter with respect to the benefit year. (§ 1 ch 1 SLA 1971)

Sec. 23.20.408. Extended benefit periods. (a) When an extended benefit period is to become effective in this state as a result of a state or national "on" indicator, or an extended benefit period is to be terminated in this state as a result of either a state "off" indicator or a national "off" indicator, the department shall make an appropriate public announcement.

(b) No extended benefit period may begin by reason of a state "on" indicator before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.

(c) Within the period beginning with January 29, 1971 and ending on December 31, 1971, an extended benefit period may become effective and be terminated in this state solely by reason of a state "on" and a state "off" indicator, respectively.

(d) There is a national "on" indicator for a week if the United States Secretary of Labor determines that for each of the three most recent calendar months ending before that week, the rate of insured unemployment, seasonally adjusted, for all states equaled or exceeded 4.5 per cent.

(e) There is a national "off" indicator for a week if the United States Secretary of Labor determines that for each of the three most recent calendar months ending before that week, the rate of insured unemployment, seasonally adjusted, for all states was less than 4.5 per cent.

(f) There is a state "on" indicator for a week if the department determines, in accordance with the regulations of the United States Secretary of Labor, that for the period consisting of that week and the immediately preceding 12 weeks, the rate of insured unemployment, not seasonally adjusted, under this chapter

(1) equaled or exceeded 120 per cent of the average of those rates for the corresponding 13-week period ending in each of the preceding two calendar years; and

(2) equaled or

(g) There is determined, in accordance with the regulations of the United States Secretary of Labor, that for the period consisting of that week and the immediately preceding 12 weeks, the rate of insured unemployment, not seasonally adjusted, under this chapter

(1) was less than 120 per cent of the average of those rates for the corresponding 13-week period ending in each of the preceding two calendar years; and

(2) was less than

(h) In this subsection, "month" means the calendar month beginning with the weekly number of insured unemployment for that week period, as reported to the department by the United States Secretary of Labor, for the four of the most recent calendar months ending before the close of the week for which this subsection applies. (Regulations promulgated pursuant to § 1 ch 1 SLA 1971)

Sec. 23.20.409

(1) "extended benefit period"

(A) begins with the week in which the extended benefit period first becomes effective; and

(i) a week in which the extended benefit period first becomes effective; and

(ii) a week in which the extended benefit period first becomes effective; and

(B) ends with the week in which the extended benefit period first becomes effective; and

(i) the third week in which the extended benefit period first becomes effective; and

(ii) the 13th week in which the extended benefit period first becomes effective; and

(2) "regulations" means the regulations promulgated by the United States Secretary of Labor under this chapter;

(3) "extended benefit period" means the period during which an individual is eligible to receive extended benefits under this chapter;

(4) "eligible" means eligible to receive extended benefits under this chapter;

(5) "week" means the week beginning with the weekly number of insured unemployment for that week period, as reported to the department by the United States Secretary of Labor, for the four of the most recent calendar months ending before the close of the week for which this subsection applies. (Regulations promulgated pursuant to § 1 ch 1 SLA 1971)

§ 23.20.408

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§ 23.20.409 LABOR AND WORKMEN'S COMPENSATION § 23.20.409

(2) equaled or exceeded four per cent.

(g) There is a state "off" indicator for a week if the department determines, in accordance with the regulations of the United States Secretary of Labor, that for the period consisting of that week and the immediately preceding 12 weeks, the rate of insured unemployment, not seasonally adjusted, under this chapter

(1) was less than 120 per cent of the average of those rates for the corresponding 13-week period ending in each of the preceding two calendar years; or

(2) was less than four per cent.

(h) In (f) and (g) of this section "rate of insured unemployment" means the percentage derived by dividing (1) the average weekly number of individuals filing claims in this state for weeks of unemployment with respect to the most recent 13 consecutive week period, as determined by the department on the basis of its reports to the United States Secretary of Labor, by (2) the average monthly employment covered under this chapter for the first four of the most recent six completed calendar quarters ending before the close of that 13-week period. Computations required by this subsection shall be made by the department in accordance with regulations prescribed by the United States Secretary of Labor. (§ 1 ch 1 SLA 1971)

Sec. 23.20.409. Definitions. In §§ 406—409 of this chapter

(1) "extended benefit period" means a period which

(A) begins with the third week after whichever of the following weeks occurs first:

- (i) a week for which there is a national "on" indicator, or
- (ii) a week for which there is a state "on" indicator; and

(B) ends with either of the following weeks, whichever occurs later:

- (i) the third week after the first week for which there is both a national "off" indicator and a state "off" indicator; or
- (ii) the 13th consecutive week of that period;

(2) "regular benefits" means benefits payable to an individual under this chapter or under any other law, including benefits payable to federal civilian employees and to ex-servicemen under 5 U.S.C. chapter 83 other than extended benefits;

(3) "extended benefits" means benefits, including benefits payable to federal civilian employees and to ex-servicemen under 5 U.S.C. chapter 85, payable to an individual under the provisions of §§ 406—409 of this chapter for weeks of unemployment in his eligibility period;

(4) "eligibility period" of an individual means the period consisting of the weeks in his benefit year which begin in an extended

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for SB 50 (Labor & Commerce)
 Title "An Act relating to Unemployment Insurance; and providing for an . . ."
 Requested by Labor & Commerce Committee Date 2/9/81

II. FISCAL DETAIL

Agency Affected All agencies, indirectly
 Program Category Affected All, indirectly
 BRU, Program, or Subprogram(s) Affected All, indirectly reduces Gen. Fund Reimb. to UI Trust Fund
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	(30)	(136)	(153)	(168)	(178)	(191)
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	(30)	(136)	(153)	(168)	(178)	(191)

FUNDING (Thousands of Dollars)

	(30)	(136)	(153)	(168)	(178)	(191)
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	0	0	0	0	0	0
FULL TIME						
PART TIME						
TEMPORARY						

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

Assumptions:

1. Pension provisions have too small an effect to evaluate.
2. Waiting weeks provision too small to evaluate.
3. Hardship cases too small to evaluate.
4. Approximately 20% of EB weeks claimed will be eliminated by a work acceptance requirement.
5. Approximately 10% of EB weeks paid will be eliminated by the Intrastate restriction and Washington, Oregon, and California will not be triggered on to the EB after 7/1/81.
6. Approximately 6% of EB payments made are billed to state. (Including University of Alaska and Geophysical.)
7. Effective date will be 4/1/81.

IV. DATE February 9, 1981 PREPARED BY Nico Bus
 AGENCY Finance Officer
 Original: Legislative Finance PHONE 465-2720
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

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(f) Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980. (§ 1 ch 70 SLA 1975; am § 2 ch 110 SLA 1978; am §§ 8—11 ch 113 SLA 1980; am § 10 ch 1 SSSLA 1980; am § 10 ch 2 SSSLA 1980)

Effect of amendments. — The 1978 amendment added a former third sentence of subsection (e).

Section 8, ch. 113, SLA 1980, the first 1980 amendment, effective June 21, 1980, and retroactive to January 1, 1980, in former subsection (c), made numerous changes in the tax column of the table. Sections 9 and 10 of ch. 113 rewrote former subsection (d) and subsection (e). Section 11 of ch. 113, effective June 21, 1980, and retroactive to January 1, 1979, added former subsection (f).

The second 1980 amendment, effective September 25, 1980 and retroactive to January 1, 1980, repealed subsections (a)-(d) and (f), concerning income tax on individuals and fiduciaries.

The third 1980 amendment, effective September 25, 1980, and retroactive to January 1, 1979, made the same changes

as the second 1980 amendment.

Editor's note. — As to legislative findings and intent, see § 1, ch. 110, SLA 1978, in the 1978 Temporary and Special Acts and Resolves.

Section 4, ch. 110, SLA 1978, provides: "This Act applies to taxable income earned or received after December 31, 1977."

Section 52, ch. 113, SLA 1980, effective June 21, 1980, makes sections 5—10 of the Act applicable to tax years beginning after December 31, 1979. Section 51 of the Act, effective June 21, 1980, makes section 11 of the Act applicable to tax returns for tax years beginning after December 31, 1978.

For legislative findings and purpose of the second and third 1980 amendments, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Sec. 43.20.012. Limitation on application of chapter; credits. The tax imposed by this chapter does not apply to individuals or to fiduciaries. [However, an individual may file a return under this chapter in order to receive a tax credit under AS 43.20.013.] § 2 ch. 1 SSSLA 1980; § 2 ch. 2 SSSLA 1980)

Effective date. — Section 13, ch. 1, SSSLA 1980, and § 11, ch. 2, SSSLA 1980, provide that this section take effect September 25, in accordance with AS 01.10.070(c). Section 12 of ch. 1 provides that this section is retroactive to January 1, 1980, and § 10 of ch. 2, provides that

this section is retroactive to January 1, 1979.

Editor's note. — For legislative findings and purpose of the enacting legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Repealed
Sec. 43.20.013. Individual tax credits. (a) [Effective until January 1, 1981] A resident individual is entitled to a tax credit not to exceed \$50 for

(1) A contribution made in a calendar year to a person or organization for use exclusively

- (A) for a political campaign for a candidate for
- (i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;
 - (ii) United States senator from Alaska;
 - (iii) United States representative from Alaska;
 - (iv) governor or lieutenant governor of Alaska;
 - (v) the Alaska legislature;
 - (vi) delegate to an Alaska constitutional convention;
 - (vii) electoral confirmation as a judge or justice of a court in Alaska;

or

- (viii) municipal office in Alaska; or
- (B) by a group seeking to influence the outcome of a ballot proposition or question in Alaska; and
- (2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.
- (a) [Effective January 1, 1981] A resident individual is entitled to a tax credit not to exceed \$100 for
 - (1) a contribution made in a calendar year to a person or organization for use exclusively
 - (A) for a political campaign for a candidate for
 - (i) President or Vice President of the United States, whether or not the candidate will be voted on in a primary election in Alaska;
 - (ii) United States senator from Alaska;
 - (iii) United States representative from Alaska;
 - (iv) governor or lieutenant governor of Alaska;
 - (v) the Alaska legislature;
 - (vi) delegate to an Alaska constitutional convention;
 - (vii) electoral confirmation as a judge or justice of a court in Alaska;
 - (B) for a political campaign for a candidate for
 - (i) municipal office in Alaska; or
 - (ii) a group seeking to influence the outcome of a ballot proposition or question in Alaska; and
 - (2) dues paid in a calendar year to a nonprofit organization organized primarily for the purpose of influencing elections in Alaska.
- (b) A resident individual is entitled to a tax credit equal to 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his gainful employment.
- (c) The commissioner of revenue shall pay the amount of a tax credit allowed by this section to a resident individual who makes a return as provided in AS 43.20.012. A credit under this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and payment may not be made without an appropriation for that purpose (§ 2 ch 1 SSSLA 1980; am § 9 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Effect of amendment. — Section 9, ch 1, SSSLA 1980, effective January 1, 1981, substituted "\$100" for "\$50" in the introductory language of subsection (a).

Effective date. — Section 13, ch. 1, SSSLA 1980, and § 1 ch. 2, SSSLA 1980, provide that this section take effect September 25, in accordance with AS 01.10.070(c). Section 12 of ch. 1 provides

that this section is retroactive to January 1, 1980, and § 10 of ch. 2, provides that this section is retroactive to January 1, 1979.

Editor's note. — For legislative findings and purpose of the enactment of this legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolutions.

Repealed by SB 53

-SB 53 would add Sec. 3

Sec. 43.20.015. Individual

Repealed by § 10 ch 1 effective September 25, 1980

Editor's note. — The repealed section derived from § 1, ch. 144, SLA 1978. For legislative findings and purpose, see AS 01.10.070(c).

Sec. 43.20.016. Sharing of revenues by municipalities. (a) There shall be a fund for the sharing of revenues between the state and the municipalities. The fund shall be established in the Department of Revenue and shall be organized, managed, and operated in accordance with the provisions of this section and (b) and (c) of this section.

(b) The base amount to be distributed to each borough and city for the fiscal year ending on June 30 or city during fiscal year ending on December 31, shall be the amount appropriated to that borough or city for that section is insufficient for the Department of Revenue to make distribution on the basis of AS 43.70.080. A city or borough after June 30, 1977 shall receive an amount distributed to the state on the basis of the ratio of population in the city or borough to the total population of the state incorporated outside the state most closely approximating the date of incorporation. A borough or city shall receive as a base amount the amount distributed to the state most closely approximating it in the fiscal year ending on June 30, 1977.

(c) If the amount in the fund is insufficient to pay the base amount to be distributed to each borough or city, the amount shall be distributed to each borough or city on the basis of population. For the purpose of this section, population shall be the population within an organized borough or city as certified by the commissioner of revenue.

(d) The intent of (c) of this section is to reduce the amount of increased state property taxes levied by the governing body of each local government in its annual tax statement describing its financial condition. (SLA 1978)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 82

Title An Act repealing the campaign contribution tax credit for individuals

Requested by Senate Finance Committee Date 1/22/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection And Management

BRU, Program, or Subprogram(s) Affected Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) - None

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) - None

GENERAL FUND	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS - None

FULL TIME	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
PART TIME						
TEMPORARY						

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

There will be no effect on the administrative costs of the audit division from the repeal of the refundable credit provisions. This bill would repeal both the political contribution and child care credits.

IV. DATE 2/3/81

PREPARED BY
AGENCY Audit Division
PHONE 465-2320

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 82
 Title Repealing the campaign contribution tax credit for individuals
 Requested by Senate Finance Committee Date 1/21/81

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	Millions				
GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					
Savings to the State (Political contributions and child care.)		(1.63)	(2.8)	(2.8)	

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

The aforementioned figures reflect the projected upward adjustment in the political contribution credit from \$50 to \$100.

The figures indicated the savings to the State as a result of repeal of the refundable credit portion of AS 43.20.013. Claims for refundable tax credits for 1979 and 1980 would be permitted and payments would be made on those claims.

IV. DATE 1/21/81 PREPARED BY Vincent D. Wright
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2391
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

February 4, 1981

The Honorable Vic Fischer
Chairman
Senate State Affairs Committee
Room 205 - Behrends Building
Juneau, Alaska

Re: Senate Bill No. 82

Dear Senator Fischer:

Senate Bill No. 82, an Act repealing the campaign contribution tax credit for individuals, was introduced in the Senate on February 4, 1981 and was referred to the Senate Finance Committee. Subsequently, on January 16, 1981 the Bill was given an additional referral to the Senate State Affairs Committee.

For the consideration of the Senate State Affairs Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary Jenkins, Director, Audit Division and Vincent Wright, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-Chairmen
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Gary Jenkins, Director
Audit Division
Department of Revenue

Vincent Wright
Research Section
Department of Revenue

Why we wind up with candidates on the auction block

ELECTION FINANCE

You have to ask yourself why a candidate would spend \$34,000 chasing a \$17,000 job — even if it does come with a two year contract.

That actually happened this year. One candidate has paid out more of his own money than he reasonably stands to make in the job, what with taxes and all that. Although the numbers get a little fuzzy when you add in expense allowances and per diem payments, it's pretty clear that being a state representative is worth a pile of money to this guy.

Election morning is no time to start picking on one particular candidate, however, so I'm not naming names here. That's not the important part of this story, anyhow.

What is important is the question of why Alaska legislative jobs are worth such big bucks to the contenders these days. Although the \$34,000 example is striking because so much of the loot came out of the candidate's own pocket, the pattern is no less evident in dozens of other cases. Expensive, sophisticated campaigns have reached right down to the most basic levels of government.

You can understand a U.S. Senator, maybe,



howard weaver

shelling out top dollar on a statewide race involving a six-year term, although even that falls short of justifying the million-dollar budgets that race now commands. It's harder yet to figure why a municipal assembly or state House seat should carry a price tag that reaches well into five figures.

It's hard to blame it on the candidates; anybody who's serious about winning pretty much has to pony up. If your opponent is going to buy TV ads and hire pollsters, you need to do it yourself. You can complain about style being

worth more than substance, but you can't change the fact that it's true.

That reality usually leads to learned commentary about how the voters are the only people who can change the election auction system. Voters must ignore the expensive campaign packaging, study "the issues" and cancel the advantages of the big-money candidates. They say it is everybody's responsibility, which is another way of saying it's nobody's responsibility at all.

There is one way out of that box. It's called public financing.

People with plenty of money are usually opposed to public financing, and that's the way it breaks down in Alaska. When the legislature kept a state rebate for contributions up to \$50 per person even though there's no longer a tax to charge them against, people who have enough money of their own to donate started yelling.

It used to be that people who gave money to qualified candidates or causes could charge it off against their tax bill. When the income tax was repealed, legislators adopted a substitute provi-

sion that says the state will still send you up to \$50 if you make a contribution.

That's really just a fairly simple way of establishing partial public financing. It still allows political action committees and labor union "voter education funds" to deliver big dollars to favored candidates, but it at least allows the rest of us to make small contributions. Essentially, we make the decision about who gets the \$50 and the state picks up the tab.

I think that's better than nothing, but I'd rather see us take the next step — fully financed elections. People have argued for years that it can't work, but the last two presidential campaigns have proved it can. I figure if we can run \$29 million, nationwide campaigns with public financing, we can do that in Alaska, too.

There will be people violently against it, though — people who'd rather keep the candidates up on the auction block. When you start hearing what a bad idea public financing is, do me one favor and take a good look at who's behind that talk. I'll bet they make more money than you and I do.

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Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 60:

Upon determination by the administrator of the TRS and PERS that there has been an increase in the cost of living (Anch CPI), then the administrators shall increase retirement benefits. TRS and PERS retirement increase will be the same as the Anchorage CPI percentage increase.

By aligning TRS and PERS retirement systems with the Anchorage CPI, the following fiscal impacts would occur:

FISCAL IMPACTS:

<u>PERS</u> increases:	FY 82:	\$89,340,100.00
(State)	FY 83:	\$98,274,200.00
	FY 84:	\$108,101,600.00
	FY 85:	\$118,911,700.00
	FY 86:	\$130,802,900.00

PERS increased costs to political subdivisions:

	FY 82:	\$76,700,000.00
	FY 83:	\$84,370,000.00
	FY 84:	\$92,807,000.00
	FY 85:	\$102,087,700.00
	FY 86:	\$112,296,470.00

TOTAL PERS estimated Payroll: State

FY 82: \$296,614,000.00

Increase in State contribution rate: 30.12% of covered State PERS payroll.

Actuary estimates future State PERS payroll to increase 10% annually.

Actuary estimates long term inflation rate of 7.5%.

The assumed 10% annual increases are analytical projections related to salary increases through union negotiations, annual merit increases, and longevity and promotional increases.

FISCAL IMPACTS:

TRS INCREASES: FY 82: \$75,452,300.00
(State) FY 83: \$82,997,500.00
FY 84: \$91,297,200.00
FY 85: \$100,426,900.00
FY 86: \$110,469,600.00

TRS INCREASES:
(School Districts)

FY 82: \$52,346,300.00
FY 83: \$57,580,930.00
FY 84: \$63,339,023.00
FY 85: \$69,672,925.30
FY 86: \$76,640,217.83

Actuary Assumptions:

1. Estimated FY 82 Payroll (Total System): \$261,775,000.00
2. State contribution rate to fund bill: 24.41%
3. State TRS matching rate to fund bill: 24.41%
4. School district rate to fund bill: 24.41%

Cost to State in F 82 \$75,452,300.00
School district costs: \$52,346,300.00

TOTAL Cost in FY 82: \$127,798,600.00

FURTHER COSTS:

Dept. of Education	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
	\$ 4,712,000 x	24.41%	\$1,150,200	To budget
Univ. of Alaska	\$ 42,617,000 x	24.41%	<u>\$10,402,800</u>	To Budget
			\$11,553,000	



Official Business

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SB 60 Research:

Alaska retired teachers have the best retirement system (benefits) in the Nation. The problem originated because the retirement system when implemented was extremely comprehensive, and as the inflationary spiral accelerated, the benefits decreased in a relative sense. Retired teachers had become accustomed to excellent benefits and naturally would be quite dissatisfied with anything less. Paul Arnold, the Dir. of the Div. of Retirement states that these are the background influences to SB 60.

Cost of the Retirement system is represented by a percentage of pay; presently:

7% is contributed by employee from his pay

8.42% is contributed by the school district

8.42% is contributed by the State as a match with the School

Total 23.84%

By aligning TRS with Anchorage COLA, there would be a 48.82% addition totaling 72.66%

COST OF LIVING ALLOWANCE: A retired teacher, with a permanent residence in Alaska (temporary absence not to exceed 60 days) is entitled to receive a cost of living allowance of 10% of his retirement benefit. (in addition to his normal retirement benefits)

POST RETIREMENT ADJUSTMENT: Adjustment promulgated by regulation and payable to a retired teacher when the administrator determines that the cost of living has increased and the financial condition of the fund permits payment of the adjustment. The amount shall not exceed 4% compounded for each year on retirement.

PRESENTLY There are 2 Retirement Adjustment systems enacted by Statute.

1. COST OF LIVING ALLOWANCE A retired Teacher whose permanent residence is in Alaska subsequent to retirement, or whose absence does not exceed 60 days, is entitled to receive a cost of living allowance of 10 % of his retirement benefit. (in addition to this retirement)

A retired public employee who remains in Alaska is eligible for a cost of living allowance equal to 10% of his retirement benefit, or \$50 a month, whichever is greater.

2. POST RETIREMENT PENSION ADJUSTMENT The commissioner of Administration may recommend post-retirement increases, on account of increasing cost of living up to 4% per year. This Pension adjustment covers both TRS and PERS.

The commissioner of Administration recommended these increases for the years 1969-1977:

1969- 1½%	}	10%
1970- 1½%		
1971- 1½%		
1972- none		
1973- 2½%		
1974- 3%		
1975- none		
1976- none		
1977- none		

In 1978 the commissioner retroactively granted a 4% increase for each year since 1969. This was off-set by any previously granted pension adjustments. 4% increases were also granted for 1979 and 1980. The increase in benefits over this 12 year period was 48% while the total increase in the Anchorage CPI was 131.20%

PRESENT CONTRIBUTION RATES TO THE TRS:

The cost of the retirement system TRS is represented by a percentage of pay; presently

7% is contributed by employee from his pay

8.42% is contributed by the school district

8.4% is contributed by the State

Total: 23.84%

PRESENT CONTRIBUTION RATES TO PERS

PEACE OFFICERS RET. SYS: Members contribute 5% of their pay
PERS Members contribute 4 1/2% of their pay
The employer contributes the balance.

CONTRIBUTION INCREASES proposed by SE60 Fiscal implications:

TRS 48.82% increases
PERS 30.12% increases

TEACHERS RETIREMENT SYSTEM:

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
(1) Number of Retirees:	793	891	1,072	1,136	1,245
(2) Average Age:	63.55	63.39	62.71	62.95	63.0
(3) Average Monthly Benefit	\$720	\$749	\$787	\$807	\$849
A. COLA	\$40	\$42	\$46	\$46	\$50
B. PRPA	\$20	\$70	\$141	\$129	\$145
(4) <u>TOTAL:</u>	\$780	\$861	\$974	\$982	\$1,044

PUBLIC EMPLOYEES RETIREMENT SYSTEM:

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
(1) Number of Retirees	1,339	1,683	2,019	2,314
(2) Average Age	63.38	62.82	62.94	63.03
(3) Average Monthly Benefit:	\$378.00	\$427.00	\$454.00	\$471.00
A. COLA	\$34	\$37	\$37	\$39
B. PRPA	\$3	\$34	\$28	\$36
(3) <u>Total:</u>	\$416	\$498	\$519	\$546

SAMPLE MONTHLY RETIREMENT BENEFITS

MONTHLY COMPENSATION	YEARS OF SERVICE		X 2%	X 2.5%
\$ 1000	5		\$ 100.00	\$ 125.00
\$ 1500	✓		\$ 150.00	\$ 187.50
\$ 2000	✓		\$ 200.00	\$ 250.00
\$ 2000	✓		\$ 300.00	\$ 375.00
\$ 2000	✓		\$ 400.00	\$ 500.00
\$ 2000	✓		\$ 500.00	\$ 625.00
\$ 1000	15		\$ 300.00	\$ 375.00
\$ 1500	✓		\$ 450.00	\$ 562.50
\$ 2000	✓		\$ 600.00	\$ 750.00
\$ 3000	✓		\$ 900.00	\$ 1125.00
\$ 4000	✓		\$ 1200.00	\$ 1500.00
\$ 5000	✓		\$ 1500.00	\$ 1875.00
\$ 1000	25		\$ 500.00	\$ 625.00
\$ 1500	✓		\$ 750.00	\$ 937.50
\$ 2000	✓		\$ 1000.00	\$ 1250.00
\$ 3000	✓		\$ 1500.00	\$ 1875.00
\$ 4000	✓		\$ 2000.00	\$ 2500.00
\$ 5000	✓		\$ 2500.00	\$ 3125.00
\$ 2000	30		\$ 1200.00	\$ 1500.00
\$ 3000	✓		\$ 1800.00	\$ 2250.00
\$ 4000	✓		\$ 2400.00	\$ 3000.00
\$ 5000	✓		\$ 3000.00	\$ 3750.00

Bill

SURVEY OF OTHER STATES PROVISIONS FOR COST OF LIVING ADJUSTMENTS.
(PRPA)

STATE	REMARKS
ILLINOIS	POST RETIREMENT INCREASES OF 3% GRANTED EACH JAN 1.
KANSAS	PROVISION FOR COLA
UTAH	COST OF LIVING IS 4% OF ORIGINAL RETIREMENT ALLOWANCE ANNUALLY.
CALIFORNIA	3% COMPOUNDED ANNUALLY.
NEW YORK STATE	4.1% POST RETIREMENT SUPPLEMENT WAS PAID IN FISCAL 79.

QUICK REVIEW OF OTHER STATES BENEFIT FORMULAS.

STATE	PERCENTAGE OR OTHER	SALARY BASIS	YEARS OF SERVICE
CALIFORNIA	2% X	FINAL COMPENSATION X	YEARS CREDITED SERVICE
OREGON	1% X	✓ ✓ X	FIRST 10 YRS
✓	1.1% X	✓ ✓ X	SECOND 10 YRS
✓	1.3% X	✓ ✓ X	THIRD 10 YRS.
ALABAMA	2.0125% X	✓ ✓ X	YEARS OF SERVICE
KANSAS	2.0% X	✓ ✓ X	YEARS OF SERVICE
NEW YORK STATE	EITHER 50% X ↓ OR 1/50 (2%) X	✓ ✓ ✓ ✓	BASED ON 30 YRS SERVICE YEARS OF SERVICE.
UTAH	2.0% X	✓ ✓	YEARS OF SERVICE.

PROBLEMS: If this bill becomes Law, the State's contributions to PERS and TRS will more than triple. The necessity of further enhancing retirement benefits which are already the best in the nation places a monetary burden on the State for the distribution of Public funds to a disproportionately small group of people. The Dept. of Admin suggests that the large benefits our retirees receive are in actuality a form of hedge against inflation.

The Governor has indicated that he will veto such large increases in the retirement system, and on the House Side, with HB 121 in State Affairs Committee, Mike Miller set up a sub committee to arrive at a compromise.

Governors Response:

1. The Governor says that a compromise increase for both PERS and TRS would be acceptable. 15 to 20 million dollars
2. The Governor feels that Public employees and teachers should participate thru contributions of 1½ to 2%. The union, public employees, and teachers can accept that rate.
3. Increases should be only to persons on fixed incomes; age 65 or older.

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

March 12, 1981

Honorable Bob Mulcahy
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Re: SB 60, 61, 62, 63, 114

As requested by your office, the following information is provided pertaining to the bills listed above.

SENATE BILL 60: If this bill becomes law, the State's contributions to PERS and TRS will more than triple. Those systems are the most lucrative in the nation. The necessity of further enhancing retirement benefits that are already the highest in the nation by placing a monetary burden on the State for distribution of public funds to a disproportionately small group of its population is highly questionable. It is suggested that the large benefits that our retirees now enjoy or our existing employees can look forward to are in actuality a form of hedge against inflation.

SENATE BILL 61: If this bill passes, the cost to the State in FY 82 will be \$15.8 million, and it will cost our political subdivisions \$13.5 million. We project this cost to increase by at least 10 percent for each year thereafter. We question the need to increase benefits that are already the highest in the nation and the disproportionate distribution of public funds.

SENATE BILL 62: The minimal increase in retirement benefits that a small number of employees will receive as a result of credit for unused medical leave is outweighed by the cost to implement and maintain such a program. Only 30 percent of PERS employees will actually retire; and of that number, a small percentage will actually take advantage of such a provision. In most cases, their actual increase in benefits would be minuscule. Cost aside, as a matter of public policy we object to any proposal to credit unused sick leave for retirement purposes. Such a provision will not realistically serve as an inducement to not take sick leave. It would serve to "reward" those employees who are already quite properly not using sick leave unless it is actually necessary. We do not believe it will resolve any problem that may now exist with unwarranted absences.

March 12, 1981

SENATE BILL 63: The stated purpose of the Public Employees' Retirement System per AS 39.35.010 is ". . . to encourage qualified personnel to enter and remain in the service of the State or a political subdivision or public organization of the State. . . ." This bill would offer a means for employees to retire earlier than what is now allowed under the law, which certainly is contrary to the stated purpose of the system. Therefore, we are opposed.

SENATE BILL 114: This bill creates a level of management personnel within the merit system but outside collective bargaining. The result is to lessen the opportunity for conflicts of interest resulting from managers and subordinates belonging to the same bargaining unit. Another advantage is to remove the potential for strikes against the State by managers. The Department supports this bill.

I hope this provides the information you need. If you have further questions, please call me or Judy Crondahl at 465-2277.

Respectfully,



W. R. Hudson
Commissioner

WRH/mjc

cc: Judy Crondahl, Director
Division of Administrative
Services

Paul B. Arnoldt, Director
Division of Retirement and
Benefits

Sandra Withers, Director
Division of Labor Relations

1.1 BRIEF OUTLINE OF THE
ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(1) Effective Date

January 1, 1961, with amendments through July 1980.

(2) Administration of Plan

The Commissioner of Administration is responsible for administration of the System, Public Employees' Retirement Board adopts rules and regulations to carry out provisions of the Act, and Commissioner of Revenue invests the Fund. The Attorney General is the attorney for the System and represents it in legal proceedings.

(3) Employers Included

State of Alaska and any political subdivisions and public or quasi-public organizations thereof. As of January 1, 1980, there were 83 participating employer groups in addition to the State for which separate contribution rates are determined.

(4) Employees Included

All permanent full-time or part-time employees of the State and participating political subdivisions, exclusive of those covered by the Alaska Teachers' Retirement System, the Alaska Judges' System, or any employee on whose behalf the State is making contributions to another Retirement System. Elected officials may elect to participate at their option.

(5) Service Considered

Future:

The later of hire, 1/1/61, or date of employers' participation in the System, to date of termination, death, or retirement. Up to 5 years of military service may be recognized if claimed, verified, and appropriate employee contribution paid. Permanent part-time employees receive service credit on a pro-rata basis.

Past:

Service credit for all service with State and Territory prior to January 1, 1961, if the employee completed three years of service after January 1, 1961. Elected official has past service credit only if he pays contributions for all of his service after January 1, 1961. Service with political subdivision prior to its participation in the System is included at the option of the political subdivision.

Break in Future Service:

Any termination. But if employee returns and makes contribution equal to refund paid plus interest, the service before the break is reinstated.

(6) Average Monthly Compensation

Total compensation during three consecutive calendar years of credited service which yield the highest average monthly compensation (total compensation during period divided by number of months included).

Type:

Life only with optional joint and survivor benefit
(actuarially reduced).

Amount:

2% of Average Monthly Compensation for each year of
service - Other.

2% of Average Monthly Compensation for the first 10
years of service plus 2 1/2% for years of service in
excess of 10 - Police & Fire.

(10) Early Retirement Benefit

Eligibility:

Age 50 and 5 or more years Credited Service - all employees.

Type:

Life only.

Amount:

Actuarial equivalent of Normal Retirement Benefit based on
service and compensation to Early Retirement Date.

(11) Deferred Vested Benefit

Eligibility:

Five or more years of Credited Service, withdrawal of
employee contributions voids vested rights.

Type:

Life only or joint and survivor benefit (actuarially
reduced).

Amount:

Monthly benefit begins on employee's Normal Retirement Date.
Amount determined the same as Normal Retirement Benefit taking into account compensation and service prior to termination.

(12) Disability Benefit

Occupational Disability:

Eligibility:

No age or service requirements.

Type:

Monthly benefit payable until death, recovery, or normal retirement.

Amount:

40% of gross monthly compensation at date of disability.
The benefit terminates at Normal Retirement Date with full Normal Retirement Benefit commencing at that point.

Non-Occupational Disability:

Eligibility:

Five or more years of Credited Service.

Type:

Monthly benefit payable until death, recovery, or normal retirement.

Amount:

Same as vested benefit except payments commence immediately.

(13) Death Benefit Before Retirement

Occupational:

No age or service requirements.

Benefit: 40% of gross monthly compensation at date of death or disability, if earlier. At participant's Normal Retirement Date, benefit converts to Normal Retirement benefit based on pay at date of disability or death and credited service, including period from date of disability or death to Normal Retirement Date.

Non-Occupational: .

If no widow's benefit is payable, lump-sum death benefit of \$1,000 plus \$100 per each completed year of Credited Service and the participant's contributions with interest. Alternatively, an income benefit is available at death after five years of Credited Service based on 50% Joint and Survivor equivalent of accrued Normal Retirement Benefit.

(14) Death Benefits After Retirement

The employee's beneficiary receives a lump sum equal to the excess of his contribution account immediately prior to retirement over the sum of the pension payments previously received by the employee.

(15) Post-Retirement Pension Adjustment

Commissioner of Administration may recommend post-retirement increases on account of increasing cost of living up to 4% each year.

(16) Cost-of-Living Allowance

A retired employee who remains in Alaska is eligible for an additional allowance, equal to 10% of his basic retirement benefit, or \$50 per month, whichever is greater.

(17) Optional Employee Savings Account

An employee can voluntarily contribute up to 5% of his compensation. This amount is recorded in a separate account and is payable:

- (a) In the event of termination before retirement for any reason other than death, as a lump sum to the employee,
- (b) In the event of termination on account of death, as a lump sum to the employee's beneficiary,
- (c) On retirement, as a lump sum, life annuity on cash refund basis or installments over limited period.

1.2 MISCELLANEOUS INFORMATION

AS OF JANUARY 1

Active Members

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
(1) Number	14,804	16,623	17,807	18,341
(2) Average Age	37.29	37.11	37.15	37.54
(3) Average Service	4.48	4.48	4.65	4.88
(4) Average Annual Salary	\$18,232	\$20,559	\$21,753	\$23,657

Retirees and Beneficiaries

(1) Number	1,339	1,683	2,019	2,314
(2) Average Age	63.38	62.82	62.94	63.03
(3) Average Monthly Benefit				
Base	\$ 378	\$ 427	\$ 454	\$ 471
COLA	34	37	37	39
PRPA	3	34	28	36
TOTAL	416	498	519	546

1.1 BRIEF OUTLINE OF THE
ALASKA TEACHERS' RETIREMENT SYSTEM

(1) Plan

The Teachers' Retirement System of Alaska is a joint contributory retirement system to provide benefits for teachers of the State.

(2) Effective Date

June 30, 1955, as amended through July 1980.

(3) Administration of Plan

The Commissioner of Administration is the administrator of the System; the Alaska Teachers' Retirement Board makes recommendations to the Commissioner of Administration; and the Commissioner of Revenue invests the funds.

(4) Membership

Membership in the Alaska Teachers' Retirement System is compulsory for all eligible certified teachers, certified school nurses, principals, supervisors, superintendents employed on a full-time or part-time basis in public schools in Alaska, the Commissioner of Education, supervisors with the Department of Education, and all full-time resident professional and administrative personnel of the University of Alaska.

(5) Credited Service

A year of membership service is defined to be the same as a school term which is currently a minimum of 172 days, and fractional service credit is on a daily rate basis. Credit is granted for all Alaskan public school service. Credit is granted for all accumulated, unused sick leave days.

(6) Contributions by Teachers

Effective July 1, 1970, each teacher shall contribute 7% of base salary accrued from July 1 to the following June 30.

(7) Voluntary Supplemental Contributions

If a teacher wishes to make his spouse or minor children eligible for a spouse's pension and/or survivor's pension allowance, he may elect to make supplemental contributions of an additional 1% of his base salary commencing not later than 90 days after entry in the System, marriage, or the birth or adoption of a child, or during any open enrollment period authorized by the Board.

(8) Arrearage Contributions

Up to 10 years of public or non-public teaching service, or service by a certificated person in a position requiring certification, in an accredited school not covered under the Teachers' Retirement System, or service in an institution of higher learning not under the control of the Board of Regents of the University of Alaska, is credited for retirement purposes.

After July 1, 1978, the full actuarial cost of providing benefits for this service will be born by the teacher. In addition, teaching services in Alaska B.I.A. schools may be used to increase total outside and Alaska B.I.A. service to 15 years before July 1, 1978. After this date, Alaska B.I.A. service is limited to 5 years.

A maximum of 5 years of military service after December 31, 1939 may be included as outside service. No fractional credit is

granted for outside service. Fractional credit is granted for Alaska B.I.A. service.

(9) Retroactive Contributions

If a teacher was not subject to the provisions of the Retirement Act and, at a later date became subject to them due to legislative changes of the eligibility requirements, the teacher may elect to receive credit for his creditable service prior to membership by submitting to the Retirement Fund an amount equal to the contributions that would have been made if the teacher had been a member of the System for any year's service after June 30, 1955, plus interest thereon. Retroactive contributions are not required for creditable membership service before June 30, 1955.

(10) Employers' and State's Contributions

The employer and the State each contribute an amount equal to one-half of the amount required in addition to member contributions to finance the benefits of the System.

(11) Rate of Interest

The amount deposited in a member account will be credited with interest at the rate established for a school year at the end of such school year. Effective July 1, 1973, the interest rate was increased to 4 1/2%.

(12) Withdrawal of Mandatory Contributions

If a member terminates teaching services in Alaska, mandatory contributions may be withdrawn. A withdrawing teacher will receive total mandatory contributions plus the interest credited.

(13) Reinstatement of Contributions

If Mandatory Contributions are withdrawn and a member subsequently resumes teaching in Alaska, the member will be indebted to the Teachers' Retirement Fund in the amount of the previous contributions to the System including any interest paid. The reinstatement indebtedness bears compound interest at the rate prescribed by regulation to the date of repayment or the date of retirement, whichever occurs first.

(14) Minimum Service Requirements

- (1) 8 years of membership service, or
- (2) 15 years of creditable service, the last five of which have been membership service; (after July 1, 1975 a new member needs 8 years of membership service); or
- (3) 5 years of membership service and 3 years of Alaska B.I.A. service; or
- (4) 25 years of creditable service, the last 5 of which are membership service; or
- (5) 20 years of membership service; or
- (6) 20 years of combined membership service and Alaska B.I.A. service, the last 5 of which are membership service.

(15) Normal Retirement Eligibility

A teacher may retire and receive full benefits

- (1) Upon attaining age 55 and meeting the minimum service requirements; or
- (2) At any age after 25 years of creditable service, the last 5 of which are membership service; or

- (3) At any age after 20 years of membership service; or
- (4) At any age after 20 years of combined membership service and Alaska B.I.A. service, the last 5 of which are membership service.

A retired teacher who has been receiving a disability retirement salary shall be eligible for a service retirement salary upon or after attaining age 55.

(16) Computation of Average Base Salary

A teacher's average base salary is determined by averaging the teacher's highest base salary which he received for any three out of the last 10 years of membership service.

(17) Normal Retirement Benefit

The normal retirement benefit is 2% of the teacher's Average Base Salary multiplied by the total number of years of creditable service.

(18) Early Retirement Benefit

A teacher is eligible for early retirement benefits if he has completed the minimum service requirements and has attained the age of 50. If the teacher does not apply for retirement benefits to start prior to his 55th birthday, he is eligible to receive the normal retirement benefit. If the retiring teacher elects to have payments of the benefit begin prior to his 55th birthday, the annual annuity is equal to his normal retirement benefit based on his average base salary and creditable service to his

retirement date, reduced by one-half of 1% per month for each month by which his age at retirement is less than 55 years.

(19) Deferred Vested Benefit

A teacher is eligible for a deferred vested benefit if he (1) terminates his membership after completing eight years of membership service, and (2) he does not withdraw his retirement contributions. Payment of this benefit is deferred until the first of the month following the teacher's 55th birthday or the first of the month in which the application for benefit is filed, whichever is later.

(20) Indebtedness Owing At Retirement

If on the date of making application for retirement, a teacher has not paid the full amount of his indebtedness including interest to the Retirement Fund, one of the following options may be chosen:

Option 1: The retirement benefit can be withheld until the amount withheld is equal to the outstanding indebtedness.

Option 2: A reduced annuity, completed by deducting 10% of the outstanding indebtedness at the time of retirement from the annual retirement benefit, can be paid to the teacher.

(21) Re-employment of a Retired Teacher

If a retired teacher is re-employed as a full-time teacher, his retirement salary will be suspended during the period of employment.

Retirement Contributions are made at the option of such teacher and an additional retirement benefit may be accrued.

(22) Disability Retirement Benefits

A disability retirement annuity may be paid if a teacher has become permanently disabled before 55 and has at least five years of membership service.

The benefit will be equal to 50% of the disabled teacher's base salary immediately prior to becoming disabled. This benefit will be increased by 10% of the teacher's base salary for each minor child up to a maximum of four minor children until the child ceases to be a minor.

When the disabled teacher attains age 55, the disability salary will automatically terminate. A normal retirement salary will be computed as if the teacher had been in membership service during the period of disability, and a service retirement will be granted.

(23) Cost-of-Living Allowance

A retired teacher whose permanent residence is in Alaska subsequent to retirement and/or whose absence is of a temporary nature, not to exceed 60 days, for travel or vacation purposes is entitled to receive a cost-of-living allowance of 10% of his retirement benefit in addition to his retirement benefit.

(24) Post-Retirement Adjustment

This adjustment is promulgated by regulation and payable to a retired teacher when the administrator determines that the cost of living has increased and the financial condition of the fund

permits payment of the adjustment. The amount of increase shall not exceed 4% compounded for each year on retirement.

(25) Exemption from Taxation and Process

Teachers' retirement benefits are exempt from Alaska state and municipal taxes, are not subject to execution, attachment, garnishment or other process, but must be reported to the Internal Revenue Service for federal tax purposes.

(26) Lump Sum Death Benefit

Upon death of a member who has made no supplemental contributions or who made supplemental contributions for less than one year, a lump-sum benefit shall be paid to the designated beneficiary. The lump-sum benefit is the teacher's accumulated mandatory contributions with interest thereon. If the teacher is in active service at the time of death, an additional death benefit equal to \$1,000 plus \$100 for each year of the first 20 years of completed service plus \$500 if the teacher is survived by one or more minor children is also payable.

If the teacher had received a retirement benefit prior to his death, payment shall be his accumulated contributions, plus interest, minus all benefits paid.

If a member failed to designate a beneficiary, or if no designated beneficiary survives the member, payment shall be made:

- (1) to his surviving spouse or if there is no surviving spouse,

- (2) to his surviving children in equal parts, or if there are none surviving,
- (3) to his surviving parents in equal parts, or, if there are none surviving,
- (4) to his estate.

(27) Survivor's Allowance

If a teacher dies while in service or while receiving a service or disability retirement benefit, is survived by one or more minor children and has made supplemental contributions for at least one year before his death, his surviving spouse is entitled to the survivor's allowance. The amount of the benefit is 35% of the teacher's base salary immediately prior to his death or becoming disabled for his spouse and 10% for each minor child up to a maximum of four.

(28) Spouse's Pension

If a teacher has made supplemental contributions for at least one year and dies while in membership service, or while receiving a disability benefit, or if a teacher has made supplemental contributions for at least 5 years and dies while on retirement or in deferred retirement status, the surviving spouse is entitled to receive the spouse's pension. The amount of the benefit is 50% of the service retirement salary that the deceased teacher was receiving or would have received. The spouse's pension commences the month following the member's death. The payment ceases when the spouse dies or remarries.

1.2 MISCELLANEOUS INFORMATION

AS OF JUNE 30

	<u>Active Members</u>				
	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
(1) Number of Active Members	6,209	7,024	7,255	7,170	7,288
(2) Average Age	37.42	37.20	37.33	37.69	38.10
(3) Average Service to Date	8.95	8.70	8.84	8.97	9.09
(4) Average Annual Salary	\$21,267	\$22,887	\$25,193	\$26,807	\$29,685

	<u>Retirees and Beneficiaries</u>				
(1) Number of Retirees and Beneficiaries	793	891	1,072	1,136	1,245
(2) Average Age	63.55	63.39	62.71	62.95	63.00
(3) Average Monthly Benefit Base	\$ 720	\$ 749	\$ 787	\$ 807	\$ 849
C.O.L.A.	\$ 40	\$ 42	\$ 46	\$ 46	\$ 50
P.R.P.A.	\$ 20	\$ 70	\$ 141	\$ 129	\$ 145
Total	\$ 780	\$ 861	\$ 974	\$ 982	\$1,044

1.3 RETIREMENT STATISTICS

	----- Retirements in Year Ending June 30 -----					
	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Normal:</u>						
Number	90	106	110	77	108	85
Average Age	60.13	60.61	59.24	55.92	57.06	59.98
Average Benefit	\$794.71	\$917.85	\$931.55	\$1,072.87	\$1,110.18	\$1,263.17
<u>Early:</u>						
Number	6	40	54	20	31	68
Average Age	51.64	51.87	51.71	50.55	50.48	51.48
Average Benefit	\$943.82	\$987.35	\$937.83	\$1,171.76	\$1,268.30	\$1,238.22
<u>Disability:</u>						
Number	5	10	9	8	9	3
Average Age	49.64	46.33	47.41	46.56	48.03	48.76
Average Benefit	\$1,006.97	\$1,012.53	\$1,674.55	\$1,289.71	\$1,546.41	\$1,798.73
<u>Survivor:</u>						
Number	3	1	5	5	12	8
Average Age	57.49	35.71	55.59	48.45	49.85	58.25
Average Benefit	\$625.89	\$1,172.44	\$577.78	\$1,110.36	\$549.63	\$601.75
<u>Total:</u>						
Number	104	157	178	110	160	164
Average Age	59.06	57.31	56.26	53.92	54.74	56.16
Average Benefit	\$811.54	\$943.21	\$961.09	\$1,108.32	\$1,123.32	\$1,230.36

SYNOPSIS OF SENATE BILL NO. 60

SECTIONS 1 and 3

Upon determination by either the administrator of the Teachers Retirement System or the Public Employees Retirement System, that there has been an increase in the cost-of-living, based upon the Anchorage CPI, then the administrators shall accordingly increase retirement benefit payments.

SECTIONS 2 and 4

The TRS and PERS retirement benefit increase will be the same as the Anchorage CPI percentage increase.

Background Information

Under the current Alaska Statute, when the Commissioner of Administration determines that the cost-of-living has increased and he also determines that there is adequate money in the retirement fund - then he may recommend an increase in the pension payments to the Retirement Board. That increase, if recommended, cannot exceed 4 percent per year and would be effective on the first of January.

Obviously, the methodology to obtain cost-of-living retirement benefit increases for public employees is discretionary and ill-defined. The proposed legislation would tie retirement benefit increases to the Anchorage

CPI increases. These increases would be mandatory and predictable, rather than permissive and desultory.

The following information clearly underscores the need for mandatory increases:

The Commissioner of Administration recommended these increases for the years 1969-1977.

1969 - 1½ percent

1970 - 1½ percent

1971 - 1½ percent

1972 - none

1973 - 2½ percent

1974 - 3 percent

1975 - none

1976 - none

1977 - none

Total increase from 1969 - 1977 was only 10 percent.

In the 1978 election year, the Commissioner retroactively granted a 4 percent increase, for each year since 1969. This was offset by any previously granted pension adjustment. 4 percent adjustments were also granted in 1979 and 1980. Although it would appear benevolent and that the forgotten years were remembered and recompensed - the facts belie the inference because:

The total increase in benefits over this 12-year period was 46 percent. The total increase in the Anchorage CPI over this 12-year period was 131.20 percent.

applied for disability retirement salary shall receive from the retirement fund, during each year subsequent to the date of application and certification by the administrator under § 130 of this chapter, a disability retirement salary payable on the first day of each month, beginning the month following the disability.

(b) The payment made on the first day of the month in which the disabled teacher recovers from his disability, dies or attains age 65 constitutes the last payment.

(c) The amount of the disability retirement shall be equal to 50 per cent of the teacher's base salary immediately before his becoming disabled. The disability retirement salary shall be increased by 10 per cent of the teacher's base salary at the date of disability for each minor child, up to a maximum of four minor children, until the first day of the month in which the child ceases to be a minor child or the disability retirement salary terminates, whichever occurs first. (§ 15 ch 145 SLA 1955; am § 5 ch 142 SLA 1957; am § 2 ch 57 SLA 1955; am § 9 ch 151 SLA 1966; am §§ 16, 17 ch 66 SLA 1973; am § 10 ch 173 SLA 1975)

Revisor's note. — See Revisor's note to AS 14.25.120.

Effect of amendments. — The 1973 amendment substituted "during each year" for "for each school year" in subsection (a), inserted "and certification by the administrator under § 130 of this chapter" in that subsection, substituted "the

teacher's" for "his" in the first sentence of subsection (c), and inserted "of the teacher's base salary at the date of disability" in the second sentence of that subsection.

The 1975 amendment, effective June 30, 1975, substituted "age 55" for "age 60" in subsection (b).

Sec. 14.25.142. Cost of living allowance. (a) A teacher who resides in the state after his retirement shall receive a cost of living allowance in addition to his retirement salary. The amount of this allowance is determined by multiplying the teacher's retirement salary by a percentage determined by the administrator not to exceed 10 per cent of the retirement salary. The administrator shall implement this section by regulations.

(b) Repealed by § 18 ch 66 SLA 1973. (§ 10 ch 151 SLA 1966; am § 15 ch 66 SLA 1973)

Effect of amendment. — The 1973 amendment repealed subsection (b).

(a)-amended

Sec. 14.25.143. Post retirement pension adjustment. (a) When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, he may increase all service retirement and survivor's benefits salaries to reflect this cost of living increase.

repealed & reenacted

(b) The amount of the increase shall be not more than four per cent compounded for each year of retirement. Increases accrue from the first

Following the eff...
the first of July o...
Administrator is...
§ 11 ch 151 SLA...
§ 3 ch 99 S...

of amendments. — The...
"compounded"...
of subsection (b).
1973 amendment substitut...
and survivor's i...
for "the pension payme...
total.

Sec. 14.25.145. Interest (...
to each teacher's ac...
prescribed by regulatio...
142 SLA 1957; am § -...
20 ch 66 SLA 1973)

Effect of amendment. — T...
deleted the forme...
and substituted "inter...
after, interest" and "each"...
present first sentence.

Sec. 14.25.150. Payment...
membership service...
of his supplement...
allows:

(1) A teacher leaving r...
accumulated contributions...
contribution account less...
because of previous withd...

(2) Repealed by § 22 ch...

(3) If a teacher who ha...
employed in membership...
contributed to the retirement...
interest paid him. This inc...
compound interest at the r...
following the date of re...
date of retirement of the

(4) A teacher who has r...
15 is not entitled to any...
of his contribution.

(5) A teacher who has...
provisions of the Retirem...
timely application is not...
contributions made under

§ 14.25.143

the retirement application and after, a disability, beginning the

in which the attains age 55

qual to 50 per his becoming used by 10 per for each minor first day of the the disability 15 ch 145 SLA am § 9 ch 151 SLA 1975)

first sentence of inserted "of the at the date of sentence of that

effective June 30, " for "age 60" in

r who resides ing allowance allowance is salary by a d 10 per cent nt this section

1966; am § 18

(a) When the used and that may increase flect this cost

four per cent from the first

§ 14.25.145

EDUCATION

§ 14.25.150

of July next following the effective date of retirement and shall be paid beginning the first of July of each year.

(c) The administrator is authorized to implement this section by regulation. (§ 11 ch 151 SLA 1966; am § 5 ch 86 SLA 1971; am § 19 ch 66 SLA 1973; am § 3 ch 99 SLA 1974)

Effect of amendments. — The 1971 amendment inserted "compounded" in the first sentence of subsection (b).

The 1973 amendment substituted "all service retirement and survivor's benefits salaries" for "the pension payments" in subsection (a).

The 1974 amendment substituted "not more than four per cent" for "equal to not more than one and one-half per cent" in the first sentence of subsection (b).

Sec. 14.25.145. Interest on individual accounts. Interest shall be credited to each teacher's account at the end of each school year at the rate prescribed by regulation for that year. (§ 16 ch 145 SLA 1955; am § 6 ch 142 SLA 1957; am § 4 ch 78 SLA 1962; am § 7 ch 138 SLA 1970; am § 20 ch 66 SLA 1973)

Effect of amendment. — The 1973 amendment deleted the former first sentence and substituted "Interest" for "Thereafter, interest" and "each" for "a" in the present first sentence.

Editor's note. — Section 8, ch. 138, SLA 1970, effective July 1, 1970, provides: "Sec. 7 of this Act is retrospective in nature."

Sec. 14.25.150. Payment on withdrawal from system. A teacher leaving membership service is entitled to a refund of his contributions exclusive of his supplemental contributions to the retirement fund as follows:

(1) A teacher leaving membership service shall receive his total accumulated contributions plus interest credited to his individual contribution account, less any amounts owing to the retirement fund because of previous withdrawals.

(2) Repealed by § 22 ch 66 SLA 1973.

(3) If a teacher who has received a refund of contributions is re-employed in membership service, he is, upon his re-employment, indebted to the retirement fund in the amount of the refund, including interest paid him. This indebtedness to the retirement fund shall bear compound interest at the rate prescribed by regulation beginning July 1 following the date of re-employment to the date of repayment or the date of retirement of the teacher, whichever occurs first.

(4) A teacher who has received a refund under the Retirement Act of 1945 is not entitled to any further refunds of the nonrevertible portion of his contribution.

(5) A teacher who has forfeited his claim to any refund under the provisions of the Retirement Act of 1945 because of failure to file a timely application is not entitled to a refund of any portion of those contributions made under that act.

Revisor's note. — Section 39.35.455 as amended provides that after January 1, 1981 each employee eligible for a benefit under AS 39.35.370 is entitled to at least \$25 a month. Consequently, this section apparently has no legal effect.

Sec. 39.35.475. Post-retirement pension adjustment. (a) When the administrator determines that the cost of living has increased and the financial condition of the retirement fund permits, he shall increase benefit payments to persons receiving benefits under this system.

Repealed & reinserted

(b) The amount of the increase in benefit payments may not exceed the greater of

- (1) the increase in the cost of living since the date of retirement; or
- (2) four percent of the retirement benefit compounded for each year of retirement.

(c) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall include the time during which the member received the disability benefit in determining the number of years of retirement under this section.

(d) An increase in benefit payments under this section is effective July 1 of the year for which the increase is granted.

(e) The administrator shall implement this section by regulation (§ 9 ch 235 SLA 1968; am § 14 ch 159 SLA 1972; am § 34 ch 146 SLA 1980)

Effect of amendment. — The 1980 amendment rewrote the section.

Editor's note. — Section 49, ch 146, SLA 1980 provides: "The retirement benefit payable to a member of the public employees' retirement system who is receiving a normal retirement benefit under AS 39.35.370, July 1, 1980, and who

at the time of his retirement was receiving a disability pension under the public employees' retirement system, shall be increased by a percentage equal to the percentage of all post-retirement pension adjustments payable under AS 39.35.475 during the period that the member was receiving a disability benefit."

Sec. 39.35.480. Cost-of-living allowance. (a) While residing in the state, a person receiving a benefit under this chapter is entitled to receive a monthly cost-of-living allowance in addition to his basic benefit. The amount of this allowance shall be \$50 or 10 per cent of the basic benefit, whichever is greater.

(b) A person receiving a cost-of-living allowance under this section shall notify the administrator when he expects to be absent from the state for a continuous period that exceeds 90 days. After that notification, the person is no longer entitled to receive the monthly cost-of-living allowance, except that a person may be absent from the state for not more than six months without loss of the cost-of-living allowance if the absence is the result of illness and required by order of a licensed physician. Upon his return to the state, and upon notification to the administrator, the person is again entitled to receive

39.35.485 Pt

monthly cost-of-living allowance benefit payable while residing in the state. The participating employee shall be paid by ch. 41 SLA 1977, am § 102 SLA 1977, am § 25 per cent of the basic benefit for purposes of subsection (b) and physical disability benefits payable by the state for a continuous period when ordered by a physician to reside in the state. AS 39.35.27 ch 1 SLA 1977; am §§ 25, 26 SLA 1977; am §§ 25, 26 SLA 1977.

Effect of amendments. — The 1977 amendment rewrote this section. The 1972 amendment substituted "90 days" at the end of subsection (b) and "beginning" except

Sec. 39.35.485. Minimum benefit. An employee receiving a benefit under AS 39.35.480 is entitled to receive a monthly cost-of-living allowance in addition to his basic benefit. The amount of this allowance shall be \$50 or 10 per cent of the basic benefit, whichever is greater.

Effect of amendments. — The 1977 amendment rewrote this section. The 1972 amendment substituted "90 days" at the end of subsection (b) and "beginning" except

I. REQUEST
 Bill/Resolution No. Senate Bill No. 60
 Title An Act Requiring Annual Adjustments Under The TRS And PERS
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01 (PERS)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		89,340.1	98,274.2	108,101.6	118,911.7	130,802.9
TOTAL		89,340.1	98,274.2	108,101.6	118,911.7	130,802.9

FUNDING (Thousands of Dollars)

GENERAL FUND	73,169.6	80,486.6	88,535.3	97,388.7	107,427.7
FEDERAL FUNDS	4,109.6	4,520.6	4,972.7	5,469.9	6,016.9
VETERAN'S FUND	178.7	196.5	216.2	237.8	261.6
FISH & GAME FUND	536.0	589.6	648.6	713.5	784.8
HIGHWAY FUND	1,161.4	1,277.6	1,405.3	1,545.9	1,700.4
AIRPORT FUND	2,590.9	2,850.0	3,134.9	3,448.4	3,793.3
CAPITAL FUND	7,593.9	8,353.3	9,188.6	10,107.5	11,118.2
PERS					
TRS					

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

1. Estimate FY 82 covered State PERS payroll to be \$296,614,000.
2. Increase in State contribution rate would be 30.12% of covered State PERS payroll.
3. Estimate future State PERS payroll to increase 10% annually.
4. Estimate long-term inflation rate of 7.5%.
5. The cost to political subdivision is estimated to be \$76.7 million in FY 82 increasing at 10% each year thereafter.

IV. DATE 2/23/81 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray
 Office of the Governor (Keith Specking)

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 EPRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		63,899.3	70,289.2	77,318.1	85,049.9	93,554.9
100 BENEFITS		11,553.0	12,708.3	13,979.1	15,377.0	16,914.7
TOTAL		75,452.3	82,997.5	91,297.2	100,426.9	110,469.6

FUNDING (Thousands of Dollars)

GENERAL FUND		75,452.3	82,997.5	91,297.2	100,426.9	110,469.6
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate long-term inflation rate of 7.5%.
2. An automatic PRPA with no ceiling will increase the contribution rate by 48.82% of covered TRS payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
3. Estimate FY 82 TRS covered payroll @ \$261,775,000.
4. Estimate the TRS covered payroll will increase at 10% annually.

Paul B. Arnoldt 9/8/81

IV. DATE 2/23/81 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. SB 60ASSUMPTIONS:

1. Estimated FY 82 Payroll (Total System)	=	\$261,775,000
2. State Contribution Rate to Fund Bill	=	24.41%
3. State TRS Matching Pate to Fund Bill	=	24.41%
4. School District Rate to Fund Bill	=	24.41%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 4,712,000	X	24.41%	\$ 1,150.2	To Their Budget
2. University of Alaska	\$ 42,617,000	X	24.41%	\$10,402.8	To Their Budget
				<u>\$11,553.0</u>	
3. State TRS Matching	\$261,775,000	X	24.41%	\$63,899.3	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ -0-	To Personal
Travel				\$ -0-	To Travel
Contractual				\$ -0-	To Contractual
Commodities				\$ -0-	To Commodities
Equipment				\$ -0-	To Equipment
				<u>\$75,452.3</u>	
5. All School Districts	\$214,446,000	X	24.41%	\$ 52,346.3	
				<u>\$127,798.6</u>	

REMARKS:

CJH

S

B

6

1

Synopsis Senate Bill No. 61

Section 1

This would increase the retirement benefit calculation formula from 2 percent to 2.5 percent in the Peace Officers Retirement system, for the first ten years of service. For service over ten years, it would increase from 2.5 percent to 3 percent. In the Public Employee Retirement System, the retirement benefit calculation formula would be increased from 2 percent to 2.5 percent.

Section 2

The retirement benefit formula is:

Percentage X years of service X average final salary for highest 3 years = retirement benefit.

This applies the increase percentages to the retirement benefit calculation formula.

Background Material

Cost-of-living in Alaska is the highest in the nation, yet some states, such as Colorado, Louisiana, Massachusetts and Nevada are using the 2.5 percent retirement benefit calculation formula in the public employment retirement systems. The 1/2 percent increase, will, of course, only partially negate the cost-of-living increase. However, it could prove to be an incentive for employees to view their

Senate Bill No. 61 (cont'd)

jobs as long-term careers and thus decrease the rapid employee turnover that has historically been a state administration problem. In addition, those retired employees who are forced to leave the state for economic reasons, could remain in Alaska after retirement. This would be in keeping with the state's consistent concern and provision for its Alaskan senior citizens.

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

March 12, 1981

Honorable Bob Mulcahy
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator. Mulcahy:

Re: SB 60, 61, 62, 63, 114

As requested by your office. the following information is provided pertaining to the bills listed above.

SENATE BILL 60: If this bill becomes law, the State's contributions to PERS and TRS will more than triple. Those systems are the most lucrative in the nation. The necessity of further enhancing retirement benefits that are already the highest in the nation by placing a monetary burden on the State for distribution of public funds to a disproportionately small group of its population is highly questionable. It is suggested that the large benefits that our retirees now enjoy or our existing employees can look forward to are in actuality a form of hedge against inflation.

SENATE BILL 61: If this bill passes, the cost to the State in FY 82 will be \$15.8 million, and it will cost our political subdivisions \$13.5 million. We project this cost to increase by at least 10 percent for each year thereafter. We question the need to increase benefits that are already the highest in the nation and the disproportionate distribution of public funds.

SENATE BILL 62: The minimal increase in retirement benefits that a small number of employees will receive as a result of credit for unused medical leave is outweighed by the cost to implement and maintain such a program. Only 3 percent of PERS employees will actually retire; and of that number, a small percentage will actually take advantage of such a provision. In most cases, their actual increase in benefits would be minuscule. Cost aside, as a matter of public policy we object to any proposal to credit unused sick leave for retirement purposes. Such a provision will not realistically serve as an inducement to not take sick leave. It would serve to "reward" those employees who are already quite properly not using sick leave unless it is actually necessary. We do not believe it will resolve any problem that may now exist with unwarranted absences.

March 12, 1981

SENATE BILL 63: The stated purpose of the Public Employees' Retirement System per AS 39.35.010 is ". . . to encourage qualified personnel to enter and remain in the service of the State or a political subdivision or public organization of the State. . . ." This bill would offer a means for employees to retire earlier than what is now allowed under the law, which certainly is contrary to the stated purpose of the system. Therefore, we are opposed.

SENATE BILL 114: This bill creates a level of management personnel within the merit system but outside collective bargaining. The result is to lessen the opportunity for conflicts of interest resulting from managers and subordinates belonging to the same bargaining unit. Another advantage is to remove the potential for strikes against the State by managers. The Department supports this bill.

I hope this provides the information you need. If you have further questions, please call me or Judy Crondahl at 465-2277.

Respectfully,



W. R. Hudson
Commissioner

WRH/mjc

cc: Judy Crondahl, Director
Division of Administrative
Services

Paul B. Arnoldt, Director
Division of Retirement and
Benefits

Sandra Withers, Director
Division of Labor Relations

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99501

POLCH V
JUNEAU, ALASKA 99811



Senate

VICE CHAIRMAN
ADMINISTRATIVE REGULATION REVIEW

MEMBER
SENATE RULES COMMITTEE
SENATE COMMERCE AND LABOR COMMITTEE
SENATE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE
STEERING COUNCIL FOR ALASKA LANDS

WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE
COUNCIL FOR STATE GOVERNMENTS
COMMITTEE ON SUGGESTED STATE LEGISLATION

March 7, 1981

Art and Eileen Thompson
Box 7135
Ketchikan, Alaska 99901

Dear Art and Eileen:

Thanks for your letter of March 1.

As you know, I've always supported the "old timers" of our state, especially now that "I am one". SB 60 and SB 61 are now residing in Senator Mulcahy's Labor and Commerce Committee. I spoke with the Senator and he indicated that he would probably move the bills after he receives all the necessary fiscal impact materials, probably around the end of this month.

I too hope HCR 1 moves. It has been in House Transportation Committee for a month and should begin its journey soon.

Good to have heard from you.

Regards,

A handwritten signature in dark ink, appearing to read "R. H. Ziegler".

Robert H. Ziegler, Sr.

RHZ:1k

cc: Sen. Mulcahy

Senate Bill No's 61 & 62

24 Feb 81

Dear Mr. Mulcahy,

I am writing this letter to confirm my feelings in behalf of the state employees and its citizens on Senate Bill No's 61 and 62.

I think it is only fair to the people of Alaska that this legislation is passed in favor of. It is a fair bill; it represents good work incentive, cooperation, and needed benefits for the state's retirement system. This bill would indeed pass on to the state and its people added benefits not seen now.

Sincerely,

David C. Waite

David C. Waite

cc Don Gilman

1.1 BRIEF OUTLINE OF THE
ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

(1) Effective Date

January 1, 1951, with amendments through July 1980.

(2) Administration of Plan

The Commissioner of Administration is responsible for administration of the System, Public Employees' Retirement Board adopts rules and regulations to carry out provisions of the Act, and Commissioner of Revenue invests the Fund. The Attorney General is the attorney for the System and represents it in legal proceedings.

(3) Employers Included

State of Alaska and any political subdivisions and public or quasi-public organizations thereof. As of January 1, 1980, there were 83 participating employer groups in addition to the State for which separate contribution rates are determined.

(4) Employees Included

All permanent full-time or part-time employees of the State and participating political subdivisions, exclusive of those covered by the Alaska Teachers' Retirement System, the Alaska Judges' System, or any employee on whose behalf the State is making contributions to another Retirement System. Elected officials may elect to participate at their option.

(5) Service Considered

Future:

The later of hire, 1/1/61, or date of employers' participation in the System, to date of termination, death, or retirement. Up to 5 years of military service may be recognized if claimed, verified, and appropriate employee contribution paid. Permanent part-time employees receive service credit on a pro-rata basis.

Past:

Service credit for all service with State and Territory prior to January 1, 1961, if the employee completed three years of service after January 1, 1961. Elected official has past service credit only if he pays contributions for all of his service after January 1, 1961. Service with political subdivision prior to its participation in the System is included at the option of the political subdivision.

Break in Future Service:

Any termination. But if employee returns and makes contribution equal to refund paid plus interest, the service before the break is reinstated.

(6) Average Monthly Compensation

Total compensation during three consecutive calendar years of credited service which yield the highest average monthly compensation (total compensation during period divided by number of months included).

Type:

Life only with optional joint and survivor benefit
(actuarially reduced).

Amount:

2% of Average Monthly Compensation for each year of
service - Other.

2% of Average Monthly Compensation for the first 10
years of service plus 2 1/2% for years of service in
excess of 10 - Police & Fire.

(10) Early Retirement Benefit

Eligibility:

Age 50 and 5 or more years Credited Service - all employees.

Type:

Life only.

Amount:

Actuarial equivalent of Normal Retirement Benefit based on
service and compensation to Early Retirement Date.

(11) Deferred Vested Benefit

Eligibility:

Five or more years of Credited Service, withdrawal of
employee contributions voids vested rights.

Type:

Life only or joint and survivor benefit (actuarially
reduced).

Amount:

Monthly benefit begins on employee's Normal Retirement Date.
Amount determined the same as Normal Retirement Benefit taking into account compensation and service prior to termination.

(12) Disability Benefit

Occupational Disability:

Eligibility:

No age or service requirements.

Type:

Monthly benefit payable until death, recovery, or normal retirement.

Amount:

40% of gross monthly compensation at date of disability.
The benefit terminates at Normal Retirement Date with full Normal Retirement Benefit commencing at that point.

Non-Occupational Disability:

Eligibility:

Five or more years of Credited Service.

Type:

Monthly benefit payable until death recovery, or normal retirement.

Amount:

Same as vested benefit except payments commence immediately.

(13) Death Benefit Before Retirement

Occupational:

No age or service requirements.

Benefit: 40% of gross monthly compensation at date of death or disability, if earlier. At participant's Normal Retirement Date, benefit converts to Normal Retirement benefit based on pay at date of disability or death and credited service, including period from date of disability or death to Normal Retirement Date.

Non-Occupational:

If no widow's benefit is payable, lump-sum death benefit of \$1,000 plus \$100 per each completed year of Credited Service and the participant's contributions with interest. Alternatively, an income benefit is available at death after five years of Credited Service based on 50% Joint and Survivor equivalent of accrued Normal Retirement Benefit.

(14) Death Benefits After Retirement

The employee's beneficiary receives a lump sum equal to the excess of his contribution account immediately prior to retirement over the sum of the pension payments previously received by the employee.

(15) Post-Retirement Pension Adjustment

Commissioner of Administration may recommend post-retirement increases on account of increasing cost of living up to 4% each year.

(16) Cost-of-Living Allowance

A retired employee who remains in Alaska is eligible for an additional allowance, equal to 10% of his basic retirement benefit, or \$50 per month, whichever is greater.

(17) Optional Employee Savings Account

An employee can voluntarily contribute up to 5% of his compensation. This amount is recorded in a separate account and is payable:

- (a) In the event of termination before retirement for any reason other than death, as a lump sum to the employee,
- (b) In the event of termination on account of death, as a lump sum to the employee's beneficiary,
- (c) On retirement, as a lump sum, life annuity on cash refund basis or installments over limited period.

1.2 MISCELLANEOUS INFORMATION

AS OF JANUARY 1

Active Members

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
(1) Number	14,804	16,623	17,807	18,341
(2) Average Age	37.29	37.11	37.15	37.54
(3) Average Service	4.48	4.48	4.65	4.88
(4) Average Annual Salary	\$18,232	\$20,559	\$21,753	\$23,657

Retirees and Beneficiaries

(1) Number	1,339	1,683	2,019	2,314
(2) Average Age	63.38	62.82	62.94	63.03
(3) Average Monthly Benefit				
Base	\$ 378	\$ 427	\$ 454	\$ 471
COLA	34	37	37	39
PRPA	3	34	28	36
TOTAL	416	498	519	546



Alaska State Legislature

Senate

Committee on Labor & Commerce

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SB 61 by Ray

SEC. 1: Increase in retirement benefit calculation for the Peace Office Retirement System. Increase from 2 to 2½ percent for first 10 years service; Increase from 2½ to 3 percent for service over 10 years. In the PERS, benefit calculation would increase from 2 to 2½ percent.

SEC. 2: Retirement benefit formula: Percentage X years of service X average final salary for highest 3 years = benefit amount.



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SEC. 2: Retirement benefit formula: Percentage X years of service X average final salary for highest 3 years = benefit amount.

RESEARCH: SB 61 would require 3 additional staff for 6 months to re-calculate benefits for 2,650 persons who are receiving benefits under PERS.

The cost to the State will be \$15.8 million (FY82), and it will cost our political sub-divisions \$13.5 million. Dept of Administration projects the cost to increase by at least 10% per year thereafter.

FISCAL IMPACTS

FY 82: \$15,814,800.00
FY 83: \$17,357,900.00
FY 84: \$19,093,600.00
FY85: \$21,003,000.00
FY 86: \$23,103,300.00

FISCAL IMPACTS ON POLITICAL SUB-DIVISIONS:

FY 82: \$13,500,000.00
FY 83: \$14,850,000.00
FY 84: \$15,335,000.00
FY 85: \$15,868,500.00
FY 86: \$17,445,000.00

RETIREMENT BENEFIT CALCULATION FORMULA:

(%) X (years of service) X (Avg. final salary - 3 highest years) = Benefit Amount

PROPOSED INCREASES:

Peace Officer Retirement System:

First 10 Years Service: Presently 2%; Increase to 2½%

Service over 10 Years: Presently 2½%; Increase to 3%

Public Employees Retirement System:

Presently 2%; Increase to 2½%

Additional Fiscal Impact:

SB 61 Requires 3 additional Staff for 6 months to recalculate retirement benefits for the 2,650 people receiving benefits under PERS. Each of the 3 benefit technicians would be paid \$11,648.00 for their 6 month contract. Total of Labor \$34,941.00.

COMMENTS FROM THE DEPT OF ADMIN:

"We project this cost to increase by at least 10% for each year thereafter. We question the need to increase benefits that are already the highest in the Nation, and the disproportionate distribution of Public Funds."

The 10% annual increase addressed in the Fiscal Note relates to assumptions of increase for Union Negotiations, merit increases (annually), and promotional increases.



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FY85:	\$21,003,000.00
FY 86:	\$23,103,300.00

... after January 1, 1961, total,

... effective January 1, 1981,

... facility provided by a local state government under Act of employment upon transfer of the credited service for his prior service as in continuous employment to obtain credited service through contributions for the period and the effective date of the

... entitled to receive a surviving benefits under a joint and 50 is eligible for increased under (a) of this section, but the employee's death.

... up to 10 years of credited by 1, 1979, as a temporary territory during legislative service under this subsection. re July 1, 1950. When the cess of the employee to the of this indebtedness is equal have made if he had been rate used to calculate the e in effect on January 1. crues on this indebtedness ebtedness which exists at n actuarial adjustment to ve credited service under

... receive credited service as rendered as a permanent 6. To receive retroactive employee must claim the oyee claims retroactive yee to the system shadness is equal to the he had been eligible for ulate the contributions ary 1, 1961. Interest of dness beginning July 1. exists at the time the striment to the benefit

... based on retroactive credited service under this subsection. ch 113 SLA 1960; am § 4 ch 80 SLA 1964; am §§ 5, 6 ch 155 SLA am § 4 ch 235 SLA 1968; am § 1 ch 55 SLA 1973; am §§ 1, 2 ch SLA 1974; am §§ 1, 2 ch 245 SLA 1976; am §§ 31 — 32 ch 125 SLA am §§ 1, 7 ch 174 SLA 1978; am § 3 ch 81 SLA 1979; am § 10 SLA 1979; am §§ 31, 32, 41 ch 146 SLA 1980

Editor's note. — Subsection (a) of this section apparently has no effect after January 1, 1980, since it applies only to employees employed before that date.

Subsection (g) of this section apparently has no effect after July 1, 1980, since credited service under this subsection cannot have been claimed by that date.

Effect of amendments. — The 1976 amendment, among other things, added the language beginning "and heavy equipment operators" to the end of that sentence, and added subsection (e).

The 1977 amendment, among other things, substituted "credited service for employment before January 1, 1961" for "service credit for prior service" and "this system" for "this system for the period of prior service credit" in subsection (b) and

substituted "credited service" for "service credit" in the first and second sentences of subsection (e).

The 1978 amendment, among other things, added subsection (f).

The second 1979 amendment added subsection (g).

Sections 31 and 32, ch 146, SLA 1980, rewrote subsection (e) and added subsection (h). Section 41 of ch. 146, effective January 1, 1981, repealed subsection (e).

Editor's note. — Section 15, ch 82, SLA 1979 provides that AS 39.35.360(g) applies to a temporary employee of the Eleventh Legislature, First Session, even though he may not be an employee under the public employee's retirement system on July 1, 1979.

Article 6. Benefits.

Section	Section
470 Retirement benefits	480. Cost-of-living allowance
480 (Repealed)	485. Minimum benefit
485 Conditional service retirement benefits	490. Designation of beneficiary
490 (Repealed)	495. Time limit for application
495 Voluntary contribution benefit	500. Safeguard of employee funds held by the system
500 Nonoccupational disability pensions	510. Voluntary waiver of benefits
510 Occupational disability pensions	520. Adjustments
520 Nonoccupational death benefits	522. Waiver of adjustments
530 Occupational death benefit	525. Limitation on use of credited service as peace officer or fireman
540 Death after occupational disability	530. Limit on pension
550 Joint and survivor option	533. Medical benefits
560 Spouse survivor benefits under Public Employees Retirement Act of 1949	540. Minimum benefit
570 Level income option	545. (Repealed)
580 Other forms of payment	550. Tax exemption
590 Post-retirement pension adjustment	555. Effect of amendments

Sec. 39.35.370. Retirement benefits. (a) A terminated employee is eligible for a normal retirement benefit (1) at age 55 with at least five years credited service, or (2) with at least 20 years of credited service as a peace officer or fireman, or (3) with at least 30 years of credited service for all other employees.

(b) A terminated employee is eligible for an early retirement benefit at age 50 with at least five years credited service.

Public Records and Records

Title 41 Public Resources

Public Utilities and Services

amended (c) The monthly amount of a retirement benefit for a peace officer or fireman is two per cent of the average monthly compensation times the years of credited service up through 10 years, plus two and one-half per cent of the average monthly compensation times the years of service over 10 years. For all other employees it is two per cent of the average monthly compensation times the years of service. An actuarial adjustment must be made for an early retirement benefit.

(d) The monthly amount of a retirement benefit for a deferred vested member shall be determined in accordance with (c) of this section as it was in effect on the date of the employee's termination of employment.

(e) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) The member meets the eligibility requirements of this section; (2) he terminates his employment; and (3) he applies for retirement. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which a benefit is payable under this section.

(f) A member who is vested in the system as a peace officer or fireman at the time he incurs a permanent disability of at least 33-1/3 per cent under workers' compensation and who (1) undergoes retraining because of the disability; and (2) is subsequently employed with the state or other employer in a position other than peace officer or fireman, is eligible for a normal retirement benefit as a peace officer or fireman under (a) and (c) of this section when he has completed 20 years of credited service. (§ 18 ch 143 SLA 1960; am § 2 ch 102 SLA 1963; am § 7 ch 155 SLA 1966; am § 5 ch 235 SLA 1968; am § 6 ch 109 SLA 1970; am §§ 6, 7 ch 159 SLA 1972; am § 15 ch 47 SLA 1974; am § 34 ch 128 SLA 1977; am § 33 ch 146 SLA 1980)

Effect of amendments. — The 1977 amendment rewrote this section.

The 1980 amendment added subsection (f).

Editor's note. — Section 49, ch. 146, SLA 1980, provides: "The retirement benefit payable to a member of the public employees' retirement system who is receiving a normal retirement benefit under AS 39.35.370 on the effective date of this Act, and who at the time of his retirement was receiving a disability

pension under the public employees' retirement system, shall be increased by a percentage equal to the percentage of all post-retirement pension adjustments payable under AS 39.35.375 during the period that the member was receiving a disability benefit."

Legislative history report. — For report on ch 119, SLA 1972 (FCCS HCS CSSB 264), see 1972 House Journal, p. 992.

Sec. 39.35.380. Early retirement benefits.

Repealed by § 55 ch 128 SLA 1977.

Editor's note. — The repealed section derived from § 19, ch. 143, SLA 1960, am. § 7, ch. 109, SLA 1970; am. § 8, ch. 159,

SLA 1972; am. § 11, ch. 205, SLA 1975.

Sec. 39.35.385. Conditional employee is eligible for a normal retirement salary under AS 14.25.

An employee is eligible for at least two years of credited service for an early retirement system AS 14.25.

Credited service for which creditable under this section has been repaid. For purposes of this section, an employee does not have to be reemployed to receive credited contributions. Compensation must be added to the date of the refund to the date of the refund.

(d) The monthly amount of a retirement benefit for a peace officer or fireman is two per cent of the average monthly compensation times the years of service up through 10 years, plus two and one-half per cent of the average monthly compensation times the years of service over 10 years. For all other employees it is two per cent of the average monthly compensation times the years of service. An actuarial adjustment of the retirement benefit.

(e) Benefits payable under this section accrue from the first day of the month (1) in which the member meets the eligibility requirements of this section, (2) following the termination of employment, and (3) if payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which the member dies or is no longer employed.

(f) An employee is eligible for a normal retirement benefit if he has completed 20 years of credited service as a temporary employee during five legislative sessions. (AS 14.25; am § 37 ch 13 SLA 1980)

Effect of amendments. — The 1980 amendment added subsection (f).

The 1980 amendment added the second and third sentences in subsection (e).

Editor's note. — Section 15, ch. 146, SLA 1980.

Sec. 39.35.390. Deferred retirement benefits.

Repealed by § 55 ch 128 SLA 1977.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 61

Title An Act Adjusting Retirement Benefits For Public Employees

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Labor Services

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01 (PERS)

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		34.3				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		0.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		15,779.9	17,357.9	19,093.6	21,003.0	23,103.3
TOTAL	-0-	15,814.8	17,357.9	19,093.6	21,003.0	23,103.3

FUNDING (Thousands of Dollars)

GENERAL FUND	12,923.7	14,216.1	15,637.6	17,201.5	18,921.6
FEDERAL FUNDS	725.9	798.5	878.3	966.1	1,062.8
VETERAN'S FUND	31.6	34.7	38.2	42.0	46.2
FISH & GAME FUND	94.7	104.1	114.6	126.0	138.6
HIGHWAY FUND	205.1	225.7	248.2	273.0	300.3
AIRPORT FUND	457.6	503.4	553.7	609.1	670.0
CAPITAL FUND	1,341.3	1,475.4	1,623.0	1,785.3	1,963.8
PERS	34.9				
TRS					

POSITIONS 3 employees for 6 months

FULL TIME					
PART TIME					
TEMPORARY		18 mos			

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

1. This bill provides increased benefits to active and retired PERS members. It does not provide increases for existing deferred (inactive) PERS members.
2. It is estimated that 70% of the existing deferred PERS members will return to covered PERS employment and qualify for the increased benefits.
3. The increased benefit formulas affect both future and past credited service.
4. The increase in State contribution rate would be 5.32% of covered State payroll (FY82 = \$296,614,000) increasing at 10% annually.
5. The cost to political subdivisions is estimated to be \$13.5 million in FY82 increasing at 10% each year thereafter.

IV. DATE 2/20/81

PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Ray

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	(GOV)	APPROV	DISA						
2	TYPE OF POSITION Project	STAFF MONTHS 6	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	(LHC)								
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:									
	1			3											
4	PERSONAL SERVICES:			<p>Three (3) Project employees for six (6) months to recalculate the benefits for approximately 2,650 people who are receiving benefits from the PERS. (This estimate is based upon the actual time required to calculate the \$25 minimum benefit for approximately 1,016 individuals-- Chapter 146 SLA 1980.)</p>											
	SALARY	\$1,761/Month	\$10,566												
6	BENEFITS	2.21%	234												
8	WCA SBS	6.13%	648												
7	HEALTH INS.														
	TOTAL PERSONAL SERVICES		01							\$11,448					
	TRAVEL		02												
10	CONTRACTUAL		03												
11	COMMODITIES		04							\$ 200					
12	EQUIPMENT		05												
13	OTHER														
14	TOTAL COST									\$11,648					
	CODE	FUNDING SOURCE													
15		FED RCPTS. 1002													
16		GF MATCH. 1003													
17		GEN. FUND 1004													
18		I-A RCPTS. 1005													
19		PQM RCPTS 1020													
		OTHER PERS			\$11,648										
21	CONTINUATION			FOR B&M USE ONLY											
22	ADDITION														
4A KEY NUMBER _____ COLUMN NO. _____															

AGENCY Administration PROGRAM Labor Services

BRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION.

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAPP.						
2	TYPE OF POSITION Project	STAFF MONTHS 6	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG								
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:									
	1	2	3												
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17		GEN. FUND 1004													
18		I-A RCPTS. 1005													
19		PGM RCPTS 102B													
		OTHER PERS		\$11,648											
22	CONTINUATION ADDITION			FOR B&M USE ONLY											
AA KEY NUMBER		COLUMN NO.													

AGENCY Administration PROGRAM Labor Services

BRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW
POSITION.

1	POSITION TITLE Retirement & Benefits Technician			RANGE/STEP 12A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISA
2	TYPE OF POSITION Project	STAFF MONTHS 6	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	Y80		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: Three (3) Project employees for six (6) months to recalculate the benefits for approximately 2,650 people who are receiving benefits from the PERS. (This estimate is based upon the actual time required to calculate the \$25 minimum benefit for approximately 1,016 individuals-- Chapter 146 SLA 1980.)			
	1	2	3						
4	PERSONAL SERVICES: SALARY \$1,761/Month		\$10,566						
6	BENEFITS 2.21%		234						
6	VICA SDS 6.12%		648						
7	HEALTH INS.								
	TOTAL PERSONAL SERVICES		01	\$11,448					
9	TRAVEL		02						
10	CONTRACTUAL		03						
11	COMMODITIES		04	\$ 200					
12	EQUIPMENT		05						
13	OTHER								
14	TOTAL COST			\$11,648					
	CODE	FUNDING SOURCE							
16		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004							
18		I-A RCPTS. 1005							
19		PDM RCPTS 1020							
		OTHER PERS		\$11,648					
21	CONTINUATION			FOR B&M USE ONLY					
22	ADDITION								
4A KEY NUMBER		COLUMN NO.							

AGENCY Administration PROGRAM Labor Services

BRU Retirement & Benefits

COMPONENT PERS

13 REQUEST FOR NEW POSITION

S

B

6

2

Senate Bill No's 61 & 62

24 Feb 81

Dear Mr. Mulcahy,

I am writing this letter to confirm my feelings in behalf of the state employees and its citizens on Senate Bill No's 61 and 62.

I think it is only fair to the people of Alaska that this legislation is passed in favor of. It is a fair bill; it represents good work incentive, cooperation, and needed benefits for the state's retirement system. This bill would indeed pass on to the state and its people added benefits not seen now.

Sincerely,

David C. Waite

David C. Waite

cc Don Gilman

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

March 12, 1981

Honorable Bob Mulcahy
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Re: SB 60, 61, 62, 63, 114

As requested by your office, the following information is provided pertaining to the bills listed above.

SENATE BILL 60: If this bill becomes law, the State's contributions to PERS and TRS will more than triple. Those systems are the most lucrative in the nation. The necessity of further enhancing retirement benefits that are already the highest in the nation by placing a monetary burden on the State for distribution of public funds to a disproportionately small group of its population is highly questionable. It is suggested that the large benefits that our retirees now enjoy or our existing employees can look forward to are in actuality a form of hedge against inflation.

SENATE BILL 61: If this bill passes, the cost to the State in FY 82 will be \$15.8 million, and it will cost our political subdivisions \$13.5 million. We project this cost to increase by at least 10 percent for each year thereafter. We question the need to increase benefits that are already the highest in the nation and the disproportionate distribution of public funds.

SENATE BILL 62: The minimal increase in retirement benefits that a small number of employees will receive as a result of credit for unused medical leave is outweighed by the cost to implement and maintain such a program. Only 30 percent of PERS employees will actually retire; and of that number, a small percentage will actually take advantage of such a provision. In most cases, their actual increase in benefits would be minuscule. Cost aside, as a matter of public policy we object to any proposal to credit unused sick leave for retirement purposes. Such a provision will not realistically serve as an inducement to not take sick leave. It would serve to "reward" those employees who are already quite properly not using sick leave unless it is actually necessary. We do not believe it will resolve any problem that may now exist with unwarranted absences.

March 12, 1981

SENATE BILL 63: The stated purpose of the Public Employees' Retirement System per AS 39.35.010 is ". . . to encourage qualified personnel to enter and remain in the service of the State or a political subdivision or public organization of the State. . . ." This bill would offer a means for employees to retire earlier than what is now allowed under the law, which certainly is contrary to the stated purpose of the system. Therefore, we are opposed.

SENATE BILL 114: This bill creates a level of management personnel within the merit system but outside collective bargaining. The result is to lessen the opportunity for conflicts of interest resulting from managers and subordinates belonging to the same bargaining unit. Another advantage is to remove the potential for strikes against the State by managers. The Department supports this bill.

I hope this provides the information you need. If you have further questions, please call me or Judy Crondahl at 465-2277.

Respectfully,



W. R. Hudson
Commissioner

WRH/mjc

cc: Judy Crondahl, Director
Division of Administrative
Services

Paul B. Arnoldt, Director
Division of Retirement and
Benefits

Sandra Withers, Director
Division of Labor Relations



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Juneau, Alaska 99811

SUMMARY SB 62 by Ray

SEC 1: Terminated employee who is re-employed within 3 years of termination, would be allowed to reinstate banked medical leave.

SEC.2: (A). Employee, upon retirement, shall receive retirement service credit for all accrued medical leave, at the same rate of pay as his salary upon retirement. (B.) A vested employee (5 years of service), upon termination for reasons other than retirement, shall receive retirement service credit for all accrued medical leave.

SEC.3: An employee, upon retirement, may elect to receive retirement service credit for accrued medical leave.