

ALASKA LEGISLATIVE COMMITTEE ON GOVERNMENT

2061 SSA SB 93 - SB 121

2061

DISTRIBUTION OF STATE GOVERNMENT POSITIONS, 1977

Location	Total	%	Central	%	Reg'l/Local	%
Juneau	3597	32	2647	69	950	13
Anchorage	3457	31	957	25	2500	34
Fairbanks	1229	11	221	6	1000	13
Other	3022	27	22	0	3000	40
Totals	11,305	100	3,855	100	7,450	100

Positions	Total	%	Juneau	%	Anch.	%	Fbks	%	Other	%
Central	3855	34	2647	74	957	28	229	19	22	1
Reg/Local	7450	66	950	26	2500	72	1000	81	3000	99
Totals	11,305	100	3597	100	3457	100	1229	100	3022	100

DISTRIBUTION OF STATE GOVERNMENT POSITIONS, 1982

Location	Total	%	Central	%	Reg'l/Local	%
JUNEAU	3906	27	2847	63	1059	11
Anchorage	5198	36	1485	33	3713	37
Fairbanks	1745	12	101	2	1644	17
Other	3539	25	72	1	3467	35
Totals	14388	100	4505	100	9883	100

Positions	Total	%	JUNEAU	%	Anch.	%	Fbks	%	Other	%
Central	4505	31	2847	73	1485	40	101	6	72	2
Reg'l/Local	9883	69	1059	27	3713	60	1644	94	3467	98
Totals	14388	100	3906	100	5198	100	1745	100	3539	100

# What We Are Learning From JAPAN

Vice-decentralization  
Charles  
↓

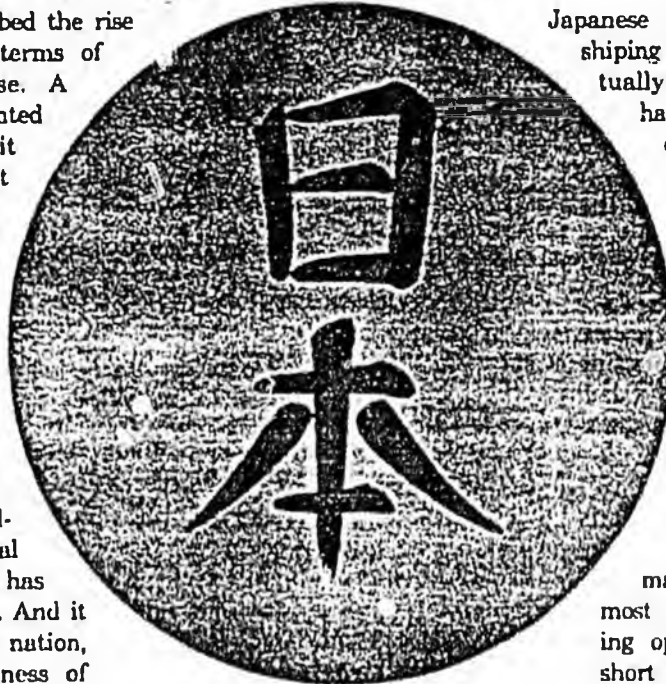
By William S. Anderson

**A**RNOLD TOYNBEE once described the rise and fall of nations in terms of challenge and response. A young nation, he said, is confronted with a challenge for which it finds a successful response. It then grows and prospers. But as time passes, the nature of the challenge changes. And if a nation continues to make the same, once-successful response to the new challenge, it inevitably suffers a decline and eventual failure.

As we begin the last two decades of the 20th century, the United States faces such a challenge. At stake is the industrial supremacy which this country has enjoyed for most of this century. And it is Japan, more than any other nation, which exemplifies the seriousness of the challenge to American industrial leadership.

Why have the Japanese been so successful?

In recent months the media have been flooded with attempts to explain the Japanese phenomenon. Everyone wants to know how the Japanese did it. There are, of course, scores of explanations. But it seems to me that Japan's postwar economic growth—the most spectacular the world has ever



seen—is the direct result of two fundamental characteristics of the Japanese nation in the years following World War II.

The first of these is Japan's unerring sense of national purpose and its establishment of clear-cut, readily understandable goals reinforced by a willingness to do what is necessary to achieve those goals.

I believe the second major ingredient in the Japanese success formula is the personality of the Japanese people themselves.

Perhaps the greatest catalyst for Japan's remarkable economic achievements has been its near-obsession with finding new ways to increase personal and group productivity. Indeed, the

Japanese people come very close to worshipping productivity. We see this in virtually every industry in which they have chosen to compete. The most dramatic recent example is the phenomenal growth of the Japanese auto industry. Twenty years ago Japan produced fewer than 100,000 automobiles a year. Today the Japanese auto industry has accelerated past the European auto industry. And in 1980, for the first time, it produced more vehicles than the American auto industry as well.

In automobiles—as in steel-making, camera production or almost any other Japanese manufacturing operation—productivity is nothing short of amazing. The latest study I've seen shows that Toyota is producing 50 cars per man-year compared with fewer than 20 cars per man-year for any European manufacturer.

How have they done it? That's what the president of the Ford Motor Company wanted to find out. So he sent whole teams of people to study this latest Japanese miracle. They reported that it's largely a matter of productivity-oriented methods and management, plus an unusually high degree of automation.

At Toyo Kogyo, where Mazda cars are manufactured, there are only five organizational levels between the production-line employe and the vice president in charge of manufacturing. This compares with at least a dozen layers of management in a typical European

*WILLIAM S. ANDERSON is chairman of NCR Corporation. This article and the accompanying box have been excerpted from an address he gave as part of the ITT Key Issues Lecture Series at the College of Business Administration, University of Notre Dame.*

or American auto manufacturer.

The Ford study teams also found that the Japanese workers maintain their production equipment so carefully that machine breakdowns almost never occur. As a result, Toyo Kogyo can get by with carrying only one or two hours' supply of parts inventories to keep its production lines running. This compares with parts inventories for as much as three weeks in the plants of the company's American and European competitors.

In addition, suppliers are closely keyed into the production system. The supplier of ornamental trim, for example, drives his loaded truck right into the assembly plant and personally unloads it at the production line. Then he picks up the empty containers, puts them back on his truck and—believe it or not—actually tidies up the area before returning to his own plant for more parts.

This clocklike approach drastically reduces factory space requirements. It lowers overhead and material-handling costs and reduces the number of employes required to turn out a given number of cars. To quote the president of Ford Motor Company, where the concept of the production line was born:

"All the Japanese have really done is to take Henry Ford's basic principle—that is, keep the production line moving in a continuous, rhythmic, dedicated process—and go a few, admittedly brilliant, steps further."

**I**NNOVATIVE USE of supplier capabilities is widespread in Japanese industry. Nippon Steel, with half as many employes as U.S. Steel, achieves approximately the same output. Part of this is due to Nippon's more modern plant, but the biggest factor is that the Japanese steel company makes extensive use of low-wage subcontractors. This holds down its own labor costs and results in more steel per dollar of wages.

In many industries, the Japanese go even further. In the electronics industry, for example, many small subcontractors farm out much of their work to even smaller firms or sometimes individual families. Approximately 180,000 Japanese are busy producing electronic components in their homes for these subcontractors, who in turn supply subassemblies to the major electronics manufacturing companies.

Small wonder, then, that the Sonys and the Matsushitas are able to keep their total labor costs low, even though

their pay scales are now comparable to those in this country and Western Europe. And in the process, millions of jobs are created for men and women who otherwise would probably be unemployed.

In the never-ending quest for greater productivity, the Japanese do not shy away from killing off dying products and industries. They are constantly asking themselves: "Is this the kind of product or industry in which we can be truly competitive? Or is this something we should get out of, so that we can use our capital and human resources more productively?"

Once dominant in transistor radios, the Japanese have happily forfeited that market to lower-labor-cost countries. They have replaced it with the higher-technology market of color television sets and, more recently, videotape recorders.

Such periodic product transitions are possible only because of the high educational level of the Japanese peo-

## Zeal for Learning

Millions of Japanese are fluent not only in English but even in third and fourth languages; how many Americans speak Japanese? Japan, with half the population of the United States, graduates almost twice as many engineers; that's a per capita ratio of 4 to 1. And in international testing programs, young Japanese run rings around their American counterparts, not only in math and science subjects but in many other subjects as well.

It's no exaggeration to say that Japan is today the most literate, best-educated nation in the world.

ple. They transplant more easily into higher-technology jobs.

The shape-up-or-ship-out attitude with which national planners view declining industries is reinforced by Japan's financial structure. Commercial banks, which are the principal source of capital, simply refuse to finance a dying industry or company. Thus, the industry or company must either phase into more productive endeavors or eventually go out of business.

The quest for productivity is almost a national game. Far-out concepts are encouraged. Akio Morita, president of Sony, has said that he "loves to hear

crazy ideas." And employes at Honda use their free time, plus company grants and facilities, to turn their dream inventions into reality—even the ones which Honda says are only good for a laugh.

Consider the Choo-Choo Cycle. It's a giant tricycle on which the rider peddles furiously to generate electricity. This heats a boiler, which produces steam, which in turn powers what Honda describes as "the world's most inefficient vehicle."

**T**O MANY WESTERNERS, all this may seem rather silly. But for the Japanese, it obviously works. In addition to the industries I've already mentioned, the Japanese zeal for innovation and productivity works in audio equipment, musical instruments, bicycles, sport equipment, machine tools, photocopy machines and many other products not commonly associated with Japanese culture or capabilities.

In only a few short years, Japan has become a competitor the likes of which the world has not seen before. If we compare the competition for international markets with a football game, we must acknowledge that the Japanese fielded quite a team. In fact, at the end of the game the score is Japan 35 and the Western nations maybe 14.

Many years ago, the historian Edward Gibbon explained the decline and fall of the ancient city of Athens in a few chilling words. He said:

"In the end, more than they wanted freedom, they wanted security. They wanted a comfortable life. And in their quest for it all—security, comfort and freedom—they lost it all.

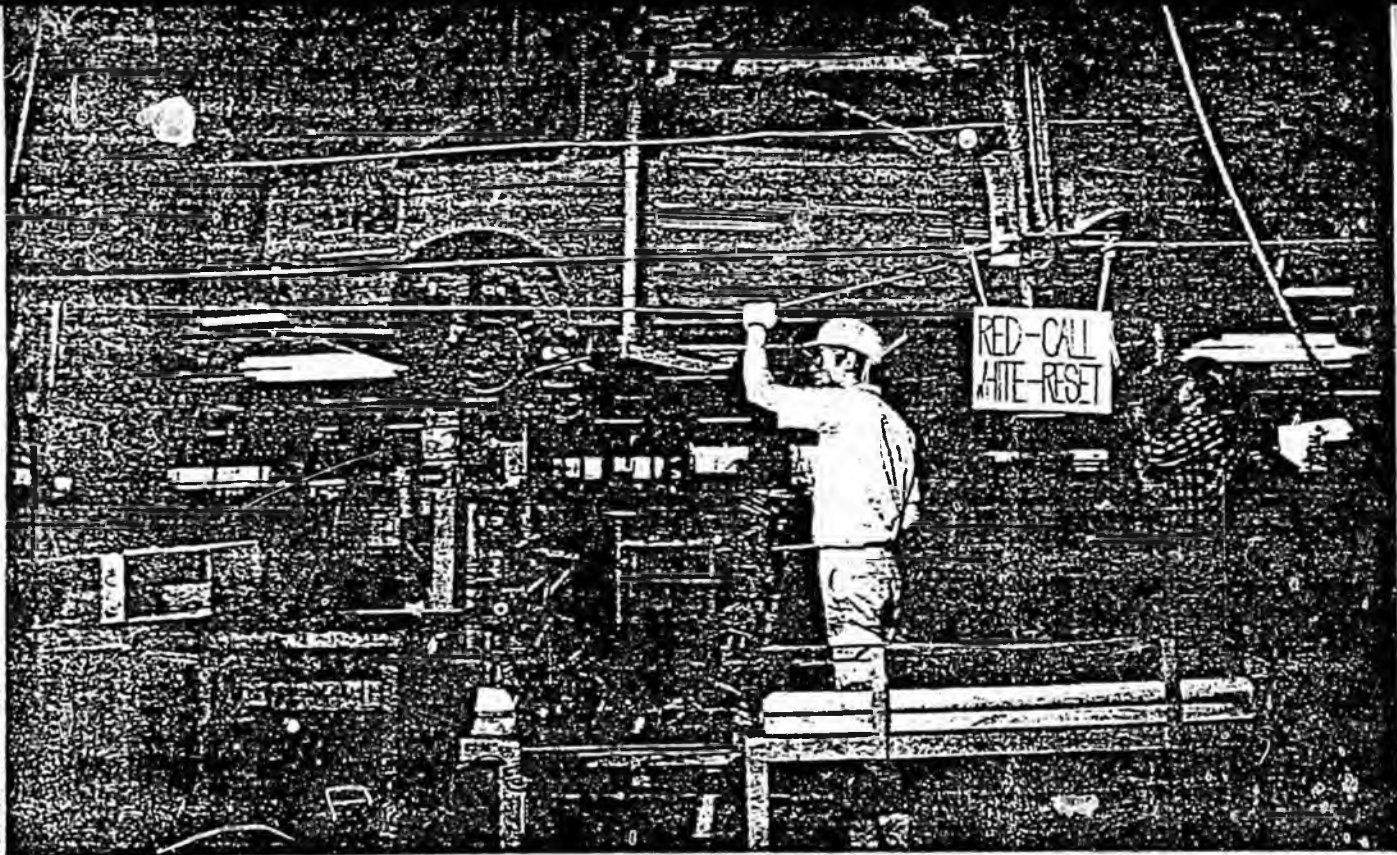
"When the Athenians wanted finally not to give to society, but for society to give to them; when the freedom they wished for most was the freedom from responsibility, then Athens ceased to be free."

Can the United States escape a similar fate?

I believe that depends, in large measure, on whether this country can regain the competitive edge it has lost in recent years.

Not long ago, a Japanese trade delegation flew to Detroit, ostensibly to buy auto parts from U.S. manufacturers, but also to pour oil on the troubled waters caused by record exports of Japanese-made cars to this country. The delegation brought along a statement from the managing director of Japan's largest auto manufacturer. It warned the American parts suppliers that they

PHOTOS BY BRITANNICA/IN ASSOCIATION



So many American business people are touring Japanese plants these days that the Japanese sometimes feel impelled to put up explanatory signs in English.



To make better use of capital and skilled workers such as those at left, Japan has shifted from making transistor radios to production in higher-technology fields.

had better improve the quality of their products or face the loss of any future business from Japan.

The fact that this could and did happen—in what Americans have always regarded as the auto capital of the world—points up the magnitude of the task confronting American management and labor in the 1980s. It was a classic case of role reversal, with the once-vaunted U.S. auto industry and its suppliers reduced to the status one might give a fledgling industry in some banana republic.

I find it difficult to believe that either American management or American labor will be willing to accept that kind of secondary economic role in the world economy of the 1980s. I don't think anyone in government wants it, either.

Yet there is a clear and present danger that this could happen in many other industries as well.

It seems to me that is the real essence of the economic challenge facing this country. □

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB93  
 Title An Act relating to the decentralization of the executive branch of state government  
 Requested by Nancy Groszcek (4954) Date 1/22/81

II. FISCAL DETAIL

Agency Affected All agencies  
 Program Category Affected All categories  
 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		1445.0	220.0	270.0		
300 CONTRACTUAL		182.0	35.9	35.9		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>1607.0</b>	<b>305.9</b>	<b>305.9</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND		1607.0	305.9	305.9		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

FY 82 Fiscal impact should be appropriated to the Office of the Governor, where it will be redistributed to state agencies by reducing appropriations in the Governor's Office and increasing appropriations in other state agencies. The amount requested on this fiscal note is based on consolidating all responses received from agencies to date. As additional analysis is completed or additional information received, this fiscal note may need to be revised. Agency responses are attached.

IV. DATE 3/16/81 PREPARED BY Jeff Morrison *JM*  
 AGENCY Division of Budget and Management  
 PHONE 465-3587  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE TO SB93

FISCAL SUMMARY OF AGENCY RESPONSES

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>
Governor's Office	0	0	0
Administration	0	0	0
Law	0	0	0
Revenue	*	*	*
Education	*	*	*
Health & Social Services	*	*	*
(1) Labor	1,582.0	0	0
Commerce	25.0	305.9	305.9
Military Affairs	0	0	0
Natural Resources	0	0	0
Fish & Game	0	0	0
Public Safety	*	*	*
Environmental Conservation	*	*	*
Community & Regional Affairs	*	*	*
Transportation & Public Facilities	*	*	*
	<hr/>	<hr/>	<hr/>
TOTAL	1,607.0	305.9	305.9

\* No response received. Impact is assumed to be zero until additional information is provided.

(1) Impact of indemnification act was included in Labor response, but is not included in the consolidated fiscal note.

# MEMORANDUM


# State of Alaska

TO: All Administrative Officers

DATE: January 23, 1981

FILE NO:

TELEPHONE NO: ...

FROM: Ronald D. Lehr, Director   
Division of Budget & Management  
Office of the Governor

SUBJECT: Fiscal Note to SB93

We have been asked to prepare a fiscal note to SB93, relating to the decentralization of the executive branch of state government. Since the fiscal impact of this legislation would affect all agencies, the Division of Budget and Management will coordinate the preparation of a single fiscal note. Please prepare a fiscal note for your agency and send it to Budget and Management no later than February 9.

cc: Keith Specking  
Nancy Groszeck

MEMORANDUM

State of Alaska

TO: Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

DATE: February 4, 1981 RECEIVED

FILE NO:

FEB 5 1981

TELEPHONE NO:

BUDGET AND MANAGEMENT

FROM: Tom Bergstrom, Director  
Administration & Management  
Dept. of Natural Resources

SUBJECT: Fiscal Note to SB93

DNR anticipates no fiscal impact should SB93 become law. DNR is already decentralized to a greater degree than contemplated by SB93 and DNR has a delegation of authorities manual which we believe would satisfy 44.18.030(2) and (3).

# MEMORANDUM

# State of Alaska

TO: Ronald D. Lehr, Director  
Division of Budget and Management  
Office of the Governor

DATE: February 17, 1981

FILE NO:

TELEPHONE NO: 465-4120

FROM: Russell H. Clark, Director  
Division of Administration  
Department of Fish and Game

SUBJECT: Senate Bill 93

In response to your request for fiscal notes regarding the above :  
referenced Senate Bill, I have reviewed this item and find it will have  
little or no impact on the Department of Fish and Game.

This Department is currently divided into six regional areas, with five  
regional offices, more than twenty area offices, and twenty hatcheries  
located around the state. The majority of the personnel, full-time and  
seasonal, are not associated with our headquarter's function. Even our  
Division of Administration has 25% of its staff decentralized at the  
present time.

One final comment, this piece of legislation could have a tremendous  
impact on the Department of Administration. I hope they are requesting  
major technology improvement dollars in their fiscal note to decen-  
tralize, or they should request a modification of the proposed legislation  
for Administrative functions.

cc: Mary Jablonski

RECEIVED

FEB 20 1981

BUDGET AND MANAGEMENT

# MEMORANDUM

State of Alaska

RECEIVED  
FEB 9 1981  
BUDGET AND MANAGEMENT

TO: Ron Lehr  
Director of Budget & Management  
Office of the Governor

DATE: February 5, 1981

FILE NO:

TELEPHONE NO: 2277

FROM: Judy Crondahl  
Director  
Division of Administrative Services  
Department of Administration

SUBJECT: Fiscal Note SB 93

In response to your request for a fiscal note for Senate Bill 93, the following information is provided.

The FY 82 level of authorized positions for the Department of Administration is anticipated to be 984 of which 393 (39.9%) would be in central offices in the state capital. By division, the breakdown is as follows:

Commissioner's Office	7
Office of Information Management	6
Risk Management	11
Administrative Services	43
Equal Employment Opportunity	7
Personnel	58
Finance	55
General Services	66
Data Processing	54
Pioneer Benefits	7
Retirement	53
Labor Relations	12
Public Broadcasting Commission	4
Telecommunications	10
Total	393

In order to reduce this to the mandated 15% would require the transfer of 240 positions. It is noted that the restriction of 15% is applied to the total number of state employees and is not necessarily meant to be applied equally to every department. One could assume that it would be more reasonable for Departments which have primary program responsibilities outside the state capital to have fewer than 15% in the capital, and that a central administrative agency such as the Department of Administration might have more. For that reason, no assumptions are made here as to which divisions would be transferred outside the capital. Neither have any assumptions been made as to the number of employees in the Department beyond FY 82.

I hope this provides you with a basis for calculating the costs of the fiscal note. If you have any questions, please call me.

JC/ke

# MEMORANDUM

State of Alaska

TO: Ron Lehr, Director  
Division of Budget and  
Management

DATE: February 23, 1981

FILE NO:

TELEPHONE NO: 465-3500

FROM: Rod Mourant, Director  
Administrative Services

SUBJECT: Fiscal Note SB.93

I apologize for the tardiness of this memorandum. This is to confirm our telephone conversation of a couple of weeks ago during which I indicated the Office of the Governor currently operates its offices in as decentralized an organizational plan as is possible. Consequently, Senate Bill 93 would have no fiscal impact upon this office.

RECEIVED  
FEB 24 1981  
BUDGET AND MANAGEMENT

TO: [ Ron Lehr, Director  
Division of Budget & Management  
Office of the Governor

DATE: 02 Feb 1981

FILE NO:

TELEPHONE NO: 465-4600

FROM: Lois L. Richardson, Director *LR*  
Administrative Services Division  
Department of Military Affairs

SUBJECT: Fiscal Note to SB 93

The fiscal note for SB 93 for the Department of Military Affairs will be -0-. The Department currently has 12 positions in the state capital which is less than 12% of the total department employee of 101. If the capital were to move to another location only 8 or possibly 10 employees would possibly move with the capital as 2 of the current employees in the capital are regional employees. Also, if the capital were moved to the Willow/Anchorage area, these 8 or 10 employees would probably move to the Office of the Adjutant General when they construct their office building at the Fort Richardson complex.

LLR:sl

RECEIVED

FEB 5 1981

BUDGET AND MANAGEMENT

FISCAL NOTE

RECEIVED  
FEB 3 1981  
BUDGET AND MANAGEMENT

I. REQUEST  
Bill/Resolution No. SB 93  
Title "An Act relating to the decentralization of the executive branch of the state government; and providing for an effective date."  
Requested by Budget & Management Date 1/30/81

II. FISCAL DETAIL  
Agency Affected Department of Law  
Program Category Affected General Government, Admin of Justice, Public Protection  
BRU, Program, or Subprogram(s) Affected Legal Services, Prosecution, Consumer Protection  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.) C.J. Planning  
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	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Sect. 1)

No fiscal impact for the Department of Law, would occur as a result of the enactment of SB 93. State capital employees of the department, assigned headquarters duties, currently number far less than 15 percent of the department's total workforce. The Legal Services BRU employs 124 persons. Of this number, 14 employees are assigned to headquarters activities. This BRU has regional and district employees at the following locations: Anchorage (52); Fairbanks (14); Juneau (41); Bethel (1), and; Nome (2).

The regional legal services employees assigned to Juneau are attorneys and legal secretarial support personnel who provide

*Richard I. Pegues*

IV. DATE February 2, 1981 PREPARED BY Richard I. Pegues, Dir., Admin. Sv.  
AGENCY Department of Law  
PHONE 465-3695

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

legal services to heads of other departments, the Governor's Office and, in some circumstances, the legislature. Of the total 55 state capital legal services employees, 35 are assigned to government programs which are directly related to state capital legal services activities. Six legal services employees are devoted to field level legal services for the Southeastern region of the state. It should be noted that the employees assigned to state capital activities, although mostly housed with the headquarters staff, are not involved in the department's management and they do not serve a headquarters function. The remaining 14 state capital employees are, as stated previously, headquarters personnel.

The Prosecution BRU has regional offices and employees at the following locations: Anchorage (58); Bethel (4); Fairbanks (19); Juneau (7); Kenai (7); Ketchikan (4); Kodiak (4), and; Nome (5). This BRU also has a headquarters office in Juneau with 7 employees.

The Consumer Protection BRU has its headquarters in Anchorage. Two employees operate the BRU's Southeast Regional Office in the state capital and these two employees are not involved in any headquarters activities. The BRU has a total workforce of 16 employees.

The Criminal Justice Planning BRU has 15 employees who are all based in the capital city. The mission of the agency is to provide planning, coordination, research and evaluation for components of the criminal justice system. Because these services are primarily provided for headquarters units of other departments, this agency is necessary based in the capital city. Of the agency's 15 employees, two serve a headquarters function.

Out of a total workforce of 270 employees, 23 headquarters employees, or 8.5 percent of the total workforce, are located in the capital city.

FISCAL NOTE

BUDGET AND MANAGEMENT

I. REQUEST

Bill/Resolution No. SB 93  
 Title Decentralization of executive branch  
 Requested by Division of Budget & Management Date 2-9-81

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development & Protection  
 BRU, Program, or Subprogram(s) Affected All

(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			270.0	270.0		
300 CONTRACTUAL		25.0	35.9	35.9		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		25.0	305.9	305.9		

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		25.0	305.9	305.9		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

SEE ATTACHED

IV. DATE February 9, 1981

PREPARED BY Lois Cook, Director  
 AGENCY Department of Commerce & Economic Development  
 PHONE 465-2505 Division of Administrative Services

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

Background:

	Juneau	Anchorage	Fairbanks
Current Positions	134	220	6
Percentage	37%	61%	2%

Number of positions that must be transferred from Juneau to meet 15% limit is 54.

Assumptions:

1. Per employee personal move cost \$10,000
  2. Per employee office move cost 1,000
  3. Per employee office set-up cost 200
  4. Office space per employee;  
100 s.f. @ \$1.30 s.f. 130
- \$11,330 x 54 = \$611,820
5. Assumed office space in Juneau would remain a cost to the State since all employees are in the S.O.B. and it would remain vacant.

FY '82 funds required to develop a plan for relocating the 54 employees.

The actual relocation of employees would occur during fiscal years 83 and 84.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 93  
 Title "An Act relating to the decentralization and providing an effective "  
 Requested by Parr and Stimson Date 2/9/81

II. FISCAL DETAIL

Agency Affected Labor  
 Program Category Affected All Programs  
 BRU, Program, or Subprogram(s) Affected All BRU's  
 (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	-0-	1,445.0				
300 CONTRACTUAL		137.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		4,845.0				
<b>TOTAL</b>	<b>-0-</b>	<b>6,427.7</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	6,427.7	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

The impact of Senate Bill 93, relating to the decentralization of the executive branch of the State government would have the following impact to our agency:

Based on the Department of Administration's PCN Listing Report of January 27, 1981, our agency has 598 filled positions statewide. A limitation of 15 percent to the number of State employees in the Capital would allow 90 positions in Juneau. Currently the Department has 292 employees in Juneau, of which 32 employees are local and regional employees. The limitation would require 170 employees to move.

In the computation of the estimated cost for this move the agency used the following assumptions:

-continued- *Nico Bus*

IV. DATE 2/11/81 PREPARED BY Nico Bus, Finance Officer  
 AGENCY Labor  
 PHONE 465-2720

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

4/13/82

Introduced: 1/16/81  
Referred: State Affairs

1 IN THE SENATE BY PARR AND STIMSON

2 SENATE BILL NO. 93

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 For an Act entitled: "An Act relating to the decentralization of the execu-  
6 tive branch of the state government; and providing for  
7 an effective date."

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

9 \* Section 1. LEGISLATIVE FINDINGS. The legislature finds that there is  
10 a growing tendency to centralize decision making at the top levels of the  
11 principal executive departments, that this centralization results in in-  
12 creased numbers of intermediaries between commissioners and the state  
13 officers and employees who directly render services to the public, and that  
14 this results in inefficient, time-consuming, expensive, and often unneces-  
15 sary review and approval procedures and discourages the use of initiative by  
16 state officers and employees. The legislature further finds that central-  
17 ization results in an overly large number of state officers and employees in  
18 the state capital and a corresponding insufficiency at the regional, dis-  
19 trict, and local offices where services are directly rendered to the public.  
20 The legislature finds it necessary and in the public interest to mandate a  
21 decentralization of decision-making authority to regional, district, and  
22 local offices and to limit the number of state officers and employees in the  
23 headquarters offices in the state capital.

24 \* Sec. 2. AS 44 is amended by adding a new chapter to read:

25 CHAPTER 18. DECENTRALIZATION OF EXECUTIVE BRANCH.

26 Sec. 44.18.010. EFFECTIVE DATE OF DECENTRALIZATION. After  
27 June 30, 1985 no more than 15 percent of the total number of state  
28 employees may be employed in the headquarters offices of the principal  
29 executive departments in the state capital.

1           Sec. 44.18.020. DETERMINATION BY THE GOVERNOR. Within 180 days  
2 of the effective date of this Act the governor shall prescribe, for  
3 each department of the executive branch, the number of employees who  
4 may be employed in the state capital. The governor may from time to  
5 time amend this directive.

6           Sec. 44.18.030. DEPARTMENTAL PLANS. Each department shall  
7 prepare a plan for the phased decentralization of its activities to  
8 meet the ceiling imposed by the governor. Each plan shall include:

9                   (1) the location of each regional, district, or local office  
10 now established or to be established;

11                   (2) the scope of authority of the state officer or employee  
12 in charge of the office;

13                   (3) the scope of the decision-making authority reserved to  
14 the commissioner or his immediate subordinates in the state capital;  
15 and

16                   (4) recommendations for legislation needed to carry out the  
17 provisions of this chapter.

18           Sec. 44.18.040. REPORT BY THE GOVERNOR. The budget submitted by  
19 the governor for fiscal year 1984 and fiscal year 1985 shall be accom-  
20 panied by a report of the progress made in implementing this chapter.

21           Sec. 44.18.050. BUDGET PREPARATION. No budget for 1986 or suc-  
22 ceeding fiscal years may propose to employ more than 15 percent of the  
23 total number of state employees in the principal executive departments  
24 in the state capital.

25           Sec. 44.18.060. REGIONAL, DISTRICT, OR LOCAL OFFICES IN THE STATE  
26 CAPITAL. Nothing in this chapter prohibits the establishment of a  
27 regional, district, or local office of a principal executive department  
28 in the state capital if there is a clear functional division between it  
29 and the headquarters office. Employees in the regional, district, or

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local office may not be counted against the ceiling prescribed by the governor under AS 44.18.020.

*Which  
are  
these*

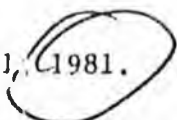


Sec. 44.18.070. EXCLUSION OF DEPARTMENTS. Departments of the executive branch which on the effective date of this Act have their headquarters offices located in a city other than the state capital are excluded from the computation of total number of state employees under AS 44.18.020.

Sec. 44.18.080. INCLUSION OF DIVISIONS. Divisions which on the effective date of this Act are located in a city other than the state capital shall be included in departmental plans for phased decentralization of activities required by AS 44.18.030.

\* Sec. 2. Plans required under AS 44.18.030 shall be submitted to the First Session, Thirteenth Legislature, no later than 10 days after it convenes.

\* Sec. 3. This Act takes effect July 1, 1981.



This bill would impact only  
Budget & Management (According  
to fiscal note) isn't scope  
therefore too broad and isn't  
Finding (Section 1) word,

This Bill has a Fiscal note & should  
have a further referral to Finance

One of the things people want more  
access to is the Legislature -- this  
bill makes no provision for that.  
{ A move bill in sheep's clothing }

S

B

97

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. S.B. 97  
 Title Naming the North Slope haul road after James Dalton  
 Requested by State Affairs Committee Date 1/20/81

II. FISCAL DETAIL  
 Agency Affected Department of Transportation and Public Facilities  
 Program Category Affected Transportation  
 BRU, Program, or Subprogram(s) Affected M&O- Interior Region, Highways  
 (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		2.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	2.0	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND		2.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Assumes costs associated with sign to indicate the new name.  
 Would be a one time cost.

IV. DATE January 22, 1981 PREPARED BY Ron B. Lind  
 AGENCY Dept. of Transportation & Public Facilities  
 PHONE 465-3900  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

James W. Dalton

Jan. 30 1913 - May 9, 1977

James W. Dalton was born Jan. 30, 1913 in Seattle, Wash. He (like Senator Bob Bartlett) always regretted that he was not born in Cordova, the community where his parents resided. Reason for the Seattle birth: Cordova was just emerging as a port and terminus for the Kennicott Copper enterprise at McCarthy. There was no hospital, and there was no doctor. Jim's mother traveled to Seattle for the birth. She returned to Cordova when Jim was two weeks old. The family - which was increased in 1916 with the birth in Cordova of a daughter, Josephine - remained in Cordova for a period of approximately seven more years.

Parents: John (Jack) Dalton, who came to Alaska in 1882 and had prior to his Cordova ~~residence~~ residence, had lived in Sitka, Juneau, Haines, Porcupine Creek (his history is pretty well documented in Dalton Trail historical writings).

Mother was Anna Theresa Krippaghne Dalton.

During early years (grade and highschool) Jim lived in Seattle and Yakima, Wash. He attended school in San Francisco at a boys boarding school, but I do not have the name of that academy at this time.

Jim Dalton attend college at Washington State at Pullman. He transferred to the University of Alaska at Fairbanks where he continued and completed his degree. His degree was in mining engineering. Graduated in 1937.

Between graduation and his enlistment in the U.S. Navy Seabees in 1942, Jim worked for F.E. Co (Fairbanks Exploration Company, a subsidiary of U.S. Mining, Refining and Smelting) and for various other gold mining interests. He spent those year principally in Fairbanks, working with F.E. (and other interests) on Fairbanks Creek, Cleary Mine, American Creek (near Tofty and Manley) ~~and other interests~~ Chena Hot Springs, the Circle District,

His intent, when he selected the Seabee ~~service arm~~ service arm of the U.S. Navy, was to be able to participate in the Seabees 1945 venture into the Arctic. Naval Petroleum Reserve No. 4 (now National Petroleum Reserve - Alaska) would be explored over the next decade and he wanted to be part of that effort. He reasoned that his mining engineering degree in addition to his many years of practical experience in northern and Arctic engineering and mining would be a valuable asset to the Pet-4 operation. The Navy thought differently and assigned him to Dutch Harbor, San Francisco and even Hawaii.

As soon as he was able to get out of the Seabees in 1946, Jim was employed as a project engineer by Arctic Contractors, the consortium that was the execution contractor to the Office of Petroleum and Oil Shale Reserves. Arctic Contractors was composed of Greene Construction, Lytle Construction and other or another firm the name of which escapes me.

-2-

He managed to get into the NPR-4 project - a year or so after the Seabees began their exploratory program...AND as a civilian engineer instead of a Navy Seabee engineer.

He continued with Arctic Contractors until the completion of the NPR-4 project in the fall of 1953. He had been promoted through the years and ended as project superintendent.

In 1954 he conducted a study for the Alaska Development Board on the use of Gubik (Gubik is a petroleum structure east of Umiat on the Arctic Slope) gas. That was a comprehensive study of the possibilities of gas transmission lines to the Interior PLUS many other engineering and economic aspects of Gubik gas. Jim was conscripted by Puget Sound Drake Company for more duty at Barrow.

As relations with Russia and the United States deteriorated and the U.S. Dept. of Defense developed the DEW Line (Distant Early Warning Line) concern for electronic and radar detection, new military emphasis was put on Alaska. Jim was asked, and accepted, to be project superintendent of the Western sector construction of the DEW Line, headquarters in Barrow. It was December 1954 when he and Marion Nicholson went back to Barrow and began gathering local workers (almost 100% Eskimo to begin with) and opening a base camp. That project came to life and the DEW Line was built, completion about January 1958. It is worthy of note, perhaps, that the Western sector of the DEW Line was constructed for \$25 million less than estimated. The Canadian and Greenland legs were over considerably. Jim could have taken lots of credit for that, but he didn't. His nature was one of great personal modesty. He always ~~could~~ could find reason to applaud someone else for the many successes he was involved in. One thing he did point out on this particular issue was the local hire (Eskimos), the experienced Arctic hands (former Arctic Contractor personnel who had fought and won over the Arctic conditions in the past years on the NPR-4 project).

After 1958 Jim participated in numerous projects for oil, mineral exploration. He specialized in Arctic logistics, but, of course, his many years experience in on-site cold weather engineering put him in demand for many tough engineering problems that cropped up on the North Slope.

He did a considerable amount of work on a consulting (and on site) basis for Phillips Petroleum, Colorado Oil and Gas, Sinclair Oil and Gas. He also was available to many of the geophysical service companies that operated in a grid pattern across the North Slope for many, many years prior to the ARCO discovery in 1968.

There have been many, many winter trails ~~across~~ East and West and North and South that have been staked, plowed and used...planned by Jim Dalton. Winter freighting across roadless tundra was an established practice long before the State of Alaska authorized a winter trail from Hess Creek (north of Livengood) across the Yukon River and on to

The natural gas distribution system at Barrow was another major project Jim was involved in. He also helped plan and build the airport at Barrow.

Years prior to those modern improvements, Jim built many airstrips for winter use as well as constructing some permanent strips at places like Barter Island, Sagwon.

Sig Wien flew Jim and another person to Barter Island in 1947 in a float plane. A LST (landing craft) had gone in by sea with materials and equipment for constructing the first mat landing strip. The two tractors that were landed and then used for anchoring the landing craft were pulled into the salt water (freak mix up in orders to the man at the controls). They managed to float the equipment and get it back on shore. Drained the salt water out of the cylinders and hidden holes in the engine and got them running. That's quite a story in innovative problem solving in the Arctic and would take some paragraphs to tell...but not important here. It's an example, however, of the tough "poor boy" days in early exploration in the Arctic.

In the 1960's Jim did some planning work for the NORTH Commission and that group's dreams (mostly Wally Hickel's dreams) of laying out the route for a railroad to the North Slope. He also did some trail staking for later over-land winter roads to the Slope.

This is very general. I perhaps could elaborate on aspects of his many years in the Arctic if you need more specifics.

S

B

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8

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S.B. 98 An act relating to the naming of highways, vessels,  
Title marine facilities, and public works constructed by the state.  
Requested by State Affairs Committee Date 1/20/81

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities  
Program Category Affected M&O -  
BRU, Program, or Subprogram(s) Affected All  
(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	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The assignment of a zero cost is based upon the assumption that there would be few name changes and that the current methods of denoting the names would remain. If there is a significant number of changes or additional signing required, additional costs will be incurred.

IV. DATE January 22, 1981 PREPARED BY Ron B. Lind  
AGENCY Dept. of Transportation & Public Facilities  
PHONE 465-3900  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

S B

104



# NATIONAL ORGANIZATION FOR WOMEN

Anchorage Chapter

P.O. Box 1722

Anchorage Alaska 99510

March 24, 1981

Senator Vic Fisher  
Senate Staff  
Pouch V, State Capitol  
Juneau, Alaska 99811

Dear Senator Fisher:

On behalf of the Anchorage Chapter of the National Organization for Women, I wish to comment on Senate Bill No. 193, Senate Bill No. 104, and Senate Bill No. 248.

Senate Bill No. 193 entitled: "An Act amending the State Personnel Act (AS 39.25); and providing for an effective date."

A proposed amendment, change in language page 14, line 22,

...after the word age,... strike "or",

...insert "marital status, changes in marital status,"

...continue with "handicap,"

...insert "or any other non-merit reason."

Proposed language would be (line 21) "...discrimination due to race, sex, color, religion, national origin, age, marital status, change in marital status, handicap, or any other non-merit reason." These changes would strengthen this non-discrimination statement. Employment status should not be inhibited by a persons marital situation or other reasons not effecting their work performance.

Senate Bill No. 248 is a good bill and will strengthen equal employment opportunities for both women and minorities within the executive branch. This bill has our support.

Senate Bill No. 104 is unacceptable. Historically veteran's preference legislation has proven to have a negative impact on women in the job market. The variation in numbers of women who qualify for veteran's benefits as compared to the numbers of men is an inhibiting factor to equal employment opportunities for women.

Your consideration of these comments is appreciated.

Sincerely,

*Madeline G. Holdorf*

Madeline G. Holdorf  
President

cc: Labor Committee  
Anchorage Chapter, National  
Organization for Women

Sen Bradley

AMENDMENT

Page 2, Line 6: After the word "qualifications," insert "and all other things pertinent to position status"

Page 2, Line 8 through 10: After the word "veteran", delete remainder of the sentence and insert the following sentence: "If a veteran or disabled veteran desires to waive his additional preference points for an entry position into the classified service, he may, at his discretion, use those points at a later time for another position within the same job classification exclusive of an area of promotion."

Page 2, Line 12: Delete "90" and insert "181"

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 104

Title An act relating to veteran's preference in State employment

Requested by Senator Bradley

Date January 28, 1981

II. FISCAL DETAIL

Agency Affected Administration

Program Category Affected General Government

BRU. Program. or Subprogram(s) Affected Personnel

(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		9.8	54.8	60.3	66.3	72.5
200 TRAVEL						
300 CONTRACTUAL		8.1	8.9	9.8	10.8	11.9
400 COMMODITIES		.6	.7	.7	.8	.9
500 EQUIPMENT		7.0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>65.5</b>	<b>64.4</b>	<b>70.8</b>	<b>77.9</b>	<b>85.7</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		65.5	64.4	70.8	77.9	85.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		1	1	1	1	1
PART TIME		2	2	2	2	2
TEMPORARY						

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

The statutory time requirement in proposed AS 39.25.185 (a) (3) and the necessary procedures to insure the proper executive of AS 39.25.185 (a) (4) and (5) requires the addition of a Personnel Technician to the Juneau certifications unit of the Division of Personnel and clerical support in both the Juneau and Anchorage Offices. FY 82 costs include initial equipment work stations. FY 83 and following are inflated @ 10%. Spaces costs at 2.7 per position are also included.

Agencies to which the Division of Personnel has delegate certification authority will also be effected.

IV. DATE 2/5/81 PREPARED BY Michael P. McMullen  
 AGENCY Division of Personnel  
 PHONE 465-4430

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

*gc*

# A Survey of Veterans' Preference Legislation in the States

By Charles E. Davis

FOR NEARLY 40 YEARS, the American military veteran has benefited from governmental personnel policies designed to provide compensation for services rendered and disrupted career plans.<sup>1</sup> The Veterans' Preference Act of 1944, for example, boosted employment opportunities of veterans seeking jobs in the federal government by adding individuals honorably discharged from active duty in the armed services or their dependents to the list of those eligible for preference.

Benefits ranged from absolute preference for selected positions (e.g., guards, elevator operators, messengers and custodians) to the addition of five points to any nondisabled veteran achieving a passing score on a civil service exam. It also provided preferential treatment for veterans in any subsequent reductions-in-force. Under the Veterans' Readjustment Act of 1956, these privileges were extended to peacetime veterans serving as little as six months of military service. The impact of these laws is illustrated by some recent statistics cited by Alan K. Campbell. Although veterans comprise only one fourth of the eligible workers in the United States, they make up 50 percent of the federal work force and hold 65 percent of the top civil service positions.<sup>2</sup>

Despite the continuing importance of veterans' preference legislation (hereafter referred to as VPL) in affecting the recruitment, selection, promotion and tenure of federal public employees, state-related developments have received little attention from personnel analysts or students of the administrative process. These trends merit a further look for two principal reasons. While much of the state veterans' preferential legislation is patterned after federal initiatives, there is, nevertheless, considerable diversity in the number and variety of benefits offered. For example, most states require reemployment rights for veterans in their premilitary vocation, preferred status vis-a-vis nonveteran public employees should reduction-in-force become necessary, and absolute preference for

selected jobs usually associated with a bureau or division of veterans' affairs. In addition, however, a few states have granted bonus points for promotional considerations or employment privileges for the spouse of a nondisabled veteran as well as various idiosyncratic practices scattered throughout the country.

It is evident that state policymakers will be faced with serious questions regarding the compatibility of already generous VPL with an increasing number of women and minorities seeking public employment. Information about the kinds of benefits available to veterans in various states would better enable public officials to balance such differing values as "reward for prior military sacrifice and/or service" with "equity" and "merit" in the process of making personnel-related decisions. The central purpose of this article is to provide a brief analysis of state laws affecting the employment prospects of veterans. Of particular concern is the relative generosity of each state in awarding preference benefits to veterans and the sociodemographic characteristics which differentiate more liberal states from those providing fewer benefits.

## Findings

To make valid comparisons about the relative strength of veterans' preference legislation, an index was constructed for each state (see Table 1). The criteria used in the calculation of these indices included appointment or promotional preference for nondisabled veterans in selected jobs (1 point), absolute preference or bonus points for all or most jobs under classification (2 points), and bonus points for promotions in all or most civil service jobs (2 points). A like number of points were also awarded in each category if the spouse of a nondisabled veteran were granted similar privileges. The cumulative scores ranged from no points (Delaware) to six points (Indiana and New Jersey), and a slight majority of the states (26) emerged with a three-point total.

The next step was to determine whether states providing generous veterans' preference benefits had any distinctive political or demographic features. As Table 2

Charles E. Davis is Assistant Professor in the Department of Public Management at Suffolk University in Boston.

indicates, the strength of the state VPL index was somewhat more pronounced in the Midwest and Northeast, while Western states were least likely to provide veterans with statutory advantages for public employment. For example, Arizona and New Mexico give preference to veterans seeking employment in their respective bureaus of veterans' affairs, but do not extend these privileges to include jobs classified under state civil service. No Western states awarded absolute preference or bonus points for promotions within the state civil service, and only Montana permitted the addition of bonus points to the test scores of a veteran's family members. A small number of Northeastern and Midwestern states, on the other hand, were inclined to adopt these measures.

Of equal importance are the socioeconomic and demographic characteristics of state governmental jurisdictions. States ranking high on the VPL index tend to be more populous, wealthier on a per capita basis, and less receptive to the influence of interest groups (see Table 2). These results would appear to contradict the more commonsensical view that military life and the well-being of its personnel have always been held in greater esteem in the more traditional parts of the country—i.e., the South and the West. One might presume that veterans would benefit not only from the good will and political support of Southern legislators wielding positions of authority in the armed services committees of the U.S. House of Representatives and the Senate, but also a favorable political climate which has resulted in the disproportionate allocation of federal military installations in the South.<sup>3</sup> Under these circumstances, politically conservative state legislators would perceive veterans' preference benefits not as social welfare legislation but as the just rewards for individual military service or sacrifice.

A more plausible interpretation of these findings, however, directs attention to the perception of veterans by state legislators as a significant political constituency. The negative relationship found between interest group strength in the states and the provision of generous veterans' preference benefits suggests that legislative success does not result from the organizational or lobbying skills of veterans organizations, such as the American Legion, the Veterans of Foreign Wars or the Disabled Veterans. As Levitan and Cleary have indicated, these groups have tended to play a more passive role in the legislative process, preferring to rely on the judgment of elected policymakers for the appropriate level of benefits received.<sup>4</sup> It thus appears that support for VPL may be less a function of group mobilization than the realization by individual political candidates of the electoral benefits to be gained from appeals to the interests of veterans and their families.

### Discussion

The survey results indicate that the number and variety of veterans' preference laws in the states are affected by such demographic factors as population size, region, per

capita income and interest group strength. Veterans seeking employment in state government are likely to compete with relatively greater advantage in the more populous, wealthier states of the Midwest and the Northeast.

Although it is beyond the scope of this paper to provide a detailed analysis of the interrelationships between veterans' preference and other personnel issues of concern to state decision-makers, a number of policy implications and suggestions for further research bear mention. Veterans' preference affects nearly all phases of personnel management, but it is obviously the selection of public employees which has provoked the most serious controversy. All states classified as "medium" or "high" on the VPL index gave nondisabled veterans at least a five-point bonus on civil service exams—a practice which is viewed with a measure of disdain by civil service reformers favoring strict adherence to merit principles as well as supporters of affirmative action programs who feel that minorities and women have long been excluded from responsible government jobs. An additional irritant to affirmative action proponents is the awarding of bonus points to veterans for promotional purposes by a few of the more generously inclined states. Clearly, more research on the impact of veterans' preference laws on the proportion of minorities and women hired by state government (in relation to their numbers in the general population or relevant labor markets) would be of interest to elected public officials as well as manpower analysts.<sup>5</sup>

To a lesser degree, state VPL is of concern to nonveteran members of public unions or employee associations. Any advantages enjoyed by ex-veteran public employees in regard to promotions or reductions-in-force may be viewed as contrary to the seniority principle, which is viewed by many labor officials as the fairest method of deciding who benefits (as well as who loses—a point often made by affirmative action proponents). Ultimately, policymakers hoping to achieve the allocation of human resources in an equitable and efficient manner will have to confront the necessity of trade-offs. The reconciliation of such diverse values as "reward," "merit," "equity," and "organizational tenure" into an integrated policy framework is an undertaking deserving a prominent place on the research agenda of the 1980s.

### Notes

1. The most concise treatment of veterans' preference legislation in the federal government is found in O. Glenn Stahl, *Public Personnel Administration*, 6th ed. (New York, N.Y.: Harper & Row, 1971), pp. 137-43.

2. Alan K. Campbell, "Civil Service Reform: A New Commitment," *Public Administration Review*, 38 (March/April 1978), pp. 99-103.

3. Nicholas Henry, *Public Administration and Public Affairs*, 2nd ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1980), p. 420.

4. Sam Levitan and Karen A. Cleary, *Old Wars Remain Unfinished: The Veterans' Benefit System* (Baltimore, Md.: Johns Hopkins University Press, 1973), p. 15.

5. The author has begun such a task in an exploratory fashion; see, e.g., Charles E. Davis, "Veterans' Preference, Affirmative Action, and Public Employment," a paper presented at the 1980 annual meeting of the Southwest Political Science Association in Houston.

Table 1  
THE RELATIVE STRENGTH OF STATE VETERANS' PREFERENCE LEGISLATION

States (a)	Veterans' Preference Benefits						Total points (b)
	Selected positions			Civil Service positions			
	Appointment preference or bonus points	Appointment preference or bonus points (veteran's relatives)	Preference or bonus points for promotions	Appointment preference or bonus points	Preference or bonus points (veteran's relatives)	Preference or bonus points for promotion	
Alabama	1	1	..	2	..	..	4
Arizona	..	..	..	2	..	..	2
Arkansas	..	..	..	2	..	..	2
California	1	..	..	2	..	..	3
Colorado	1	..	..	2	..	..	3
Connecticut	..	..	..	2	2	..	4
Delaware	..	..	..	..	..	..	0
Florida	1	..	..	2	..	..	3
Georgia	1	1	..	2	..	..	4
Idaho	1	..	..	2	..	..	3
Illinois	1	..	1	2	..	..	4
Indiana	1	1	..	2	2	..	6
Iowa	1	..	..	2	..	2	5
Kansas	1	..	..	2	..	..	3
Kentucky	1	..	..	2	..	..	3
Louisiana	1	..	..	2	..	..	3
Maine	1	..	..	2	2	..	5
Maryland	1	..	..	2	..	..	3
Massachusetts	1	..	..	2	..	..	3
Michigan	1	..	..	2	..	..	3
Minnesota	1	..	..	2	..	..	3
Mississippi	1	..	..	2	..	..	3
Missouri	1	..	..	2	..	..	3
Montana	1	..	..	2	2	..	5
Nebraska	1	..	..	..	..	..	1
Nevada	1	..	..	2	..	..	3
New Hampshire	1	..	..	2	..	..	3
New Jersey	1	..	1	2	2	..	6
New Mexico	1	..	..	..	..	..	1
New York	1	..	..	2	..	2	5
North Carolina	1	..	..	2	..	2	5
North Dakota	1	..	..	2	..	..	3
Ohio	1	1	..	2	..	..	4
Oklahoma	1	..	..	2	..	..	3
Oregon	1	..	..	2	..	..	3
Pennsylvania	1	..	..	2	..	..	3
Rhode Island	1	..	..	2	..	..	3
South Carolina	1	..	..	2	..	..	3
South Dakota	1	..	..	2	..	2	5
Tennessee	1	..	..	2	..	..	3
Texas	1	..	1	2	..	..	4
Utah	1	..	1	2	..	..	4
Vermont	..	..	..	2	..	..	2
Virginia	..	..	..	2	..	..	2
Washington	1	..	..	2	..	..	3
West Virginia	1	..	..	2	..	..	3
Wisconsin	1	..	..	2	..	..	3
Wyoming	1	..	..	2	..	..	3

Source: U.S. Congress, Committee on Veterans' Affairs, *State Veterans' Laws*, House Committee Print No. 6, 96th Congress, 1st sess., 1979.

(a) Alaska and Hawaii were excluded from the analysis. Their politics are imbued with cultural and ethnic strains not typical of the contiguous United States, and their experience with veterans' preference legislation is comparatively recent.

(b) The criteria used in the calculation of these indexes included appointment or promotional preference for nondisabled veterans in selected jobs (one point), absolute preference or bonus points for all or most jobs under classification (two points), and bonus points for promotions in all or most civil service jobs (two points). A like number of points was also awarded in each category if the spouse of a nondisabled veteran were granted similar privileges. The decision to assign one point or two for a given benefit was based on the number of people likely to be affected by such legislation; for example, a statute reserving the directorship of a state veterans bureau for military veterans would have little impact and thus be assigned one point.

Table 2

## THE STRENGTH OF VETERANS' PREFERENCE LEGISLATION, INCOME RANK, POPULATION RANK, REGION, AND INTEREST GROUP LEVERAGE

States	Strength of veterans' preference legislation (a)	Income rank (b)	Population rank (b)	Region (c)	Interest group leverage (d)
Alabama	strong	46	21	3	high
Arizona	weak	26	32	4	high
Arkansas	weak	50	33	3	high
California	moderate	7	1	4	high
Colorado	moderate	12	28	4	low
Connecticut	strong	3	24	1	low
Delaware	weak	15	48	1	medium
Florida	moderate	14	8	3	high
Georgia	strong	37	14	3	high
Idaho	moderate	36	41	4	..
Illinois	strong	8	5	2	medium
Indiana	strong	29	12	2	low
Iowa	strong	22	25	2	high
Kansas	moderate	20	31	2	medium
Kentucky	moderate	43	23	3	high
Louisiana	moderate	49	20	3	high
Maine	strong	44	38	1	high
Maryland	moderate	4	18	3	medium
Massachusetts	moderate	16	10	1	medium
Michigan	moderate	17	7	2	high
Minnesota	moderate	19	19	2	high
Mississippi	moderate	51	29	3	high
Missouri	moderate	33	15	2	low
Montana	strong	31	43	4	high
Nebraska	weak	27	35	2	high
Nevada	moderate	6	47	4	medium
New Hampshire	moderate	32	42	1	..
New Jersey	strong	5	9	1	low
New Mexico	weak	12	37	4	high
New York	strong	11	2	1	medium
North Carolina	strong	41	11	3	high
North Dakota	moderate	9	46	2	..
Ohio	strong	24	6	2	medium
Oklahoma	moderate	39	27	3	high
Oregon	moderate	21	30	4	high
Pennsylvania	moderate	30	4	1	medium
Rhode Island	moderate	25	39	1	low
South Carolina	moderate	45	26	3	high
South Dakota	strong	35	45	2	medium
Tennessee	moderate	42	17	3	high
Texas	strong	34	3	3	high
Utah	strong	38	36	4	medium
Vermont	weak	40	49	1	medium
Virginia	weak	18	13	3	medium
Washington	moderate	13	22	4	high
West Virginia	moderate	47	34	3	medium
Wisconsin	moderate	..	16	2	high
Wyoming	moderate	23	50	4	low

(a) The following criteria were employed to classify states as "weak," "moderate," or "strong": the allocation of appointment preference to nondisabled veterans or their relatives for selected jobs (1 point), the allocation of preference or bonus points to nondisabled veterans or their relatives for promotions in selected jobs (1 point), the allocation of appointment preference or bonus points to veterans and their relatives for jobs classified under state civil service (2 points), and the allocation of preference or bonus points for promotions to nondisabled veterans for civil service jobs (2 points). States receiving a cumulative score of two points or less were classified as "weak," those with three points were termed "moderate," and the "strong" states had more than three points.

(b) These figures were obtained from the 1977 *City and County Data Book* (Washington, D.C.: Bureau of the Census).

(c) States were grouped into four regional categories: 1—Northeast, 2—Midwest, 3—South, 4—West. The classification scheme was adopted from studies conducted by the Center for Political Studies at the University of Michigan.

(d) The measure of interest group strength used here is actually a composite index based on three variables—strength of party competition, legislative cohesion, and the socioeconomic variables of the urban population (including per capita income and the percentage of the population employed in occupations other than agriculture, forestry, and fishing). This index was adopted from L. Harmon Zeiper and Hendrick van Dalen, "Interest Groups in the American States," in Herbert Jacob and Kenneth N. Vines, eds, *Politics in the American States*, 2nd edition (Boston, Mass.: Little, Brown & Co., 1971), p. 127.

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O

POSITION PAPER  
SENATE BILL No. 110

"An Act making a special appropriation to the Department of Transportation and for a senior citizens' building in Chugiak; and providing for an effective date."

The Department of Health and Social Services supports the concept of the State providing general funds for the building of such facilities as senior citizens' centers. It is estimated that over 1400 seniors reside in the Chugiak - Eagle River area.

However, in order to be consistent with the most recent legislation regarding this subject, A.S. 37.05.315 State Grants, it is recommended that Section 1 of the Act be amended to read as follows:

The sum of \$2,700,000 is appropriated from the general fund to the Municipality of Anchorage, under provision contained under A.S. 35.05.315, for the purposes of the design and construction of a senior citizens' building in Chugiak.

Recommended by Elizabeth Muktarian  
Elizabeth Muktarian  
Director  
Division of Adult &  
Aging Services

Date: 2/9/81

Approved by: Helen D. Beirne  
Helen D. Beirne  
Commissioner  
Department of Health &  
Social Services

Date: 2/12/81

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill # 110  
 Title An Act making a special approp. to the DOT & PF for a Sr. Cts. bldg  
 Requested by Chugiak. Date 2/3/81

II. FISCAL DETAIL

Agency Affected Department of Health & Social Services  
 Program Category Affected Social & Economic Assistance for the aged.  
 BRU, Program, or Subprogram(s) Affected Aging Grants  
 (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.						
<b>TOTAL</b>		-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Zero impact

IV. DATE 2/3/81 PREPARED BY D. V. [Signature]  
 AGENCY Division of Health & Aging Services  
 PHONE 465-3250  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) H&B Approval [Signature] Date 2/3/81

S B

121

## SECTIONAL ANALYSIS OF SB 827

- Sections 1 and 2 would prevent abuse of the TRS by amending AS 14.20.345 (d) and (f) so that LWOP would not be creditable unless certified by the school district as being for educational purposes. This results in no measurable change in costs since the teacher will continue to pay the same portion of the cost (based on when the payment is made) to fund the attendant benefits.
- Sections 3-5 would amend AS 14.25.020, 14.25.022, and 14.25.035 to state clearly the role of the Teachers' Retirement Board in the adoption and promulgation of regulations. The change makes the role of the TRS Board in this area identical to that of the Public Employees' Retirement Board. Under the existing language, the system administrator functions in this capacity without any clear mandate that he consult the board.
- Sections 6, 15-16 and 19-21 would alter the death/survivor benefit provisions of the TRS. Specifically, the supplemental contributions provision would be eliminated for all teachers hired on or after July 1, 1982, open enrollment for the supplemental contributions provision would be eliminated, and equitable occupational and nonoccupational death benefits and joint and survivor options, such as currently exist in the PERS, would be created. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982. In addition, Section 21 creates a procedure for the designation of beneficiaries under the TRS which is identical to that in the PERS. This should substantially reduce uncertainty as to entitlement in the event of the death of a member.
- Section 7 would amend the manner of discharging indebtedness under the TRS to bring it into conformity with the PERS.
- Sections 8 and 57 would ensure that, in accordance with the Alaska Constitution, accrued benefits under the TRS and PERS may not be diminished by claiming service credit.
- Section 9 would bring the statutes into conformity with current practice. The sentence in question was inadvertently omitted when the TRS statutes were amended by Chapter 13, SLA 1980.
- Section 10 corrects statutory references. These references should have been changed at the time the TRS statutes were amended by Chapter 13, SLA 1980.
- Section 11 would amend the provisions for Conditional Service Retirement Benefits to allow a member (1) to use his PERS salary if it is higher than his TRS salary, and (2) to figure his conditional service benefit based on all credited service rather than just membership service.

Section 12 would amend AS 14.25.130(a) to streamline the disability retirement application procedure. It provides a definite starting point in the procedure by setting as the first step the termination of employment due to the disability. Additionally, it resolves an existing inequity wherein a member has enough years of membership service to qualify for disability but is over 55 and does not qualify for normal retirement. Under present law, such an individual would be in a "Catch-22" situation -- disabled and unable to work, but needing to work to gain the necessary credit to qualify for normal retirement and being too old to qualify for disability.

Sections 13 and 51 would correct drafting errors in AS 14.25.143(b) and AS 39.35.475(b) committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This is not a substantive change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Sections 14 and 27 would amend the refund provisions of the TRS to conform with current practice and allow for the refunding of interest paid on an indebtedness. "Member contribution account" is defined to include all of the other accounts.

Section 17 would amend AS 14.25.160(b)(1) to agree with the changes in Sections 14 and 27 of this bill.

Section 18 would eliminate an existing inequity by amending AS 14.25.162(b)(1) to allow a dependent child to interrupt his schooling without permanently losing his survivor's allowance payment.

Sections 22, 32, and 56 would conform the statutes to the longstanding practice of providing major medical insurance coverage to spouses and dependent children of retirees, as well as retirees themselves in the TRS, the PERS and the contributory and noncontributory Judicial Retirement Systems.

Section 23 adds the appropriate statutory references to AS 14.25.169 to be in agreement with the death/survivor benefit changes in Sections 6, 15-16 and 19-21 of this bill. In addition, Section 23 puts into law three previously unwritten principles of equity which have been at the heart of the TRS since its inception: a teacher may not receive 1) duplicate TRS credit for the same period of service; 2) more than one year of credit during a school year; or 3) benefits while accruing service credit except as provided in AS 14.25.169.

Sections 24 and 54 amend AS 14.25.175(a) and AS 39.35.522(a), respectively, to eliminate arbitrary, potentially detrimental requirements which must be met by persons wishing to appeal before the TRS or PERS Board.

- Sections 25 and 62 would clarify what is and is not included in "compensation" for purposes of retirement in the TRS and PERS. This language is consistent with longstanding practice and does not constitute a change.
- Section 26 expands the definition of "credited service" to include "territorial employment" as provided under AS 14.25.105 which should have been done in 1980 when AS 14.25.105 was passed.
- Section 28 defines "territorial employment" as it is used in Section 26.
- Section 29 exempts insurance premiums paid by the State from the tax levied under AS 21.09.210. This does not have any ultimate fiscal impact since the premium taxes are passed on. It will serve to increase competition among insurance carriers.
- Sections 30-31 and 33-34 would add new sections to AS 22.25 and AS 26.05. The sections, which should have been added when the statutes were amended by Chapter 146, SLA 1980, set up accounting systems for the Judicial Retirement System and the Alaska National Guard Retirement System which are now on an actuarially funded basis. The sections are modeled after the one in place in the PERS, AS 39.35.100. The money in the funds may be invested in the same manner as money in the PERS, AS 39.35.110.
- Section 35 would clarify the direction in AS 39.30 to the Department of Administration to include retired persons in the group insurance program. Also clarifies AS 39.30.090(9) in two respects: first, it deletes the provision for major medical insurance coverage for retirees since such coverage is now provided elsewhere; second, it provides that retirees under age 65 may continue the life insurance they have in force at the time of termination of their employment.
- Section 36 would create a group insurance fund. It is included at the urging of the State's benefit consultants. The existence of a fund will provide the flexibility needed to negotiate for and procure more favorable terms from insurance companies. Our consultants inform us that such added flexibility has led to substantial savings in other systems. Any surplus in the fund may be invested by the Commissioner of Revenue under AS 39.35.110. Section 36 also accomplishes a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and the claimant's ability to perform other work.
- Section 37 removes outdated, irrelevant language from the PERS statutes.
- Sections 38 and 39 would make minor changes in AS 39.35.100. The first change recognizes that actuarial calculations and transfers from individual retirement accounts to the retirement reserve account can be accomplished more effectively on an aggregate, annual basis. This will not delay the actual payment of benefits

to retirees. The second change allocates a portion of the investment income to the reserve account. This is considered appropriate since a substantial portion of the principal invested comes from the reserve account.

Sections 40, 60, 61 and 64 would amend the refund provisions of the PERS to allow for the refunding of interest paid on an indebtedness. In addition, Section 40 would also amend AS 39.35.200(b) to eliminate a "Catch-22" situation. Currently, persons who terminate their employment having less than five years credited service and less than \$1,000 in their employee account must be given a refund of retirement contributions even if they intend to retire later; when they do retire at a later date, they must repay the refunded contributions with interest. This proposed change would allow the employee the option of leaving the employee contributions in the individual account.

Section 41 would entitle an additional group of surviving spouses to an increased benefit based on the deceased spouse's military service. Currently, surviving spouses receiving a monthly benefit from the system under AS 39.35.440 or 39.35.450 are entitled to this additional benefit. However, surviving spouses of members who die as a proximate result of an injury sustained or a hazard undergone while on the job (AS 39.35.430) are not. This section would correct this oversight and extend the additional benefit to this group of surviving spouses.

Section 42 would amend AS 39.35.350(c) to bring it into conformity with the rest of the PERS statutes regarding the manner of discharging an indebtedness.

Section 43 clarifies AS 39.35.360(b) to ensure that pre-1961 service credit is granted free of charge only to those employees who qualify under AS 39.35.360(a). This is consistent with current practice.

Section 44 clarifies AS 39.35.385 to ensure that the provision allowing reinstatement without reemployment applies only to paragraphs (a) and (b) and not to, for example, paragraph (f) which was added after the fact. This is not viewed as a substantive change.

Section 45 would amend Conditional Service Retirement Benefits to allow a member to use his TRS salary if it is higher than his PERS salary.

Section 46 would change the benefit reference in AS 39.35.420(b) because the description of the benefit is now found in subsection (c) of the section instead of in subsection (a). The amount of the benefit is not changed. In addition, Sections 46-48 would clarify the entitlement to death benefits when there is no surviving spouse or when a beneficiary other than the spouse has been designated. It would provide for the benefit to be paid to the deceased member's designated beneficiary.

- Section 49 would conform AS 39.35.440(b) to division practice. As the current law reads, a surviving spouse of a deceased, disabled employee is entitled to a benefit equal to 40 percent of the decedent's monthly compensation. It was not anyone's intent that the surviving spouse receive 40 percent of the relatively low disability benefit; it was intended that the surviving spouse receive 40 percent of the decedent's compensation before the disability. The amendment clarifies this. Section 49 would also provide for the disposition of death benefits in the event that a deceased member has no surviving spouse or dependent children, in which case a death benefit is paid to the designated beneficiary.
- Section 50 would clarify the administration of the level income option under AS 39.35.460. In practice, it is not possible to predict exactly the amount of the eventual social security benefit or to make the income precisely level.
- Section 52 removes outdated statutory references from AS 39.35.485(a) and adds appropriate statutory references to bring the law into conformity with current practice. This is not viewed as a substantive change.
- Section 53 updates incomplete statutory references; the designation of a beneficiary or beneficiaries is applicable to all benefits throughout the chapter.
- Section 55 puts into law three previously unwritten principles of equity which have been at the heart of the PERS since its inception: an employee may not receive 1) duplicate PERS credit for the same period of service; 2) more than one year of credit during a calendar year; or 3) benefits while accruing service credit except as provided in AS 39.35.530.
- Section 58 would delete from AS 39.35.560 a definitional reference to "public organization." That term is now defined in Section 67 of this bill, AS 39.35.620(39).
- Section 59 amends AS 39.35.615(a) to codify the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the Attorney General that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.
- Section 63 clarifies the definition of "early retirement" and includes the appropriate statutory references.
- Section 65 excludes EPORS members from membership in the PERS.
- Section 66 clarifies the definition of "normal retirement" and includes the appropriate statutory references.

Section 67 defines "public organization."

Section 68 repeals obsolete laws.

Section 69 provides an effective date.

- ① TERS and PERS Disability Review Bd -  
2 Physicians - } Review Disability Claims -
- ② Tightening up LWOP - About 1/2 of Administrative  
} Leave not being used for educational purposes -
- ③ Joint Survivor Option under TRS similar to  
what is in PERS -
- ④ Terminating employees -
- ⑤ Just Housekeeping -

SENATE COMMITTEE ON STATE AFFAIRS

Hearing on Senate Bills Dealing with Retirement  
March 18, 1982

Mr. Chairman:

My name is E. Robert Haag and today I am representing the 15 Chapters of the Alaska State Firefighters' Association and also the Alaska Fire Chiefs' Association.

We wish to speak in favor of Senate Bill No. 121 which is now before your committee.

S.B. 121 was introduced by Senator Bill Ray during the last session of the Legislature. This bill would authorize credited service under the public employees' retirement system for certain firemen. The bill would amend the existing Alaska Statute 39.35.360(a) which now provides in part that an employee employed before January 1, 1980 who completes three years of credited service with the State after January 1, 1961 and who make contributions to the system as required by law, is entitled to credited service for service rendered "(3) after January 1, 1961, as a peace officer or correctional officer of a participating political subdivision of the State is an employee is vested and is an active peace officer, in the system as of July 1, 1980".

Senator Ray's bill would add the words "or firemen" (note lines 18 and 20 of the bill) to the Statute. It is assumed that firemen were overlooked when A.S. 39.35.360(a) became law. Other sections in the existing Public Employees' Retirement System, where applicable, contain the words "peace officer, correctional officer, or fireman".

We respectfully request your committee put a due pass on this bill and then support it through the rest of the Legislative procedure to become law.

Mr. Chairman, for your information and that of your committee, I understand, subject to being corrected, that there are about six employees in State employment who would be benefited by this bill. Since they individually would have to make contributions to the retirement system for such service, there would be no expense to the State at this time.

Thank you, Mr. Chairman and members of the committee for allowing us this time out of your busy schedule to testify in support of this bill.



## Alaska Court System

State of Alaska

FRANK RAYE  
Personnel Director

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street  
Anchorage, Alaska 99501

October 12, 1981

The Honorable Victor Fischer, Chair  
Senate Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

In response to your memorandum of September 29, 1981, I have read the 16 bills concerning retirement now being considered by your committee.

The main reason I am commenting on these proposals is to urge re-writing of Chapter 35 of Title 39 to eliminate present discriminatory provisions. I also wish to speak against discriminatory provisions contained in SB 557, 143, 402 and 394 as well as supporting SB 196.

SB 557:

First I would like to point out that SB 557 is an effort to make some housekeeping corrections to ease administrative oversights. In that effort, the bill has some merit. The problem is that all of Chapter 35 of Title 39 needs to be re-written to comply with the state constitution and with Title 18 protections against discrimination on the basis of sex, marital status, and parenthood.

SB 557 proposes on page 15 to re-write AS 39.35.535 to give medical benefits only to retired employees, their spouses or children. Single retired persons are thereby precluded from naming a beneficiary of their own. Yet single employees pay into the retirement system at the same rate as married employees.

At this time, AS 39.35 provides married state employees and their spouses an opportunity to choose a type of financial security called a joint survivor option. However, single employees and their beneficiaries do not have this choice. Under AS 39.35.420 and 440, married employees may choose the joint survivor option once they have been employed for five years and have thereby "vested". However, single employees with five years of service are denied that choice.

Specifically, a single employee is not permitted to have his or her beneficiary receive that employee's retirement money through a joint survivor option. Only married employees have that choice under AS 39.35.420 and 440. However, AS 39.35.450 allows "a dependent approved by the administrator" to also be a beneficiary. Such restrictions are based on a false assumption that only spouses and dependent children can develop an economically dependent relationship. Yet both single and married employees pay into the retirement system at the same rate and do not have the same benefits. It is my position that denying single employees an option granted only to married employees is a form of discrimination violating AS 18.80.220 which states in part:

"It is unlawful for an employer to refuse employment to a person or to . . . discriminate against him in compensation or in a term, condition, or privilege of employment because of his . . . sex, marital status . . . or parenthood;"

Since retirement is a compensation, term, condition and privilege of employment, the retirement statutes as now constituted are, in my opinion, illegal.

Furthermore, the Division of Retirement and Benefits' procedures used to determine the amount of money given to employees' spouses under the joint survivor option, are based on outdated, separate male and female mortality tables which have been held illegally discriminatory in many recent court cases. See, for example, City of Los Angeles v. Manhart, 435 US 702 (1978). This discrimination on the basis of sex, in my opinion, is also a violation of Title 18 as quoted above.

Also under SB 557, a new section, AS 39.30.095, is proposed which gives the commissioner of administration complete power and authority over a newly established fund for health and life insurance benefits. Why is it necessary to establish this fund and why is there no check on the commissioner's control over this fund? Why is there no provision for input from affected persons?

SB 143:

SB 143 proposes to grant some state employees credit for unused sick leave upon retirement. On the face of it, there appears

The Honorable Victor Fischer  
October 12, 1981  
page 3

to be nothing wrong with this amendment to AS 39.35.315. The problem is that all state employees would not benefit from this proposed change. Several years ago AS 39.20.310 established a separate group of state employees who no longer have leave. Under Chapter 20, sick and annual leave were done away with and combined into personal leave with a "sick leave bank" established for emergency illnesses. SB 143 fails to speak to those employees, their personal leave and their sick leave bank. Therefore, passage of SB 143 in its present form would discriminate against about 3,000 of the 9,000 state employees who no longer have sick leave. In other words, this bill affects only about two thirds of permanent state employees and leaves the other one third without comparable benefits.

In order to avoid this discrimination, SB 143 should either not be passed out of committee or should be re-written to include employees who have personal leave and a sick leave bank.

SB 402:

Presently state employees who are veterans may buy back up to five years of their military service as credited time for state retirement. However, under present law this buy back cannot take place until the employee is vested or has worked for the state at least five years. SB 402 proposes to eliminate the requirement that an employee must work five years for the state (or be vested) before buying back the military time.

I oppose this bill because it would allow new employees who are veterans to vest their retirement immediately after being employed in state service. All other employees cannot vest until they have had five years of state service.

Furthermore, the formula which establishes the cost of buying back five years of military time amounts to about one third of the employee's annual salary at the time of his or her eligibility to buy back. That means that those veterans who have already bought back their time under this law, after having worked five years for the state, have paid more than a new employee would pay under this proposed law. The reason for this discrepancy is that a five year employee will earn more than a new employee because of annual step pay increases, and the greater probability of promotion.

SB 394

SB 394 proposes to give retirement credit to teachers only who have served in the peace corps. The philosophical base to this proposal is arguable when compared to preference for veterans

The Honorable Victor Fischer  
October 12, 1981  
page 4

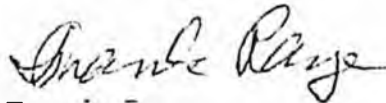
who have risked their lives for their country. What is not arguable is the gross inequity of the proposition to give retirement credit to one group of state employees (here teachers) and not to other state employees. This clearly discriminatory bill should not be passed out of committee.

SB 196:

I support SB 196 to mandate that at least one member of the retirement board be a retired person. It is a logical and equitable proposal since the greatest impact of decisions made by the board will be with regard to retired persons.

If you have any questions on the points raised in this letter, I'll be glad to answer them. Thank you for taking the time to consider these issues.

Sincerely,



Frank Raye  
Personnel Director

FR/jb

*Alaska Fire Chiefs' Association*



TELECONFERENCE TESTIMONY 10-12-81:

The Alaska Fire Chief's Assn became aware of a problem in the PERS at the 1980 conference in Juneau.

One of our members made note that there had been a change made in the Police/Fire section of PERS wherein various police officers were allowed PERS credit for pre-statehood service. Obviously this was of concern to our members.

The Assn passed a unanimous resolution to work toward a change or an amendment to the Act to also include members of the fire service that had served the State in the pre-statehood days. Since the retirement system serves both the police and fire officers of the state, our members were sure that the makers of the 1980 changes left the fire service members out through an oversight only.

This oversight was pointed out to Senator Ray, who sponsored the 1980 change, and he agreed to sponsor the bill to include firefighters -- the result was SB 121.

The only change to the 1980 bill was the inclusion of the words "or fireman" in two places where those people qualified were listed. The 1980 Bill was not changed or amended in any other way.

Our Assn feels very strongly that the legislature agrees that the members of the fire service in Alaska are an important part of the protection services of this State, and are certainly equally entitled to the provisions of the police/fire retirement sections of PERS.

To do otherwise would relegate firemen to a lesser class of employee than the others in the PERS police/fire section. I'm sure that this is not now, or ever in the past, the intent of the Alaska legislature.

If there are any questions that I can answer at this time I will be happy to do so, and as always, our Association places itself at your disposal for assistance, advise, or resource, in this or any other fire and life safety matter.

  
\_\_\_\_\_  
JAMES R. EVANS, President



# Alaska State Legislature

## Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954  
Interim Office: 511 West 4th Ave., Suite 5  
Anchorage, Ak. 99501 Phone: 278-3654/3655

Official Business

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

TO: Senate State Affairs Committee Members

FROM: Nancy Groszek  
Committee Aide

DATE: October 5, 1981

RE: Retirement Hearings

Enclosed please find materials relating to retirement legislation in the Senate State Affairs Committee. I hope that you will have the time to review the bills and accompanying back-up information prior to the teleconference scheduled for October 12.

If I can be of assistance to you in any way, please call me at 278-3654. Thank you.

NOTE: Please bring this packet with you to the hearing.



# Alaska State Legislature

## Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

PUBLIC SERVICE ANNOUNCEMENT \*\*\* PUBLIC SERVICE ANNOUNCEMENT \*\*\* PUBLIC SERVICE ANNOUNCEMENT

DATE: 24 September 1981

FROM: Senator Vic Fischer *V.F.*

CONTACT: Nancy Groszek, 278-3654

SUBJECT: Senate State Affairs Hearings regarding Retirement.

LEGISLATION CONCERNING THE PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) AND THE TEACHERS RETIREMENT SYSTEM (TRS) WILL BE THE SUBJECT OF AN ALL-SITES TELECONFERENCE BEFORE THE SENATE STATE AFFAIRS COMMITTEE, CHAIRED BY SENATOR VIC FISCHER.

THE ALL-SITES TELECONFERENCE WILL BE HELD FROM 1:00 to 5:00 P.M. ON MONDAY, OCTOBER 12, 1981. ANCHORAGE TESTIMONY WILL BE HEARD FROM 6:00 to 8:00 P.M. AT THE ANCHORAGE LEGISLATIVE INFORMATION OFFICE, 1024 West 6th AVE. (Alaska Standard Time)

THE PUBLIC IS INVITED TO COMMENT ON RETIREMENT LEGISLATION AND ON ANY PROBLEMS THAT THEY'VE ENCOUNTERED WITH EITHER THE TRS OR PERS SYSTEMS. COPIES OF THE BILLS CAN BE OBTAINED FROM YOUR LOCAL LEGISLATIVE INFORMATION OFFICE.

WRITTEN COMMENTS CAN BE SUBMITTED TO SENATOR VIC FISCHER, 511 W 4TH AVE., SUITE 5, ANCHORAGE, 99501. FOR FURTHER INFORMATION PLEASE CONTACT NANCY GROSZEK AT 278-3654 OR YOUR NEAREST LIO OFFICE. THANK YOU

THE BILLS TO BE CONSIDERED BY THE SENATE STATE AFFAIRS COMMITTEE INCLUDE: SB121, 143, 195, 196, 197, 262, 356, 360, 361, 394, 402, 471, 472, 557, 568, 589.

SENATE COMMITTEE ON STATE AFFAIRS

Hearing on Senate Bills Dealing with Retirement  
March 18, 1982

Mr. Chairman:

My name is E. Robert Haag and today I am representing the 15 Chapters of the Alaska State Firefighters' Association and also the Alaska Fire Chiefs' Association.

We wish to speak in favor of Senate Bill . 121 which is now before your committee.

S.B. 121 was introduced by Senator Bill Ray during the last session of the Legislature. This bill would authorize credited service under the public employees' retirement system for certain firemen. The bill would amend the existing Alaska Statute 39.35.360(a) which now provides in part that an employee employed before January 1, 1980 who completes three years of credited service with the State after January 1, 1961 and who make contributions to the system as required by law, is entitled to credited service for service rendered "(3) after January 1, 1961, as a peace officer or correctional officer of a participating political subdivision of the State is an employee is vested and is an active peace officer, in the system as of July 1, 1980".

Senator Ray's bill would add the words "or fireman:" (note lines 18 and 20 of the bill) to the Statute. It is assumed that firemen were overlooked when A.S. 39.35.360(a) became law. Other sections in the existing Public Employees' Retirement System, where applicable, contain the words "peace officer, correctional officer, or fireman".

We respectfully request your committee put a due pass on this bill and then support it through the rest of the legislative procedure to become law.

Mr. Chairman, for your information and that of your committee, I understand, subject to being corrected, that there are about six employees in State employment who would be benefited by this bill. Since they individually would have to make contributions to the retirement system for such service, there would be no expense to the State at this time.

Thank you, Mr. Chairman and members of the committee for allowing us this time out of your busy schedule to testify in support of this bill.

COMPARISONS

14-9-81  
Fred Miller

	<u>PERS</u>		<u>TRS</u>
Employee Contributions	4 1/4%		7%
Employer Contributions	13.66% (3/4)		15.74% (State pays half) (2/3)
Earnings on Contributions	4 1/2%		4 1/2%
Other Creditable Service	Military (5 yr max), Territorial (No max) & Certain Temporary (No max)	}	Outside Service (10 yr max)*; Military (5 yr max)*, Alaska BIA (15 or 5 yr max)* & Territorial (5 yr max) <u>MAX 15 yrs TOT</u>
Salary Used to Compute Indebtedness for Military	5th Year Salary**	x	Entrance Salary
Vest (Membership Service)	5 Years (paid-up)	x	8 Years (paid-up)(can be 3 yrs BIA)
Retirement Age	50 Early & 55 Normal	=	50 Early & 55 Normal
	Exceptions:		Exceptions:
	(1) 20 yrs Peace Officers- any age	x	(1) 20 yrs membership service-any age
	(2) 30 yrs PERS-any age	x	(2) 25 yrs combined membership and outside service-any age
Benefit Formula	2% x Years of Service***	=	2% x Years of Service
Benefit is Based on a % of	Average of <u>Three Highest Consecutive Calendar Years</u>	~	Average of the <u>Three Highest Contract Salaries</u>
Additional Benefits	Free Medical (80%) plus Optional Audio-Dental-Visual	=	Free Medical (80%) plus Optional Audio-Dental-Visual
Cost of Living Adjustments	Ad Hoc PRPA's (max 4%)	=	Ad Hoc PRPA's (max 4%)
Year of Service Credit	365 Days	~	172 Days
Funded	Actuarially	=	Actuarially

NEW ON FULL ACTUARIAL COST

\* Total of these cannot exceed 15 years  
 \*\* Must be vested to claim  
 \*\*\* Peace officers receive 2 1/2% x all service over 10 years

	<u>PERS</u>	<u>TRS</u>
Number of People on Retirement	2,688	1,374
Average Monthly Benefit	\$620.00	\$1130.00
Eligibility for Disability	5 Years of Membership	1 School Year (172 Days)
Reduced Benefits for Indebtedness	Yes	Yes
Credit for Unused Sick Leave	<u>No</u>	Yes
Survivor Benefits	75, 66, 50% with a reduced benefit	Pay 1% of earnings--full benefit and spouse receives 50%

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 262

Title Alaska National Guard and Naval Militia Benefits

Requested by Senators Bradley, Hohman, and Kelley Date April 13, 1981

II. FISCAL DETAIL

Agency Affected Administration, Division of Retirement and Military Affairs

Program Category Affected Public Protection

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.	N/A	9.0	13.5	18.0	22.5	22.5
<b>TOTAL</b>		9.0	13.5	18.0	22.5	22.5

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		9.0	13.5	18.0	22.5	22.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

(Section 7 only)

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

Total tuition, fees, and books is \$900.00 per year, per student. Assuming 10 students the first year and 5 additional students each year for the next 3 years. Then sustain 25 students per year thereafter.

IV. DATE 13 Apr 1981

PREPARED BY LTC Henry A. Compton

AGENCY Military Affairs

PHONE 243-0656

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THURSDAY APRIL 9 BEHRENS BUILDING, FIRST FLOOR  
1:30 p.m.

*WED eve*

*Terry Cramer*  
*Cherie Shelley*  
*Fred Muller*  
*John Logan*

SENATE BILL 121---Hearing  
"An Act authorizing credited service under the public employees' retirement system for certain firemen."

SENATE BILL 143---Hearing  
"An Act allowing retirement credit for the unused sick leave of an employee of a political subdivision or public organization participating in the public employees' retirement system."

*Merritt Olson*  
*(Retirement Bd.)*  
*SB 195, 360, 361*

SENATE BILL 195---Hearing  
"An Act limiting the adjustment of retirement benefits; and providing for an effective date."

*Col. Compton*  
*SSSB 262*

SENATE BILL 196---Hearing  
"An Act relating to the membership of the Public Employees Retirement Board."

SENATE BILL 197---Hearing  
"An Act applying the Administrative Procedures Act (AS 44.62) to the adoption of regulations by state retirement systems."

*Cherie Smith*  
*(Guardianship)*  
*SSSB 262*

SENATE BILL 356---Hearing  
"An Act relating to temporary service credit with the public employees' retirement system; and providing for an effective date."

*Bob Cooksey*  
*(NEA)*  
*SB 195, 394,*  
*SSSB 262*

SENATE BILL 360---Hearing  
"An Act relating to the investment of the public employees' and teachers' retirement funds; and providing for an effective date."

SENATE BILL 361---Hearing  
"An Act making a special appropriation to the Dept. of Administration for payment of liabilities of the public employees' and teachers' retirement funds; and providing for an effective date."

SENATE BILL 262-(Sponsor Substitute)---Hearing  
"An Act relating to the Alaska National Guard and Alaska Naval Militia; and providing for an effective date."

SENATE BILL 394---Hearing  
"An Act allowing service credit under the teachers' retirement system for service in the Peace Corps."

*SB 400*---hearing---*Marine Transp.*  
SATURDAY APRIL 11 102 CAPITOL  
9:00 -- 1:30

HEARINGS ON THE STATUS OF SCIENCE AND TECHNOLOGY IN ALASKA BEFORE THE HOUSE AND SENATE STATE AFFAIRS COMMITTEES.

IF YOU HAVE QUESTIONS PLEASE CALL SENATOR FISCHER'S OFFICE (465-4954, 4955). THANK YOU.

*SB 402 - active military service*

Tom Williams (Sen. Parr) Sen. Williams  
Dave Rose SENATE STATE AFFAIRS COMMITTEE SCHEDULE  
Terry Cramer SB 143

360-61  
Fred Muller  
(Ken Humphries)  
Tate Logan

APRIL 6 -- APRIL 12

TUESDAY

April 7  
1:30 p.m.

SENATE BILL 121---Hearing  
"An Act authorizing credited service under the public employees' retirement system for certain fireman."

Sen. Parr

SENATE BILL 143---Hearing  
"An Act allowing retirement credit for the unused sick leave of an employee of a political subdivision or public organization participating in the public employees' retirement system."

SENATE BILL 195---Hearing  
"An Act limiting the adjustment of retirement benefits; and providing for an effective date."

SENATE BILL 196---Hearing  
"An Act relating to the membership of the Public Employees Retirement Board."

SENATE BILL 197---Hearing  
"An Act applying the Administrative Procedures Act (AS 44.62) to the adoption of regulations by state retirement systems."

SENATE BILL 356---Hearing  
"An Act relating to temporary service credit with the public employees' retirement system; and providing for an effective date."

SENATE BILL 360---Hearing  
"An Act relating to the investment of the public employees' and teachers' retirement funds; and providing for an effective date."

Hold this version - Governor?

SENATE BILL 361---Hearing  
"An Act making a special appropriation to the Dept. of Administration for payment of liabilities of the public employees' and teachers' retirement funds; and providing for an effective date."

SB 394 - Forest Corps.

TUESDAY

7:00 p.m. \*\*\*\*\*

SENATE BILL 393---Hearing  
"An Act making a supplemental appropriation to the Dept. of Public Safety to pay Bristol Bay charter and operations costs; and providing for an effective date."

THURSDAY

April 9  
1:30 p.m.

RETIREMENT PACKAGE AS LISTED FOR APRIL 7: SB 121, SB 143, SB 195, SB 196, SB 197, SB 356, SB 360 & 361

SATURDAY

April 11  
9:00 a.m. --- 1:00 p.m.

HEARINGS ON THE ROLE AND STATUS OF SCIENCE AND TECHNOLOGY IN ALASKA BEFORE THE SENATE AND HOUSE STATE AFFAIRS COMMITTEES. TO BE CONDUCTED IN HOUSE STATE AFFAIRS, 102 CAP.

ALL HEARINGS WILL BE CONDUCTED IN THE SENATE STATE AFFAIRS COMMITTEE ROOM, BEHRENS BLDG., FIRST FLOOR. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT SENATOR FISCHER'S OFFICE (465-4954). THANK YOU.

SENATE STATE AFFAIRS

COMMITTEE SCHEDULE

4/11---4/17

SATURDAY

APRIL 11

9:00 a.m. -- 1:30 p.m.

Hearings on the status of science and technology in Alaska before the House and Senate State Affairs Committees.

102 CAPITOL

TUESDAY

APRIL 14

1:30 p.m.

SB 362---Hearing

Supplemental appropriation to Office of the Governor, State Commission for Human Rights

SB 405---Hearing

Special appropriation DOE, Alaska State Council on the Arts, for grants for Alaska culture and arts programs and projects

SB 408---Hearing

Relating to the Alaska State Housing Authority

SB 409---Hearing

Directing Dept. of Community and Regional Affairs to conduct a study of housing needs

SB 410---Hearing

Special appropriation to C & RA for housing study

The committee will also take up previously considered housing bills SB 231, 232, 234, 235, 311, & 312 concerning housing for senior citizens, families and the handicapped

TUESDAY

APRIL 14

7:00 p.m.

Continuation of hearings on retirement legislation

SB 121---Credited service under PERS for certain firemen

SB 143---Retirement credit for unused sick leave PERS

SB 195---Limiting adjustment of retirement benefits

SB 196---Relating to membership of Public Employees Retirement Board

SB 197---Applying Administrative Procedures Act to adoption of regulations by state retirement systems

## STATE AFFAIRS SCHEDULE

TUESDAY APRIL 14

7:00 p.m. (continued from page 1)

SB 356---Temporary service credit under PERS

SB 360---Investment of PERS and TRS retirement funds

SB 361---Special appropriation for payment of liabilities  
of PERS and TRS

SSSB 262-Relating to Alaska National Guard and Alaska  
Naval Militia

SB 394---Service credit under TRS for Peace Corps service

SB 400---Relating to retirement credit for service with  
Dept. of Marine Transportation under PERS

SB 402---Relating to credited service under PERS for  
active military service

THURSDAY APRIL 16

1:00 p.m. - 3:00 p.m.

HEARING: ALL SITES TELECONFERENCE ON LOCAL AND MINORITY  
BIDDERS' PREFERENCE AND CONTRACTORS BONDING

SB 414---Establishing a surety bonding corporation  
for small contractors

SB 415---Local and minority bidders' preference

SB 45 ---Bonds of contractors for public buildings or works

ALASKA STATE SENATE

• SENATOR TIM KELLY, CHAIRMAN  
SENATOR ED BANKWORTH, VICE-CHAIRMAN  
SENATOR JALMAR KERTTULA  
SENATOR ROBERT ZIEGLER  
SENATOR FRANK FERGUSON



**VICTOR**

PROCESSED  
JUNE 11, ALASKA 99511  
(907) 465-3770  
(907) 465-3822

RULES COMMITTEE

**SB 121**

TO: All Senators

FROM: Senator Kelly *TK*  
Senate Rules

DATE: May 6, 1981

RE: CSSB 121 (Rules)

Attached is a sectional analysis of CSSB 121 (Rules), which is on the Senate Calendar for tomorrow, May 7.

5-6-82  
*Rules*  
(Finance)

SECTIONAL ANALYSIS OF CS FOR SENATE BILL 121

Sections 1-3 would amend AS 14.25.020, 14.25.022, and 14.25.035 to state clearly the role of the Teachers' Retirement Board in the adoption and promulgation of regulations. The change makes the role of the TRS Board in this area identical to that of the Public Employees' Retirement Board. Under the existing language, the system administrator functions in this capacity without any clear mandate that he consult the Board.

Sections 4, 13-14 and 17-19 would alter the death/survivor benefit provisions of the TRS. Specifically, the supplemental contributions provision would be eliminated for all teachers hired on or after July 1, 1982, open enrollment for the supplemental contributions provision would be eliminated, and equitable occupational and non-occupational death benefits and joint and survivor options, such as currently exist in the PERS, would be created. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982. In addition, Section 19 creates a procedure for the designation of beneficiaries under the TRS which is identical to that in the PERS. This should substantially reduce uncertainty as to entitlement in the event of the death of a member.

Section 5 would amend the manner of discharging indebtedness under the TRS to bring it into conformity with the PERS.

Sections 6 and 59 would ensure that, in accordance with the Alaska Constitution, accrued benefits under the TRS and PERS may not be diminished by claiming service credit.

Section 7 would bring the statutes into conformity with current practice. The sentence in question was inadvertently omitted when the TRS statutes were amended by Chapter 13, SLA 1980.

Section 8 corrects statutory references. These references should have been changed at the time the TRS statutes were amended by Chapter 13, SLA 1980.

Section 9 would amend the provisions for Conditional Service Retirement Benefits to allow a member (1) to use his PERS salary if it is higher than his TRS salary, and (2) to figure his conditional service benefit based on all credited service rather than just membership service.

Section 10 would amend AS 14.25.130(a) to streamline the disability retirement application procedure. It provides a definite starting point in the procedure by setting as the first step the termination of employment due to the disability. Additionally, it resolves an existing inequity wherein a member has enough years of membership service to qualify for disability but is over 55 and does not qualify

for normal retirement. Under present law, such an individual would be in a "Catch-22" situation -- disabled and unable to work, but needing to work to gain the necessary credit to qualify for normal retirement and being too old to qualify for disability.

Sections 11 and 53 would correct drafting errors in AS 14.25.143(b) and AS 39.35.475(b) committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This is not a substantive change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Sections 12 and 25 would amend the refund provisions of the TRS to conform with current practice and allow for the refunding of interest paid on an indebtedness. "Member contribution account" is defined to include all of the other accounts.

Section 15 would amend AS 14.25.160(b)(1) to agree with the changes in Sections 12 and 25 of this bill.

Section 16 would eliminate an existing inequity by amending AS 14.25.162(b)(1) to allow a dependent child to interrupt his schooling without permanently losing his survivor's allowance payment.

Sections 20, 30, and 58 would conform the statutes to the longstanding practice of providing major medical insurance coverage to spouses and dependent children of retirees, as well as retirees themselves in the TRS, the PERS and the contributory and noncontributory Judicial Retirement Systems.

Section 21 adds the appropriate statutory references to AS 14.25.169 to be in agreement with the death/survivor benefit changes in Sections 4, 13-14 and 17-19 of this bill. In addition, Section 21 puts into law three previously unwritten principles of equity which have been at the heart of the TRS since its inception: a teacher may not receive 1) duplicate TRS credit for the same period of service; 2) more than one year of credit during a school year; or 3) benefits while accruing service credit except as provided in AS 14.25.169.

Sections 22 and 56 amend AS 14.25.175(a) and AS 39.35.522(a), respectively, to eliminate arbitrary, potentially detrimental requirements which must be met by persons wishing to appeal before the TRS or PERS Board.

Sections 23 and 64 would clarify what is and is not included in "compensation" for purposes of retirement in the TRS and PERS. This language is consistent with longstanding practice and does not constitute a change.

Section 24 expands the definition of "credited service" to include "territorial employment" as provided under AS 14.25.105 which should have been done in 1980 when AS 14.25.105 was passed.

- Section 26 defines "territorial employment" as it is used in Section 24.
- Section 27 exempts insurance premiums paid by the State from the tax levied under AS 21.09.210. This does not have any ultimate fiscal impact since the premium taxes are passed on. It will serve to increase competition among insurance carriers.
- Sections 28, 29, 33 and 34 would add new sections to AS 22.25 and AS 26.05. The sections, which should have been added when the statutes were amended by Chapter 146, SLA 1980, set up accounting systems for the Judicial Retirement System and the Alaska National Guard Retirement System which are now on an actuarially funded basis. The sections are modeled after the one in place in the PERS, AS 39.35.100. The money in the funds may be invested in the same manner as money in the PERS, AS 39.35.110.
- Sections 31 and 32 would change the title of the Alaska National Guard Retirement System to the Alaska National Guard and Alaska Naval Militia Retirement System.
- Section 35 would clarify the direction in AS 39.30 to the Department of Administration to include retired persons in the group insurance program. Also clarifies AS 39.30.090(9) in two respects: first, it deletes the provision for major medical insurance coverage for retirees since such coverage is now provided elsewhere; second, it provides that retirees under age 65 may continue the life insurance they have in force at the time of termination of their employment.
- Section 36 would create a group insurance fund. It is included at the urging of the State's benefit consultants. The existence of a fund will provide the flexibility needed to negotiate for and procure more favorable terms from insurance companies. Our consultants inform us that such added flexibility has led to substantial savings in other systems. Any surplus in the fund may be invested by the Commissioner of Revenue under AS 39.35.110.
- Section 37 accomplishes a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and the claimant's ability to perform other work.
- Section 38 removes outdated, irrelevant language from the PERS statutes.
- Sections 39 and 40 would make minor changes in AS 39.35.100. The first change recognizes that actuarial calculations and transfers from individual retirement accounts to the retirement reserve account can be accomplished more effectively on an aggregate, annual basis. This will not delay the actual payment of benefits to retirees. The second change allocates a portion of the investment income to the reserve account. This is considered appropriate since a substantial portion of the principal invested comes from the reserve account.

Sections 41, 62, 63 and 66 would amend the refund provisions of the PERS to allow for the refunding of interest paid on an indebtedness. In addition, Section 41 would also amend AS 39.35.200(b) to eliminate a "Catch-22" situation. Currently, persons who terminate their employment having less than five years credited service and less than \$1,000 in their employee account must be given a refund of retirement contributions even if they intend to retire later; when they do retire at a later date, they must repay the refunded contributions with interest. This proposed change would allow the employee the option of leaving the employee contributions in the individual account.

Section 42 would entitle an additional group of surviving spouses to an increased benefit based on the deceased spouse's military service. Currently, surviving spouses receiving a monthly benefit from the system under AS 39.35.440 or 39.35.450 are entitled to this additional benefit. However, surviving spouses of members who die as a proximate result of an injury sustained or a hazard undergone while on the job (AS 39.35.430) are not. This section would correct this oversight and extend the additional benefit to this group of surviving spouses.

Section 43 would amend AS 39.35.350(c) to bring it into conformity with the rest of the PERS statutes regarding the manner of discharging an indebtedness.

Section 44 allows vested PERS members to receive credit for their employment as a fireman with a participating political subdivision after January 1, 1961.

Section 45 clarifies AS 39.35.360(b) to ensure that pre-1961 service credit is granted free of charge only to those employees who qualify under AS 39.35.360(a). This is consistent with current practice.

Section 46 clarifies AS 39.35.385 to ensure that the provision allowing reinstatement without reemployment applies only to paragraphs (a) and (b) and not to, for example, paragraph (f) which was added after the fact. This is not viewed as a substantive change.

Section 47 would amend Conditional Service Retirement Benefits to allow a member to use his TRS salary if it is higher than his PERS salary.

Sections 48-50 would clarify the entitlement to death benefits when there is no surviving spouse or when a beneficiary other than the spouse has been designated. It would provide for the benefit to be paid to the deceased member's designated beneficiary. In addition, Section 48 would change the benefit reference in AS 39.35.420(b) because the description of the benefit is now found in subsection (c) of the section instead of in subsection (a). The amount of the benefit is not changed.

Section 51 would conform AS 39.35.440(b) to division practice. As the

current law reads, a surviving spouse of a deceased, disabled employee is entitled to a benefit equal to 40 percent of the decedent's monthly compensation. It was not anyone's intent that the surviving spouse receive 40 percent of the relatively low disability benefit; it was intended that the surviving spouse receive 40 percent of the decedent's compensation before the disability. The amendment clarifies this. Section 51 would also provide for the disposition of death benefits in the event that a deceased member has no surviving spouse or dependent children, in which case a death benefit is paid to the designated beneficiary.

Section 52 would clarify the administration of the level income option under AS 39.35.460. In practice, it is not possible to predict exactly the amount of the eventual social security benefit or to make the income precisely level.

Section 54 removes outdated statutory references from AS 39.35.485(a) and adds appropriate statutory references to bring the law into conformity with current practice. This is not viewed as a substantive change.

Section 55 updates incomplete statutory references; the designation of a beneficiary or beneficiaries is applicable to all benefits throughout the chapter.

Section 57 puts into law three previously unwritten principles of equity which have been at the heart of the PERS since its inception: an employee may not receive 1) duplicate PERS credit for the same period of service; 2) more than one year of credit during a calendar year; or 3) benefits while accruing service credit except as provided in AS 39.35.530.

Section 60 would delete from AS 39.35.560 a definitional reference to "public organization." That term is now defined in Section 69 of this bill, AS 39.35.680(39).

Section 61 amends AS 39.35.615(a) to codify the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the Attorney General that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.

Section 65 clarifies the definition of "early retirement" and includes the appropriate statutory references.

Section 67 excludes EPORS members from membership in the PERS.

Section 68 clarifies the definition of "normal retirement" and includes the appropriate statutory references.

Section 69 defines "public organization."

(Contents of HB 862)

Section 70 - would allow up to 10 people (the # who would qualify) to draw their spouses benefits.

Section 72 provides an effective date.

*Alaska Fire Chiefs' Association*

RESOLUTION #80-13

WHEREAS: The Public Employees Retirement System provides that certain territorial and municipal employees receive credited time for the years employed by the territory or municipalities prior to statehood, and

WHEREAS: Firefighters have been inequitably excluded from this service credit while Public Health Service Officers, employees of the U.S. District Court and U.S. Commissioners Court, U.S. Marshal's, U.S. Deputy Marshals, CAA security guards, U.S. Corps of Engineers security guards, employees of Alaska jail system of the U.S. Department of Justice, CAA radio operators and heavy equipment operators, employees of the U.S. Fish and Wildlife Service, employees of the Alaska Road Commission and Bureau of Public Roads, employees of ACS and peace officers of the territory, or of a political subdivision of the territory, who are employees of the state or a participating political subdivision of the state on July 1, 1978, U.S. Corps of Engineers Civil Service personnel and U.S. Navy Civil Service personnel all receive credit for employment rendered to the State and former Territory of Alaska before January 1, 1961, now therefore be it

RESOLVED: That this membership go on record as stating that municipal firefighters, employed by the territory or subdivision thereof prior to January 1, 1961, should receive credit for such time served under the provisions of the Public Employees Retirement System.

APPROVED IN CONFERENCE  
October 31, 1980

  
PRESIDENT



# LAWS OF ALASKA

1980

Source

Chapter No.

FCCSSB 26

146

## AN ACT

Relating to public employee benefit program; amending the duties of the Public Employees Retirement Board; relating to earlier service credit under the teachers' retirement system and the public employees' retirement system; establishing minimum retirement benefits; relating to participation in the state program of supplemental employee benefits; relating to the deferred compensation program; repealing the Legislative Board of Retirement Benefits; creating the Alaska National Guard retirement system; relating to the judicial retirement system; increasing the benefits paid under the territorial public employees' retirement system; relating to retirement benefit eligibility for disabled peace officers and firemen; relating to retirement benefits of the administrative director of courts; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 23

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 30, 1980

Actual Effective Date: Sections 1, 3 - 7, 18, 19, 22, 24 - 26, 29 - 34, 37, 38, 40, 43, 44(2) and (3), 45 and 47 - 57 take effect July 1, 1980 with section 43 retroactive to January 1, 1978; sections 16, 17, 20, 21, 23 and 39 take effect September 28, 1980 and are retroactive to January 1, 1980; sections 2, 27, 28, 35, 36, 41, 44(1) take effect January 1, 1981; sections 8 - 15 and 42 take effect July 1, 1981.

1621 West 15th Avenue  
Anchorage, Alaska 99501  
March 6, 1981

The Honorable Thelma Buchholdt  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt:

I am writing in reference to Senate Bill 121 by Ray.

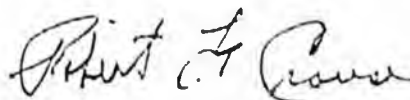
I support the concept of granting firemen the same credit for prior service with municipalities that is already granted to peace officers and correctional officers.

However, under the amendments in this bill, those of us who served with municipal fire departments prior to January 1, 1961, still are unable to receive credit for time served.

I served with the City of Anchorage as a fireman and officer from April 6, 1953 until September 15, 1959, and would like to have the January 1, 1961 date on line 17 of SB 121 moved back to at least April 6, 1953, so the time I served could be credited to my retirement. I would otherwise qualify under AS 39.35.360(a), having served as State Fire Marshal from September 15, 1959 until October 3, 1967, and as Fire Protection Engineer for the Division of Fire Prevention from March 26, 1975 until December 31, 1980.

When the Fire Marshal Office was established, all firemen were required to assist the State Fire Marshal in enforcing the State Fire Safety Code without compensation from the state, as the word "shall" was used, making it mandatory for those of us serving on municipal fire departments to do so.

Sincerely,



Robert F. Crouse

cc: Ronald A. Hendrie  
State Fire Marshal

Introduced: 1/30/81  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY RAY

2 SENATE BILL NO. 121

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing credited service under the public  
7 employees' retirement system for certain firemen."

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

9 \* Section 1. AS 39.35.360(a) is amended to read:

10 (a) An employee employed before January 1, 1980, who completes  
11 three years of credited service with the state after January 1, 1961,  
12 for which the employee makes contributions required by this chapter is  
13 entitled to credited service for service rendered (1) before January  
14 1, 1961, as an employee of the state and former Territory of Alaska;  
15 (2) before January 1, 1961, as an employee of the United States govern-  
16 ment in Alaska, excluding service in the armed forces of the United  
17 States; or (3) after January 1, 1961, as a peace officer, [OR] correc-  
18 tional officer, or fireman of a participating political subdivision of  
19 the state if the employee is vested and is an active peace officer, or  
20 correctional officer, or fireman in the system as of July 1, 1980. The  
21 retirement benefits payable to an employee under this section shall be  
22 reduced by the amount of the retirement pension benefits paid to him by  
23 the United States government for the same period of service.

24  
25 *State rather than munic. picks up liability*  
26 *there is a procedure*  
27 *Admin. - there's mechanism to bring them in*  
28 *if munic. agrees & pays* — NO  
29

*Alaska Fire Chiefs' Association:*



TELECONFERENCE TESTIMONY 10-12-81:

The Alaska Fire Chief's Assn became aware of a problem in the PERS at the 1980 conference in Juneau.

One of our members made note that there had been a change made in the Police/Fire section of PERS wherein various police officers were allowed PERS credit for pre-statehood service. Obviously this was of concern to our members.

The Assn passed a unanimous resolution to work toward a change or an amendment to the Act to also include members of the fire service that had served the State in the pre-statehood days. Since the retirement system serves both the police and fire officers of the state, our members were sure that the makers of the 1980 changes left the fire service members out through an oversight only.

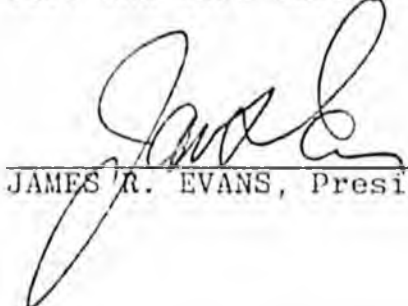
This oversight was pointed out to Senator Ray, who sponsored the 1980 change, and he agreed to sponsor the bill to include firefighters -- the result was SB 121.

The only change to the 1980 bill was the inclusion of the words "or fireman" in two places where those people qualified were listed. The 1980 Bill was not changed or amended in any other way.

Our Assn feels very strongly that the legislature agrees that the members of the fire service in Alaska are an important part of the protection services of this State, and are certainly equally entitled to the provisions of the police/fire retirement sections of PERS.

To do otherwise would relegate firemen to a lesser class of employee than the others in the PERS police/fire section. I'm sure that this is not now, or ever in the past, the intent of the Alaska legislature.

If there are any questions that I can answer at this time I will be happy to do so, and as always, our Association places itself at your disposal for assistance, advise, or resource, in this or any other fire and life safety matter.



---

JAMES R. EVANS, President

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 121  
 Title An Act Authorizing Credited Service Under PERS for Certain Firemen  
 Requested by Senator Vic Fischer 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	-0-	16.9	18.6	20.4	22.5	24.7
TOTAL	-0-	16.9	18.6	20.4	22.5	24.7

FUNDING (Thousands of Dollars)

GENERAL FUND		13.9	15.2	16.7	18.4	20.2
FEDERAL FUNDS		.3	.2	.2	1.0	1.1
VETERAN'S FUND		.1	.1	.1	.1	.1
FISH & GAME FUND		.1	.1	.1	.1	.1
HIGHWAY FUND		.2	.2	.3	.3	.3
AIRPORT FUND		.5	.5	.6	.7	.7
CAPITAL FUND		1.4	1.5	1.7	1.7	2.1
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate that approximately 18 members could qualify for benefits under this bill.
2. Estimate that these members will receive an average of two years additional service credit under this bill.
3. Estimate FY 82 State covered payroll to be \$296,614,000; increasing 10% annually.
4. Increase in State contribution rate would be .0057% of covered payroll.

IV. DATE April 7, 1981 PREPARED BY John A. Logan *(Signature)*  
 AGENCY Division of Retirement & Benefits  
 PHONE 365-4460

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Senator Ray  
 Office of the Governor (Keith Specking)

The State Affairs Committee considered SENATE BILL NO. 168 (relating to earlier service retirement credit for territorial employees) and recommends it be replaced with COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 168 and reports it back as follows: Senator Mulcahy, Chairman and Senators Ziegler, Kelly, Bradley and Rodey signed "do pass". The Committee further attaches a letter of intent.

SB  
168

From  
Dep - Comm  
Ted  
Muller  
4-14-81

SENATE BILL NO. 168 was referred to the Finance Committee.

Letter of intent accompanying SENATE BILL NO. 168 follows:

FOR SENATE BILL NO. 168

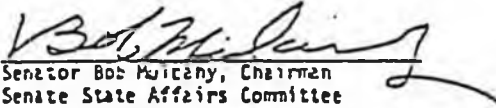
SB  
126

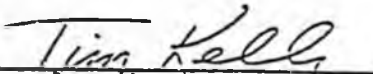
AS 39.35.360 provides that State employees may receive credited service in the Public Employees' Retirement System (PERS) for periods of employment prior to 1961 with the Territory of Alaska; however, it further provides that service in a variety of employment categories, primarily with federal agencies, may also be credited. Inasmuch as the employees receive this service credit for free, because no contributions of any type are required, the cost of providing benefits which are derived from this service must be borne entirely by additional State funds paid into the PERS.

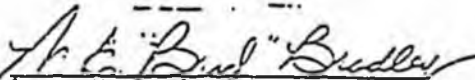
AS 39.35.010 states that the purpose of the PERS is to encourage qualified personnel to enter and remain in the service of the State. To fulfill the purpose of the PERS as established by the Legislature, this committee believes that any proposed modifications to the PERS which would increase costs to the State must be based on a demonstrated need to recruit or retain personnel, which would be served by amending the law. The members of this committee feel that after nearly twenty years of statehood, little, if any, need remains to recruit personnel from the pre-statehood era; most of those choosing to pursue a public service career are already in the employ of the State or local government. Permitting the crediting of additional service in the PERS, particularly at no cost to the employee, only encourages employees to retire earlier than they otherwise would.

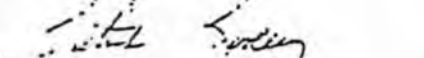
Therefore, it is the intent of the Senate State Affairs Committee that, following the enactment of SE 168 and SE 174, there be no further amendments to AS 39.35.360 which would have the effect of allowing service with agencies or in employment categories, other than those

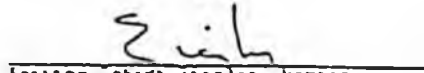
SB 2168 already enumerated therein, to be credited under the Public Employees' Retirement System. It is the determination of this Committee that the purpose of the chapter as stated in AS 39.35.010 will not be served by other agencies or employment categories being added to Sec. 360 by subsequent amendment.

  
 Senator Bob Mucichy, Chairman  
 Senate State Affairs Committee

  
 Senator Tim Kelly, Vice-Chairman  
 Senate State Affairs Committee

  
 Senator W. E. "Erad" Bradley, Member  
 Senate State Affairs Committee

  
 Senator Patricia Kocoy, Member  
 Senate State Affairs Committee

  
 Senator Robert Ziegler, Member  
 Senate State Affairs Committee

SE 202 The Commerce Committee considered SENATE BILL NO. 202 (special appropriation from the International Airports Construction Fund to the Fairbanks International Airport) and reports it back as follows: Senator Bradley, Chairman and Senators Kelly, Stinson and Sturgulewski signed "do pass". The Committee further attaches a letter of intent.

SENATE BILL NO. 202 was referred to the Finance Committee.

Letter of intent accompanying SENATE BILL NO. 202 follows:

LETTER OF INTENT

The Senate Commerce Committee has considered Senate Bill No. 202, "An Act making a special appropriation from the International Airports Construction Fund to the Fairbanks International Airport; and providing for an effective date," and a majority of the Committee reports it back with a recommendation of "Do Pass" with the following intent:

Alaska Fire Chiefs Association  
1140 Airport Heights Rd.  
Anchorage, Alaska 99504

58 121



January 11, 1981

Senator Bill Ray  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Ray:

During the 1980 legislative session various changes were made in the Public Employees Retirement Law. These changes, briefly, were to assure that certain people who worked in Public Safety before statehood were credited with the pre-statehood service-time.

As I'm sure you are aware the Public Employees Retirement Law also covers persons working for the various parts of the Fire Service of Alaska. However, the 1980 changes speak only to various police and correctional type officers, totally forgetting about the people who worked in the Fire Service.

I am sure that this was merely an oversight on the part of those who wrote the new language for the law.

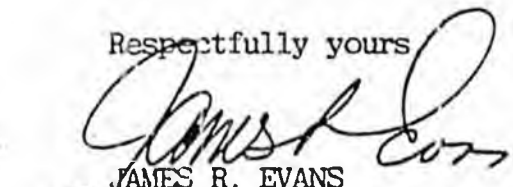
The Alaska Fire Chief's Association took note of this oversight at our annual conference in Juneau, and passed a Resolution to effect correction during the 1981 legislature. I have attached a copy of our Resolution, as well as the 1980 changes. I have also taken the liberty to enclose a draft of a proposed amendment to FCCSSB 26, Chapter 146, Laws of Alaska, 1980, to reflect our Association's suggested changes.

I know that you have always supported fair treatment of all of the public officers of this State, and I felt that you would be the proper sponsor of these changes.

If you have any questions regarding this proposal please feel free to contact me at anytime at my office, 278-4413, or at home, 337-1681.

Thank you in advance for your consideration, and best wishes for a totally productive 1981 session.

Respectfully yours



JAMES R. EVANS  
President

*Alaska Fire Chiefs' Association*

RESOLUTION #80-13

WHEREAS: The Public Employees Retirement System provides that certain territorial and municipal employees receive credited time for the years employed by the territory or municipalities prior to Statehood, and

WHEREAS: Firefighters have been inequitably excluded from this service credit while Public Health Service Officers, employees of the U.S. District Court and U.S. Commissioners Court, U.S. Marshal's, U.S. Deputy Marshals, CAA security guards, U.S. Corps of Engineers security guards, employees of Alaska jail system of the U.S. Department of Justice, CAA radio operators and heavy equipment operators, employees of the U.S. Fish and Wildlife Service, employees of the Alaska Road Commission and Bureau of Public Roads, employees of ACS and peace officers of the territory, or of a political subdivision of the territory, who are employees of the state or a participating political subdivision of the state on July 1, 1978, U.S. Corps of Engineers Civil Service personnel and U.S. Navy Civil Service personnel all receive credit for employment rendered to the State and former Territory of Alaska before January 1, 1961, now therefore be it

RESOLVED: That this membership go on record as stating that municipal firefighters, employed by the territory or subdivision thereof prior to January 1, 1961, should receive credit for such time served under the provisions of the Public Employees Retirement System.

APPROVED IN CONFERENCE  
October 31, 1980

  
PRESIDENT



# LAWS OF ALASKA

1980

Source

Chapter No.

FCSSB 26

146

## AN ACT

Relating to public employee benefit programs; amending the duties of the Public Employees Retirement Board; relating to earlier service credit under the teachers' retirement system and the public employees' retirement system; establishing minimum retirement benefits; relating to participation in the state program of supplemental employee benefits; relating to the deferred compensation program; repealing the Legislative Board of Retirement Benefits; creating the Alaska National Guard retirement system; relating to the judicial retirement system; increasing the benefits paid under the territorial public employees' retirement system; relating to retirement benefit eligibility for disabled peace officers and firemen; relating to retirement benefits of the administrative director of courts; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 23

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 30, 1980

Actual Effective Date: Sections 1, 3 - 7, 18, 19, 22, 24 - 26, 29 - 34, 37, 38, 40, 43, 44(2) and (3), 45 and 47 - 57 take effect July 1, 1980 with section 43 retroactive to January 1, 1978; sections 16, 17, 20, 21, 23 and 39 take effect September 25, 1980 and are retroactive to January 1, 1980; sections 2, 27, 28, 35, 36, 41, 44(1) take effect January 1, 1981; sections 8 - 15 and 42 take effect July 1, 1981.

Chapter 146

(2) any contributions for services as administrative Director refunded to him by the system at the time he became a member of the judicial retirement system.

\* Sec. 31. AS 39.35.360(a) is repealed and re-enacted to read:

(a) An employee employed before January 1, 1980, who completes three years of credited service with the state after January 1, 1961, for which the employee makes contributions required by this chapter is entitled to credited service for service rendered (1) before January 1, 1961, as an employee of the State and former Territory of Alaska; (2) before January 1, 1961, as an employee of the United States government in Alaska, excluding service in the armed forces of the United States; or (3) after January 1, 1961, as a peace officer or correctional officer of a participating political subdivision of the state if the employee is vested and is an active peace officer in the system as of July 1, 1980. The retirement benefits payable to an employee under this section shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service.

\* Sec. 32. AS 39.35.360 is amended by adding a new subsection to read:

(h) An employee of the state is eligible to receive credited service as provided under AS 39.35.300(b) for service rendered as a permanent part-time employee before January 1, 1976. To receive retroactive credited service under this subsection, the employee must claim the service before July 1, 1981. When the employee claims retroactive credited service, an indebtedness of the employee to the system shall be established. The amount of this indebtedness is equal to the contributions the employee would have made if he had been eligible for membership in the system. The rate used to calculate the contributions may not be less than the rate in effect on January 1, 1961. Interest as prescribed by regulation accrues on the indebtedness beginning July 1, 1981. Any

PROPOSED AMMENDMENT TO FCCSSB 26, CHAPTER 146, LAWS OF ALASKA, 1980

Amended to read as follows:

Sec. 31. AS 39.35.360(a) is repealed and re-enacted to read:

(a) An employee employed before January 1, 1980, who complete three years of credited service with the state after January 1, 1961, for which the employee makes contributions required by this chapter is entitled to credited service for service rendered (1) before January 1, 1961, as an employee of the State and former Territory of Alaska (2) before January 1, 1961, as an employee of the United States government in Alaska, excluding service in the armed forces of the United States; or (3) after January 1, 1961, as a peace officer, correctional officer or fireman of a participating political subdivision of the state if the employee is vested and is an active peace officer, correctional officer or fireman in the system as of July 1, 1980. The retirement benefits payable to an employee under this section shall be reduced by the amount of the retirement pension benefits paid to him by the United States government for the same period of service.

NOTE: Underlined text indicates proposed ammendment to Section 31 to include firemen.

It might be well to request a major revision of the entire reference to "firemen" in the text of Part II of the Alaska Public Employees' Retirement System (that is the special provisions for Peace Officers and Firemen) to reflect the more appropriate term "firefighter".

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT