

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6091 HOUSE STATE AFFAIRS

Longevity Bonus as well as the dividend, as opposed to other states without these benefits or with similar programs that are not so generous. Finally, the population group affected by HB 34 is, by definition, transient. Therefore, I believe the state has sufficient grounds to adopt a two year residency requirement and at least an even chance of arguing our case successfully in court under the "rational basis" standard.

A M E N D M E N T

OFFERED IN THE HOUSE

BY DONLEY

TO: HB 34

Page 1, after line 21:

Insert a new bill section to read:

"* Sec. 2. AS 43.23.015(b) is amended to read:

(b) The department shall prescribe and furnish an application form for claiming a permanent fund dividend. The application must contain a statement of eligibility and a certification of residency in substantially the following form:

I certify that

() I am a state resident on the date of this application, I have been a state resident for at least 24 [SIX] months immediately preceding April 1 of the current dividend year, and I have been physically present in the State of Alaska at some time during the period beginning July 1 two years before the date of application and ending on the date of this application; or

() (name), the individual on whose behalf I am applying, is a state resident on the date of this application, has been a state resident for at least 24 [SIX] months immediately preceding April 1 of the current dividend year, and has been physically present in the State of Alaska at some time during the period beginning July 1 two years before the date of application and ending on the date of this application.

I understand that a false claim of eligibility to obtain a

permanent fund dividend for myself or for another is a criminal offense, that if convicted I will forfeit future dividends, and that I must repay all dividends that have been paid to me. I understand that if I wilfully misrepresent, exercise gross negligence, or recklessly disregard a material fact regarding my eligibility for a permanent fund dividend I will forfeit the dividend, be subject to a civil fine of up to \$5,000, and lose my eligibility for the next five dividends. I understand that these penalties are in addition to any criminal penalties imposed.

(signature of individual,
parent, guardian, or other
authorized representative)"

Renumber the following bill sections accordingly.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD
SEAT A
HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • FURNAGAIN • UPPER MIDTOWN • WINDEMERE

3111 "C" STREET, SUITE 450
ANCHORAGE, ALASKA 99503
(907) 561-7629




CHAIRMAN
LABOR AND COMMERCE COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE
HOUSING AND BANKING SUBCOMMITTEE
FINANCE BUDGET SUBCOMMITTEE
DEPT. OF COMMERCE AND
ECONOMIC DEVELOPMENT

January 17, 1989

M E M O R A N D U M

To: Representative H.A. "Red" Boucher, Chair
House State Affairs Committee

From: Representative Dave Donley 

Re: HB 34 - Durational residency requirements for certain
state benefit programs

I am writing to request that you schedule HB 34 for a hearing before the House State Affairs Committee at your earliest convenience.

A file of backup information on the bill will be delivered to your office within the week. Please contact me or Ginger Baim at 4954 if you have any questions or need additional information.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD
NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDDOWN • WINDEMERE

PO. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE

December 14, 1988

M E M O R A N D U M

TO: Representative Red Boucher, Chair
House State Affairs Committee

FROM: Representative Dave Donley *LD*

RE: Scheduling a measure regarding residency requirement
for the Longevity Bonus and PFD

I am prefiling legislation that would mandate a two year
residency requirement for recipients to be eligible for the
longevity bonus and the permanent fund dividend.

I expect that this measure will be referred to the State
Affairs committee and would appreciate it if you would
schedule it for a hearing as soon as possible.

If you have any questions, please don't hesitate to contact
me, or my aide, Michael Ward. Thank you for your
consideration.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD
SEAT A
HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDDLETOWN • WINDEMERE

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CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMBER

STATE AFFAIRS COMMITTEE

HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

HOUSING AND BANKING SUBCOMMITTEE

FINANCE BUDGET SUBCOMMITTEE
DEPT. OF COMMERCE AND
ECONOMIC DEVELOPMENT

PRESS RELEASE * PRESS RELEASE * PRESS RELEASE

Date: December 29, 1988

Contact: Representative Dave Donley or
Ginger Baim at 561-7629
(After 1/2/89 at 465-4954)

PROPOSED INCREASE IN RESIDENCY REQUIREMENTS FOR STATE BENEFITS

A measure establishing a two year residency requirement for the Alaska Longevity Bonus and Permanent Fund Dividend has been introduced by Representative Dave Donley, D-Anchorage.

"Alaskans overwhelmingly agree that the residency requirement should be increased", Donley said. "The courts overturned the original residency requirements on both the programs because they were too long. But the courts didn't say what length of residency would meet Constitutional muster."

"The courts have upheld two year residency requirements in other cases", Donley said, "most notably the Alaska Student Loan Program. I believe they will uphold the same requirements for these two programs".

Continuous residency since Statehood was required under the original Longevity Bonus Program. The Alaska Supreme Court overturned that law on Constitutional grounds and the state subsequently adopted a one year residency requirement. The original Dividends were prorated among Alaskans depending on the number of years of residency. Again the courts overturned the law and the current program requires at least six months of residency for eligibility.

"There are no easy answers", Donley said. "There are substantial questions of law at stake and it's not a sure thing that the courts will uphold the new law. But I think we would remiss in our duties if we failed to place the question before the court".

"The Longevity Bonus was created to enable Alaska seniors to live out their lives in the state they helped build. The Dividend gives Alaskans a direct stake in the health and future of their Permanent Fund", Donley said. "It is appropriate that the people who benefit from these programs have at least the same stake in Alaska."

6-0107E
Cook
1/24/89

Original sponsors: Donley, Boucher,
Boyer, et al.

Rec'd Alaska Renewal - 2/6/89

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 34 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to durational residency requirements
7 for certain state benefit programs; and providing for
8 an effective date."

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

10 * Section 1. AS 43.23.005(a) is amended to read:

11 (a) An individual is eligible to receive one permanent fund
12 dividend each year in an amount to be determined under AS 43.23.025 if
13 the individual applies to the department, and if

14 (1) on the date of application the individual is a state
15 resident;

16 (2) the individual was a state resident for a period of at
17 least 24 [SIX] consecutive months immediately preceding April 1 of the
18 current dividend year; and

19 (3) the individual has been physically present in the state
20 at some time during the period beginning July 1 two years before the
21 date of application and ending on the date of application.

22 * Sec. 2. AS 43.23.015(b) is amended to read:

23 (b) The department shall prescribe and furnish an application
24 form for claiming a permanent fund dividend. The application must
25 contain a statement of eligibility and a certification of residency in
26 substantially the following form:

27 I certify that

28 () I am a state resident on the date of this application, I have
29 been a state resident for at least 24 [SIX] months immediately

Handwritten: LAURENCE MAKING A FAIR STATEMENT

SB 444

1 preceding April 1 of the current dividend year, and I have been phys-
 2 ically present in the State of Alaska at some time during the period
 3 beginning July 1 two years before the date of application and ending
 4 on the date of this application; or

5 () (name), the individual on whose behalf I am applying, is a
 6 state resident on the date of this application, has been a state
 7 resident for at least 24 [SIX] months immediately preceding April 1 of
 8 the current dividend year, and has been physically present in the
 9 State of Alaska at some time during the period beginning July 1 two
 10 years before the date of application and ending on the date of this
 11 application.

12 I understand that a false claim of eligibility to obtain a perma-
 13 nent fund dividend for myself or for another is a criminal offense,
 14 that if convicted I will forfeit future dividends, and that I must
 15 repay all dividends that have been paid to me. I understand that if I
 16 wilfully misrepresent, exercise gross negligence, or recklessly disre-
 17 gard a material fact regarding my eligibility for a permanent fund
 18 dividend I will forfeit the dividend, be subject to a civil fine of up
 19 to \$5,000, and lose my eligibility for the next five dividends. I
 20 understand that these penalties are in addition to any criminal pen-
 21 alties imposed.

22 _____
 23 (signature of individual,
 24 parent, guardian, or other
 25 authorized representative)

26 * Sec. 3. AS 47.45.010(a) is amended to read:

27 (a) A person who is 65 years of age or over, who resides in the
 28 state for at least two years [ONE YEAR] immediately preceding applica-
 29 tion for a longevity bonus under this chapter may apply to the

1 commissioner of administration for qualification to receive a monthly
2 bonus of \$250.

3 * Sec. 4. This Act takes effect [January 1, 1990.]
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6-0107E
Cook
1/24/89

Original sponsors: Donley, Boucher,
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2 ically present in the State of Alaska at some time during the period
3 beginning July 1 two years before the date of application and ending
4 on the date of this application; or

5 () (name), the individual whose behalf I am applying, is a
6 state resident on the date of this application, has been a state
7 resident for at least 24 [SIX] months immediately preceding April 1 of
8 the current dividend year, and has been physically present in the
9 State of Alaska at some time during the period beginning July 1 two
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19 to \$5,000, and lose my eligibility for the next five dividends. I
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Item 5



Alaska State Legislature

House of Representatives
COMMITTEE ON STATE AFFAIRS

TO: House State Affairs Committee Members

FROM: Representative H.A. "Red" Egan, Chair
House State Affairs Committee

DATE: January 24, 1989

RE: HB 34 -- Durational Residency Requirements

I would like to bring to your attention a memorandum from Keith Levy to Senator Mitch Abood dated February 7, 1987 which discusses durational residency requirements and case law regarding residency requirements.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

February 7, 1987

SUBJECT: Durational residency requirement for
 longevity bonus (SB 56 and SB 57)

TO: Senator Mitch Abood, Chair
 Senate State Affairs Committee

FROM: Keith B. Levy ^{KBL}
 Legislative Counsel

You have asked whether making the Alaska longevity bonus a "needs based" program with an income cap for eligibility of \$20,000 or \$25,000 would require reducing the residency requirement for the program from one year to 30 days. While it is difficult to predict with certainty the maximum durational residence requirement that is constitutionally permitted under any particular set of facts, it is true that making the longevity bonus "needs based" would open the current one year requirement up to serious attack.

A one year durational residency requirement presents potential constitutional problems in any state legislation. In the case of a program which provides the "basic necessities of life," however, the invalidity of such a durational residence requirement is almost certain. Thus, a one year residence requirement for the longevity bonus program, even in its current form, is open to constitutional challenge. Making the program "needs based" would make a successful challenge more likely if the court views the program as providing the basic necessities of life.

In Shapiro v. Thompson, 394 U.S. 618, 22 L.Ed.2d 600 (1969), the United States Supreme Court struck down various state provisions requiring indigents to be state residents for one year before being eligible for state welfare benefits. The court observed that in each case there was no question that the indigents were state residents, but they were being denied welfare benefits solely because they had not been residents for the one year period. The court concluded

that, while the state may require that welfare recipients be state residents, the one year requirement penalized the constitutional right to travel:

. . . any classification which serves to penalize the exercise of that right, unless shown to be necessary to promote a compelling governmental interest, is unconstitutional. - (Emphasis in original.) Shapiro, 22 L.Ed.2d, at 615.

The court rejected various arguments of the states involved, including the argument that the one year waiting period served to prevent fraudulent receipt of benefits. The court pointed out that fraud can be prevented and residency established without the extensive waiting period. Shapiro, 22 L.Ed.2d, at 616 - 617.

In a footnote, the Shapiro court did state that its ruling was limited to the facts of the case:

We imply no view of the validity of waiting-period or residence requirements determining eligibility to vote, eligibility for tuition-free education, to obtain a license to practice a profession, to hunt or fish, and so forth. Such requirements may promote compelling state interests on the one hand, or, on the other, may not be penalties upon the exercise of the right of interstate travel.

Shapiro, 22 L.Ed.2d, n. 21, at 617.

The holding in Shapiro was extended to apply to medical benefits in Memorial Hospital v. Maricopa County, 415 U.S. 250, 39 L.Ed.2d 306 (1974):

Whatever the ultimate parameters of the Shapiro penalty analysis, it is at least clear that medical care is as much "a basic necessity of life" to an indigent as welfare assistance. And governmental privileges or benefits necessary to basic sustenance have often been viewed as being of greater constitutional significance than less essential forms of governmental entitlements. (Footnotes omitted. Memorial Hospital, 39 L.Ed.2d, at 315.)

The court acknowledged that a one year residence requirement may sometimes be justified, as in the case of charging lower tuition to one year residents attending a state university:

While we fully recognize the value of higher education, we cannot equate its attainment with food, clothing and shelter. Shapiro involved the immediate and pressing need for preservation of life and health of persons unable to live without public assistance, and their dependent children. Thus, the residence requirement in Shapiro could cause great suffering and even loss of life. The durational residence requirements for attendance at publicly financed institutions of higher learning do not involve similar risks. (Memorial Hospital, 30 L.Ed.2d, n. 15, at 316.)

[Accordingly, the court left open the possibility that a one year residence requirement could be upheld in certain instances, but not where the benefit involved is one of the basic necessities of life.

It is difficult to say whether the Alaska Supreme Court would view an income cap of \$20,000 or \$25,000 as making the longevity bonus a benefit involving the "basic necessities of life" within the meaning of the Shapiro and Memorial Hospital cases. It can certainly be argued that any income cap would make the program a "welfare" benefit so that the court would view it as providing basic necessities. And the lower the income cap gets, the more likely the court will reach this conclusion. Thus, a \$20,000 income cap is more subject to challenge than a \$25,000 cap.

Section 1(b), ch. 38, SLA 1984, states:

The longevity bonus program is not a form of welfare and is not a substitute for or supplement to public assistance. Other programs are available to provide the basic necessities of life. The longevity bonus program is intended to encourage elderly Alaskans to spend their retirement years in the comfort of their homes.

This language is obviously intended to protect against a challenge under Shapiro and Memorial Hospital. However, setting an income cap on eligibility for the bonus would seem to repudiate that language by making the bonus available only to those Alaskans who need it.

In Dunn v. Blumstein, 405 U.S. 330, 31 L.Ed.2d 274 (1972), the United States Supreme Court struck down a one year residence requirement for the right to vote as penalizing that important constitutional right. In a similar case, the Alaska Supreme Court struck down a 75 day residence requirement for voting in state elections. State v. Van Dort, 502 P.2d 453, 454 (Alaska 1972). In each case, however, the court did find that a 30 day residence requirement would serve the compelling state interest in preventing voter fraud and voting by nonresidents.

In subsequent cases, the Alaska Supreme Court seems to have taken an even broader interpretation of the right to travel and a more critical view of durational residence requirements than the United States Supreme Court. For example, in State v. Adams, 522 P.2d 1125 (Alaska 1974), the court held that a one year residence requirement to obtain a divorce in a state court violates the state constitution. This is in contrast to the United States Supreme Court opinion in Sosna v. Iowa, 419 U.S. 393, 42 L.Ed. 2d 532 (1976), in which the court upheld Iowa's one year residence requirement for seeking a divorce in the state, under the federal constitution. The court in Adams went so far as to say:

All durational residency requirements inherently infringe upon the fundamental constitutional right of interstate travel. Hence, all such requirements are prima facie invalid and will be countenanced only when they serve a compelling state interest. (Footnotes omitted. Adams, at 1131.)

In State v. Wylie, 516 P.2d 142 (Alaska 1973), the court struck down a one year residence requirement for public employment, saying the state had failed to advance a compelling justification for the requirement.

The standard for reviewing durational residence requirements in Alaska was altered somewhat after the Alaska Supreme Court adopted a new test under which state equal protection challenges are considered:

The classification must be reasonable, not arbitrary, and must rest upon some ground of difference having a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced shall be treated alike. (Isakson v. Rickey, 550 P.2d 359 (Alaska 1976).)

Even under the new standard, however, the court requires the state to provide a high level of justification before it will sustain a durational residence requirement. Applying this new standard, the court struck down a borough ordinance requiring one year of residence in the borough to participate in the borough's land lottery. Gilman v. Martin, 662 P.2d 120 (Alaska 1983).

The significance of the Adams, Wiley, and Gillman cases is that the court struck down the one year residence requirements even though they did not involve "basic necessities of life." Thus, it appears that the Alaska Supreme Court goes much further than the United States Supreme Court in durational residence challenges. Accordingly, even if the longevity bonus is not viewed as providing the basic necessities of life, the one year residence requirement could be overturned by the court. The Alaska Supreme Court has upheld durational residence requirements for eligibility to run for the state legislature (Gilbert v. State, 526 P.2d 1131 (Alaska 1974)); for eligibility to perform jury duty (Hampton v. State, 569 P.2d 138 (Alaska 1977)); and for eligibility to run for a municipal office (Castner v. City of Homer, 598 P.2d 953 (Alaska 1979)). However, the distinguishing factor in each of these cases is that the residence requirement was for a position involving important policy making responsibilities.

The longevity bonus in any form seems to be more akin to the cases in which the durational residence requirements were struck down than the cases in which they were upheld. It is simply a state benefit, not a policy making position. The kinds of justifications the state could put forth for the one year requirement -- protection of fiscal integrity of the program and preventing people from moving to the state solely to obtain the benefit -- have been rejected by both the Alaska Supreme Court and United States Supreme Court. However, setting an income cap for eligibility for the program will certainly add to the arguments against the one year requirement, since such a change is likely to make the program more of a "basic necessity of life" rather than a mere supplement to income.

In Jeffrey v. Colorado State Department of Social Services, 599 P.2d 874 (Colorado 1979), the Colorado Supreme Court struck down a state old-age pension plan which contained a durational residence requirement. The court rejected the argument that the pension was merely an income supplement

Senator Abood
February 7, 1987
Page 6

because, under state law, the pension benefit was reduced in proportion to the amount of an individual's other income. This provision made it clear to the court that the pension was intended to meet the basic necessities of life, not to supplement other income. Similarly, setting an income cap on eligibility for the longevity bonus would add to the arguments that the program provides basic needs and the one year durational residence requirement is unconstitutional.

In conclusion, it is possible that the Alaska Supreme Court would find the one year residence requirement for the longevity bonus unconstitutional even in the program's present form. However, setting an income cap for eligibility for the program will certainly add to the likelihood that the residence requirement would be struck down if challenged. The strength of such a challenge will depend, in part, on the details of how the "needs based" program would operate. The lower the level of income at which an individual becomes eligible, the greater the likelihood that the court will view the program as providing the basic necessities of life, thus increasing the chance that the one year requirement will be struck down.

If I may be of further assistance, please advise.

KBL:mkr
m8/105

HB

43

TABLE OF CONTENTS

HB 43: Retirement Credit for Unused Sick Leave

- Item 1:** HB 43 by Koponen
Sponsor Statement
- Item 2:** Fiscal Note and Analysis
- Item 3:** 1988 State Employee Benefits Survey
- Item 4:** Letter from Alaska Public Employees Association
and Attorney General's Formal Opinion on Health
& Retirement Bargainability, February 27, 1985
- Item 5:** Letter from NEA-Alaska
March 1, 1989

HOUSE COMMITTEE ON STATE AFFAIRS

**RECAP OF
HB 43**

Retirement Credit for Unused Sick Leave

Received January 9, 1989
by Rep. Koponen

Heard March 2, 1989

Passed Out of Committee March 2, 1989
5 No Recommendation
1 Do Not Pass

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee recommends that:

HOUSE BILL NO. 43 [RETIREMENT CREDIT FOR UNUSED SICK LEAVE]
"An Act allowing retirement credit for the unused sick leave of an employee participating in the public employees' retirement system."

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

- [] do pass
- [] do not pass
- [X] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [X] zero with analysis DOA

APPROVES PREVIOUS:

- [] fiscal note(s) published: _____
- [] zero fiscal notes(s) published: _____

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

_____ (Doreen Duley (NO REC))

_____ (No Rec)

_____ (NO REC.)

_____ (DO NOT PASS)

_____ (Almost 2. Million increase annually)

_____ (No Rec)

_____ (no rec)

_____ (Chairman's signature)

Chairman's signature

Introduced: 1/9/89
Referred: State Affairs
and Finance

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IN THE HOUSE

BY KOPONEN

HOUSE BILL NO. 43
IN THE LEGISLATURE OF THE STATE OF ALASKA
SIXTEENTH LEGISLATURE - FIRST SESSION
A BILL

For an Act entitled: "An Act allowing retirement credit for the unused sick leave of an employee participating in the public employees' retirement system."

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

* Section 1. AS 39.35 is amended by adding a new section to read:

Sec. 39.35.375. CREDIT FOR UNUSED SICK LEAVE. (a) An employee who is employed on or after July 1, 1988, and who retires after July 1, 1989, may elect to add unused sick leave credit to the total number of years of credited service under AS 39.35.370(c). Unused sick leave shall be credited on a day-for-day basis. Employee contributions may not be required for credited unused sick leave.

(b) An employee retiring before July 1, 1989, who returns to membership service with an employer on or after July 1, 1989, and who subsequently retires is eligible for unused sick leave credit only with respect to sick leave accrued during membership service on or after July 1, 1989.

(c) Unused sick leave may be added to credited service under this section as of the first day of the month after which

- (1) the employee meets the eligibility requirements of this section;
- (2) the employee is terminated from covered employment; and
- (3) the employee's written election regarding unused sick leave is received and verified by the administrator.

BILL CHURCH - Field Rep.

→ Adding on benefits + ADDS
FOUNDED FUND - RUCURY -

500 hrs - to pay for
that benefit -

change the employer rate by
21% -

→ what Dist. is the cost of
employee contribution -

→ add new benefit, this ↑
Rate but change with employer -

→ From limit today / Future
guess the Role of Reserve -

→ that why employer do
Actuarial

21 COMES FROM Actuarial

FN - Normal cost the strike any time.
cost is for employees

10
108 accts
1961 accts 1000000

329 - 1000000

2 mill acct

NOT A NEGOTIABLE Benefit

Introduced: 1/9/89
Referred: State Affairs
and Finance

{ 13 Days - 0.13 FN
0.13 employee
NO PENSION TO STATE
OTHER WORKERS -

1 IN THE HOUSE

2 HOUSE BILL NO. 43

BY KOPONEN

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

GF

5 A BILL

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20 with respect to sick leave accrued during membership service on or
21 after July 1, 1989.

22 (c) Unused sick leave may be added to credited service under
23 this section as of the first day of the month after which

24 (1) the employee meets the eligibility requirements of this
25 section;

26 (2) the employee is terminated from covered employment; and

27 (3) the employee's written election regarding unused sick
28 leave is received and verified by the administrator.

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

House District 21

119 N. Cushman, Suite 207
Fairbanks, Alaska 99701
(907) 456-8172

SPONSOR STATEMENT ON HB 43

According to the 1988 State Employee Benefits Survey done by Workplace Economics, Inc., 82% of all states pay employees upon retirement in some form or another, for their unused sick leave. Alaska is not among them.

By statute (AS 14.25.115), teachers in Alaska "may elect to apply unused sick leave credit in computing the total number of years of credited service under AS 14.25.110(d)." This legislation would extend that same provision to all members of the Public Employees Retirement system.

The purpose is such a provision is to provide a positive incentive for the judicious use of sick leave. Such an incentive encourages employees to accumulate sick leave in an amount which might be needed should an employee suffer a serious illness.

Item 2

FISCAL NOTE

REQUEST: _____

Revision Date: _____ Agency Affected: Administration
 Title: An Act allowing retirement credit for unused sick leave
 BRU: Retirement and Benefits
 Sponsor: Koponen Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached sheet for the fiscal implications to the Public Employees' Retirement Fund. This bill will not result in increased operational costs to the division. THIS BILL IS ESTIMATED TO COST THE STATE \$1,094,500 IN INCREASED PERSONAL SERVICES COSTS IN FY 90. THIS BILL IS ESTIMATED TO COST POLITICAL SUBDIVISIONS \$744,500 IN INCREASED PERSONAL SERVICES COSTS IN FY 90. Please see page 2 for a detailed discussion of these costs.

Prepared By: Sally Smith Phone: 465-4470
 Division: Retirement and Benefits Date: _____
 Approved by Commissioner: John M. Andrews Date: 2/27/89
 Agency: Department of Administration

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

*↑ employees during 2
not hired - but operational
will go*

House Bill 43
 Analysis of Fiscal Implications to the Retirement Fund
 Prepared by Division of Retirement & Benefits
 Department of Administration
 February 23, 1989

Analysis: Based upon a preliminary study of the State and several political subdivisions, we have assumed that each future Public Employees' Retirement System (PERS) retiree would be given credit for 500 hours of sick leave upon passage of this bill. This estimate is an average, recognizing that some employees accrue personal leave and some accrue sick leave.

To fund this bill, the State PERS contribution rate would increase by .21%. The State payroll is estimated to be \$463,907,093 in FY90 and remain stable each year thereafter. The University of Alaska (U of A) PERS payroll is estimated to be \$57,301,615 in FY90 and remain stable each year thereafter.

The State cost of \$1,094.5 is calculated as follows:

Estimated FY90 state PERS salaries	\$463,907,093	
times increase in contribution rate	.21%	
		\$ 974.2
Plus estimated U of A PERS salaries	\$57,301,615	
times increase in contribution rate	.21%	
		<u>120.3</u>
TOTAL FY90 STATE COSTS...		<u>\$1,094.5</u>

In addition to the State's cost's above, political subdivision costs would increase by \$744.5 in FY90 based on estimated salaries of \$ 354,521,366. The political subdivision salaries are estimated to remain constant each year thereafter.

Estimated FY90 Political Subdivision PERS salaries	\$354,521,366	
times increase in contribution rate	.21%	
		\$ 744.5
TOTAL FY90 POLITICAL SUBDIVISION COSTS...		\$ 744.5

Passage of this bill would result in a .4% decrease in the PERS funding ratio and would increase the present value of the PERS unfunded liability by \$ 9,165,000.

Item 3

COUNCIL OF STATE GOVERNMENTS
JAN 1 1989
STATES INFORMATION CENTER

1988 STATE EMPLOYEE
BENEFITS SURVEY

Benefits in effect January 1, 1988

Prepared by:

WORKPLACE ECONOMICS, INC.
1920 L Street, N.W.
4th Floor
Washington, D.C. 20036

© 1988, WORKPLACE ECONOMICS, INC.

2: SICK LEAVE POLICIES

Most states surveyed (forty-four) reported that state employees accrue a fixed number of sick leave days in a year.

~~Among these states, the number of days earned per year averages 12~~
days. Sick leave accrual ranges from a low of 6 days in Indiana to 21 days in Hawaii. The states of New York and Ohio report a range for sick leave accrual based on the terms of various separate bargaining agreements. In Louisiana, Mississippi, Nebraska and Vermont, sick leave is accrued based on years of service.

In thirty-seven of the fifty states surveyed (74%), there is no limit on the amount of sick leave which can be accumulated. In those states which do place a limit on accumulation, the maximum allowed ranges from a low of 90 days in Arkansas and Georgia (and, for some workers, Michigan and New Hampshire), to a high of 200 days in Pennsylvania. Members of some bargaining units in New York State can accumulate 225 days of sick leave.

With the exception of Georgia, employees in all state governments begin to earn sick leave immediately upon employment. Generally, state employees can use their sick leave as soon as they earn it. Only Montana and New Hampshire impose waiting periods on employees to use sick leave that is acc

In thirty-two states (64%) employees can use their sick leave in order to attend the funeral of a family member. In those states which do not allow sick leave to be used for this purpose, a separate funeral leave policy is in effect. (See Table 3.) With

the exception of five states, state employees can use sick leave to tend to the illness of a family member.

State policies differ in their treatment of how they compensate employees for their unused sick leave upon separation from service. In forty-one states, employees are not compensated for their unused sick leave upon termination. In most of the nine states which do cash-out sick leave, there is some limitation on payment, either in terms of the qualification for compensation, the number of days which can be cashed-out, or the amount of the payment. Only nineteen of the states (38%) pay unused sick leave to an employee's beneficiary upon death. Nearly one half of the states (twenty-three) cash-out unused sick leave in the event the employee goes on permanent disability.

Upon retirement, however, most states (82%) pay employees for their unused sick leave. The form in which this payment is made varies. Some states credit unused sick leave toward service for purposes of computing retirement benefits. Others pay some percentage of unused sick leave or limit the dollar amount paid. In Idaho, West Virginia and Wisconsin, the value of unused sick leave is credited toward insurance premiums. Only the states of New Mexico and Pennsylvania did not report any restrictions on the amount of accumulated sick leave to be paid upon retirement.

TABLE 2

SICK LEAVE

State	per year accrual rate	number of days maximum accumulation	ELIGIBILITY		OTHER USES		PAYMENT FOR UNUSED LEAVE			determination of disability
			to use	to accrue	family death	family illness	at termination	at retirement	at death	
Alabama	13	150	limited	limited	yes	yes	50X	no	no	yes
Alaska	15	no limit	limited	limited	yes	yes	no	yes	no	no
Arizona	12	no limit	limited	limited	no(1)	yes(2)	yes(3)	no	no	yes
Arkansas	12	90	limited	limited	yes	yes	no	no	no	no
California	12(4)	no limit	limited	limited	no(1)	yes	yes(5)	no	no	no
Colorado	15	no limit	limited	limited	no(1)	yes	25X	25X	25X	yes
Connecticut	15	no limit	limited	limited	yes	yes	25X	25X	25X	yes
Delaware	15	no limit	limited	limited	no(1)	yes	50X(6)	yes	yes	yes
Florida	6.5	no limit	limited	limited	no(1)	yes	25X	yes(7)	yes	no
Georgia	15	90	limited	10 days	yes	yes	yes(8)	no	no	no
Hawaii	21	no limit	limited	limited	no(1)	no	yes(5)	no	no	no
Idaho	12	no limit	limited	limited	yes	yes	yes(9)	no	no	yes
Illinois	12	no limit	limited	limited	yes	yes	yes(10)	yes	yes	yes
Indiana	6	no limit	limited	limited	no(1)	no	no	no	no	no
Iowa	18	no limit	limited	limited	yes	yes	yes(11)	no	no	no
Kansas	12	no limit	limited	limited	no(1)	yes	yes(12)	no	no	no
Kentucky	12	no limit	limited	limited	yes	yes	yes(5)	no	no	no
Louisiana	---	no limit	limited	limited	no(1)	no	no	no	no	no
Maine	12	120	limited	limited	no(1)	yes	yes(5)	no	no	no
Maryland	15	no limit	limited	limited	yes	no	yes(5)	no	no	no
Massachusetts	15	no limit	limited	limited	no(1)	yes	20X	no	no	no
Michigan	13	90-120(14)	limited	limited	yes	yes	yes(15)	yes	yes	no
Minnesota	13	112.5(16)	limited	limited	yes	yes	60X	yes	yes	yes
Mississippi	7.5-12(17)	no limit	limited	limited	yes	no	no	no	no	no
Missouri	15	no limit	limited	limited	no(1)	yes	yes(5)	no	no	no

TABLE 2 -- Continued

SICK LEAVE

State	per year accrual rate	number of days maximum accumulation	ELIGIBILITY		OTHER USES		PAYMENT FOR UNUSED LEAVE			
			to use ^a	to accrue	family death	family illness	at termi- nation	at retire- ment	to benefi- ciary at death	determina- tion of disability
Montana	12	no limit	3 mos	limited	yes	yes	25%	25%	25%	yes
Nebraska	12(18)	180	limited	limited	no(1)	yes	no	25%	25%	yes
Nevada	15	no limit	limited	limited	yes	yes	yes(19)	yes(19)	no	no
New Hampshire	12	90-120(20)	6 mos	limited	yes	yes	no(21)	33%(22)	yes(22)	no
New Jersey	15	no limit	limited	limited	yes	yes	no	50%(23)	no	yes
New Mexico	12	no limit(24)	limited	limited	yes	yes	no	yes	no	yes
New York	8-13(25)	190-225(26)	limited	limited	yes(27)	yes(27)	no	yes(28)	no	no
North Carolina	12	no limit	limited	limited	yes	yes	no	yes(5)	no	no
North Dakota	12	no limit	limited	limited	no(1)	yes	no	no	no	no
Ohio	8-10(26)	no limit	limited	limited	yes	yes	50%	50%	yes	yes
Oklahoma	10	130	limited	limited	yes	yes	no	yes(5)	no	no
Oregon	12	no limit	limited	limited	yes	yes	no	50%(5)	no	yes
Pennsylvania	13	200	limited	limited	yes	yes	no	yes	no	yes
Rhode Island	15	125	limited	limited	no(1)	yes	no	yes(29)	yes(29)	yes
South Carolina	15	180	limited	limited	no(1)	yes(2)	no	no	no	no
South Dakota	14	no limit	limited	limited	yes	yes	25%(30)	25%(30)	yes	yes
Tennessee	12	no limit	limited	limited	yes	yes	no	yes(5)	yes	yes
Texas	12	no limit	limited	limited	no(1)	yes	no	no	50%(31)	no
Utah	13	no limit	limited	limited	no(1)	yes	no	25%	no	no
Vermont	---(32)	no limit	limited	limited	yes	yes	no	no	no	yes
Virginia	15	no limit	limited	limited	yes	yes	25%(33)	25%(33)	no	25%(33)
Washington	12	no limit	limited	limited	yes	yes	no	25%	yes	no
West Virginia	18	no limit	limited	limited	yes	yes	no	yes(34)	no	yes
Wisconsin	13	no limit	limited	limited	yes	yes	no	yes(35)	yes(35)	yes
Wyoming	12	no limit	limited	limited	yes	yes	50%(36)	50%	50%	yes

NOTES FOR TABLE 2:
SICK LEAVE

- * "Immediate" response means sick leave can be used as soon as it is accrued -- usually after one month.
- 1. Arizona, California, Colorado, Delaware, Florida, Hawaii, Indiana, Kansas, Louisiana, Maine, Massachusetts, Missouri, Nebraska, North Dakota, Rhode Island, South Carolina, Texas, Utah: Funeral leave separate from sick leave is provided.
- 2. Arizona, South Carolina: Spouse or child only. Not to exceed 5 days (40 hrs)/year.
- 3. Arizona: \$750 paid if employee has accrued 1,000 hrs.
- 4. California: Four bargaining units are guaranteed 10.5 sick leave days but can use 12 if annual use is below a certain level.
- 5. California, Hawaii, Kentucky, Maine, Maryland, Missouri, North Carolina, Oklahoma, Oregon, Tennessee: No cash payment for unused sick leave at retirement. Rather, payment is in the form of additional service credit in determination of retirement benefits.
- 6. Delaware: Up to 45 days.
- 7. Florida: Only after 10 yrs of service.
- 8. Georgia: No cash payment for unused sick leave at retirement. Rather, payment is in the form of additional service credit in determination of retirement benefits for employees hired prior to 7/1/82. No additional service credited unless 120 days accumulated.
- 9. Idaho: Sum equal to half of monetary value of unused sick leave earned since 7/1/76 shall be used to pay retiree's premiums for group health, accident and life insurance programs as may be maintained by the state.
- 10. Illinois: 50% earned since 1/1/84.
- 11. Iowa: Payment for accrued sick leave, minimum of 240 hours, amount not to exceed \$2,000.
- 12. Kansas: Payment as follows: 8 yrs service and 100 days accumulated: 30 days pay; 15 yrs service and 125 days, accumulated: 45 days pay; 25 yrs service and 150 days, accumulated: 60 days pay.
- 13. Louisiana: Per year accrual rate same as for annual leave.

14. Michigan: Maximum number of days accumulation ranges up to 120 days; 1-8 yrs service: 90 days; 9-17 yrs service: 105 days; 18 or more yrs: 120 days.
15. Michigan: For employees hired before 10/1/80, payment for unused sick leave at separation ranges up to 50% maximum: 0-104 hrs: 0%; 105-208 hrs: 10%; 209-416 hrs: 20%; 417-624 hrs: 30%; 625-832 hrs: 40%; 833 or more hrs: 50%.
16. Minnesota: After 112.5 days have been accumulated, employees can accrue at the rate of 6.5 days per year to be used for catastrophic/extended illness.
17. Mississippi: 1 mo. to 3 yrs service: 12 days/yr; 37 mos to 8 yrs: 10.5 days/yr; 97 mos to 15 yrs: 9 days/yr; over 15 yrs: 7.5 days/yr.
18. Nebraska: Accrual rates apply to first five years of employment. Rate increases each year thereafter until 30/yr.
19. Nevada: Payment for excess over 30 days to maximum of \$3,500. Must have 10 yrs service to qualify.
20. New Hampshire: Maximum accumulation ranges depending on years of service. 0-8 yrs: 90 days; 9-15 yrs: 105 days; 16 or more yrs: 120 days.
21. New Hampshire: Unless termination is due to a mandated reduction in force.
22. New Hampshire: Up to 30 days.
23. New Jersey: Maximum of \$15,000.
24. New Mexico: May cash in up to 120 hours of sick leave per year provided that hours being cashed in are over and above 600 accumulated sick leave hours.
25. New York: Depending on bargaining unit and date of hire.
26. New York, Ohio: Depending on the bargaining unit.
27. New York: Not to exceed a maximum of 15 days in any one year.
28. New York: No cash payment. Rather, a maximum of 165 days unused sick leave may be used for retirement service credit and the value of a maximum of 165 days unused sick leave may be used to pay for health insurance during retirement.
29. Rhode Island: 50% of total accumulated from 390 hrs to 630 hrs; 75% of total over 630 to maximum.
30. South Dakota: 7 yrs service requirement to maximum 480 hrs.

31. Texas: Maximum of 336 hrs.
32. Vermont: Accrual rate varies depending on years of service:
1st 6 mos: 6 days advanced; 6 mos-5 yrs: 12 days/yr; 5-10
years: 15 days/yr; 10-20 yrs: 18 days/yr; after 20 yrs: 20
days/yr.
33. Virginia: 5 yrs service required with maximum payment of
\$2,500.
34. West Virginia: No cash payment. Rather, unused sick leave is
converted to credit for health insurance.
35. Wisconsin: No cash payment. Rather, unused sick leave is
converted to credits to pay group health insurance and, in the
case of death, to pay premiums for survivors.
36. Wyoming: To a maximum of 480 hours.

Item 4



Alaska Public Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

February 27, 1985

Senator Paul Fischer
Pouch V
Juneau, AK 99811

Re: Retirement Credit for Unused Sick Leave

Dear Senator Fischer:

Attached is a copy of the Attorney General's formal opinion which excludes retirement benefits from the collective bargaining process. The opinion clearly states that retirement benefits are not included within the "terms and conditions of employment" subject to negotiations under the Public Employment Relations Act (AS 23.40.070 et seq.).

Whereas changes to the retirement system cannot be negotiated, legislative action is required to provide service credit for unused sick leave. A similar provision is included in the Teachers' Retirement System (AS 14.25.115.). This amendment would benefit those public employees who have consistently placed their professional responsibilities above their personal comfort. As with the Teachers' Retirement System, this amendment to PERS would increase productivity and reduce absenteeism.

From time to time it has been suggested that annual leave and sick leave be combined in favor of personal leave which could be "cashed in" upon termination. Such a change would, however, be much more expensive than granting retirement credit for unused sick leave.

This legislation is of great concern to APEA members. Your support is deeply appreciated.

Yours sincerely,

Cherie Shelley
Cherie Shelley
Executive Director

CS/kb

Enclosures

Fairbanks Field Office
825-D College Road
Fairbanks, AK 99701
Telephone: (907) 456-5412

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833 Gambell Street, Suite A
Anchorage, AK 99501
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Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-2334

STATE OF ALASKA

JAY S. HARIMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

January 23, 1978

The Honorable B. B. Allen
Commissioner
Department of Administration
Pouch C
Juneau, Alaska 99811

Re: Health & Retirement-Bargainability;
our file J-66-444-78

Dear Commissioner Allen:

You requested an opinion whether the Public Employment Relations Act (PERA), AS 23.40.070-23.40.260, supersedes the group life and health insurance statute, AS 39.30.090, and the statutes establishing the Public Employees Retirement System (PERS), AS 39.35. Restated, the question is whether group life and health insurance benefits and retirement benefits subject to collective bargaining.

AS 23.40.070(2) provides that the policy underlying PERA is to be effectuated by "requiring public employers to negotiate with and enter into written agreements with employee organizations on matters of wages, hours, and other terms and conditions of employment." AS 23.40.250(7) provides that "'terms and conditions of employment' means the hours of employment, the compensation and fringe benefits, and the employer's personnel policies affecting the working conditions of the employees; but does not mean the general policies describing the function and purposes of a public employer."

These provisions, standing alone, clearly would make both group life and health insurance benefits and retirement benefits subject to collective bargaining since they both are "fringe benefits." This also fits the analytic distinction between matters subject to collective bargaining and those not subject to bargaining adopted by the Alaska Supreme Court in Kenai Peninsula Borough School Dist. v. Kenai Peninsula Education Ass'n., No. 1537 (Alaska, December 9, 1977). In that case, the Alaska Supreme Court stated that, in the absence of specific legislation on the subject, "a matter is more susceptible to bargaining the more it deals with the economic interests of employees and the less it concerns" questions of fundamental policy. It expressly held that life insurance, health insurance and liability insurance are negotiable absent statutory restrictions.

AS 39.30.090, the group insurance statute, provides in part that "[t]he Department of Administration may obtain a policy or policies of group insurance covering state employees and employees of other participating governmental units subject to" certain conditions not relevant to this inquiry. Because health insurance deals with the economic interests of employees and does not deal with fundamental policy, because AS 39.30.090 authorizes the Department of Administration to obtain "a policy or policies," and because AS 39.30.090 does not specify what levels of coverage or

benefits must be included in the policy (or policies) obtained, we believe the issue of group life and health insurance benefits is negotiable under PERA. To the extent the cost of this negotiated coverage exceeds what the State would have paid under its employer-sponsored plan, the negotiated coverage is subject to legislative approval under AS 23.40.215.

The negotiability of retirement benefits is more complex. At the outset, it appears clear that retirement benefits afforded under PERS are not negotiable. Inclusion in PERS is a condition of employment for state employees, and contributions to it are mandatory. AS 39.35.120(b); AS 39.35.170. Given these statutory provisions, we believe the legislature intended the statutory provisions of PERS to apply to all state employees, and benefits under PERS may not be negotiated under PERA.

Under the Kenai Peninsula Borough School Dist. analysis, changes in public employee retirement benefits involve questions of fundamental public policy. One commentator has stated these questions to be "[t]he legislative objectives which underlie retirement plans; the relationship of these objectives to the employee's legitimate expectancies in the employment relationship; the public interest in the maintenance and financial integrity of such plans; the problems of equitable allocation of cost between the employees and their governmental employers (taxpayers); the continuing demands

for liberalization of benefits and qualifying conditions and the result and necessity to re-evaluate the standards by which benefits are measured; the need to maintain a reasonable measure of solvency; the justification, or lack thereof, of a reserved legislative power to deal with these problems; [and] the scope of that power." Cohn, Public Employee Retirement Plans--the Nature of the Employees' Rights, 1963 U. of Ill. Law Forum, 32, 46. The public policy implications of changes in retirement benefits for public employees in Alaska take on added significance when one considers Article XII, Section 7 of the Alaska Constitution, which provides

Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

While we cannot be certain, we believe that the Alaska Supreme Court would conclude, as we have, that retirement benefits are not negotiable under PERA.

In conclusion, we recommend that the legislature be requested to clarify the "terms and conditions of employment" which may be negotiated under PERA. As the Alaska Supreme Court stated, "[i]t would be helpful if the legislature, through future enactments, provided more specific guidance on a number of the items which the unions seek to negotiate." Kenai Peninsula Borough School Dist., at 19. From both policy and administrative viewpoints, we believe

The Honorable B. B. Allen
January 23, 1978
Page 5

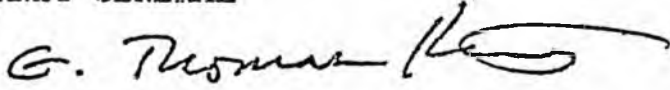
that a single, unified system of group life and health insurance benefits and retirement benefits for public employees is desirable. However, absent legislation to this effect, we believe the area of group life and health insurance benefits is a legitimate item for collective bargaining under PERA.

We hope this answers your questions.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By:


G. Thomas Koester
Assistant Attorney General

GTK:chp



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

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FAIRBANKS REGIONAL OFFICE

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

March 1, 1989

To: Representative Red Boucher, Chair
Members, House State Affairs Committee

Re: House Bill No. 43; "An Act allowing retirement credit for the unused sick leave of an employee participating in the public employees' retirement system."

NEA-Alaska supports and encourages your favorable consideration of HB 43.

For school district employees who are in the PERS this change is more in line with a similar benefit which is available to certificated employees in the TRS.

Since an employer benefits when the employee does not use available sick leave it is appropriate that said leave become a part of the benefit computation at the time of retirement.

It is our understanding that this change would be fully funded according to the actuarial requirements of the system.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Secretary

cc: Rep. Niilo Koponen

H B

45

TABLE OF CONTENTS

Thursday, April 5, 1989
SSHB 45: PERS Credit for
Constitutional Convention

- Item 1:** SSHB 45 by Koponen
- Item 2:** Fiscal Note and Analysis
- Item 3:** Sponsor Statement

HOUSE COMMITTEE ON STATE AFFAIRS

**RECAP OF
SSHB 45**

PERS Credit for Constitutional Convention

Received February 15, 1989
by Rep. Koponen

Heard April 6, 1989

Passed Out of Committee April 6, 1989
3 Do Pass
1 No Recommendation

HOUSE COMMITTEE REPORT

(7) Date Referred: February 15, 1989 FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee considered: SSHB 45

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 45 [PERS CREDIT FOR CONSTITUTIONAL CONVENTION] "An Act relating to eligibility for retirement benefits under the Public Employees' Retirement System for delegates to the Alaska Constitutional Convention; and providing for an effective date."

RECOMMENDS:

- [] replacing with _____ [] the same title [] a new title [] the attached amendment(s) [X] do pass [] do not pass [] no recommendation [] individual recommendations [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [] fiscal impact [] zero fiscal note [X] zero with analysis DOA

APPROVES PREVIOUS:

- [] fiscal note(s) published: _____ [] zero fiscal notes(s) published: _____

SIGNING DO PASS:

Handwritten signatures: Eileen P. McLean and others on a series of lines.

SIGNING OTHER THAN DO PASS: (Do Not Pass, No Recommendation, Amend)

Handwritten signature: Wayne Henley - No Rec on a series of lines.

Handwritten signature: Chairman's signature

1 IN THE HOUSE

BY KOPONEN

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 45
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to eligibility for retirement bene-
7 fits under the Public Employees' Retirement System
8 for delegates to the Alaska Constitutional Conven-
9 tion; and providing for an effective date."

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

11 * Section 1. AS 39.35.385 is amended by adding a new subsection to
12 read:

13 (g) Subject to AS 39.35.450, a former delegate to the Alaska
14 Constitutional Convention is eligible for a normal retirement benefit
15 at age 60 if the employee has at least three years of credited ser-
16 vice.

17 * Sec. 2. This Act takes effect July 1, 1989.

[4] HAS SELF DESTRUCT -]

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Credited Public Employees' Retirement System service for constitutional convention.
Sponsor: Koponen
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached sheet for a discussion of the fiscal implication to the retirement fund.

Prepared By: Sally Smith, Director
Division: Retirement and Benefits

Phone: 465-4470
Date: April 5, 1989

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 4/5/89

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

Sponsor Substitute for House Bill 45
Analysis of the Fiscal Implications to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
April 3, 1989

Analysis: Passage of this bill will have a very small impact on the PERS retirement fund. The affect on the funding ratio and the unfunded liability would be negligible.

Item 3

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

House District 21

119 N. Cushman, Suite 207
Fairbanks, Alaska 99701
(907) 456-8172

SPONSOR STATEMENT
SSHB45

SSHB45 "An Act relating to eligibility for retirement benefits under the Public Employees' Retirement System for delegates to the Alaska Constitutional Convention; and providing for an effective date."

I have become aware that the small number of dedicated Alaskans who took part in the framing of our state constitution were not considered employees of the Territory of Alaska for the purposes of the Public Employees Retirement System. Many delegates worked for the state in the years since the Convention; others did not, or did not work or serve long enough to vest.

I believe it is only proper that we recognize their contribution in more than a symbolic manner. To accomplish this, I have submitted SSHB 45, which vests in the Public Employees Retirement System, those who participated in our Constitutional Convention as elected delegates. The Division of Retirement and Benefits has found only two serving members of the Constitutional Convention who will be affected by this bill. The cost to the PERS will be minimal. This recognition is long overdue.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Credited Public Employees' Retirement BRU: Retirement and Benefits
 System service for constitutional convention.
 Sponsor: Koponen Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Passage of this bill will have a very small impact on the PERS retirement fund. The effect on the funding ratio and the unfunded liability would be negligible.

Prepared by: Sally Smith, Director *Sally Smith* Phone: 55-4470
 Division: Retirement and Benefits Date: 10 Jan 90
 Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 1/17/90
 Agency: Department of Administration

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

HB

48

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Lifeline Phone Rates
Sponsor: Boucher and Goll
Requestor: Boucher

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact.

Prepared by: House State Affairs Committee Phone: 465-4931
Division: _____ Date: Jan 23, 1989
Approved by Commissioner: Rep. Boucher *[Signature]* Date: Jan 23, 1989
Agency: _____

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

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: LABOR & COMMERCE
FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee recommends that:

HOUSE BILL NO. 48 [LIFELINE PHONE RATES]

"An Act relating to reduced rates and discounted service for certain low-income telecommunication customers."

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:

W.A. Bush

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

David Donley NO REC

Wayne Norbury - NO REC

Bill Spurlin - NO REC

Jim Swindell - NO REC

Richard P. Mackinnon - NO REC

W.A. Bush

Chairman's signature

STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

3, 1989

48
nted service for

" Boucher

TABLE OF CONTENTS

HB 48: Lifeline Phone Rates

- Item 1: HB 48 by Boucher and Goll
- Item 2: Fiscal Note
- Item 3: HB 48 Sectional Analysis
- Item 4: Letter from Susan Knowles, APUC
December 23, 1988
- Item 5: Letter from Alaska Telephone Association
January 24, 1989

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ectional analysis or
ered an authoritative
l itself is the best

grant discounted
essential telecommunica-
blic utility is volun-
lity providing reduced
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ne tariffs it charges.

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sts and administrative
; it charges.

lease advise.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

TABLE OF CONTENTS

HB 48: Lifeline Phone Rates

- Item 1: HB 48 by Boucher and Goll
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- Item 3: HB 48 Sectional Analysis
- Item 4: Letter from Susan Knowles, APUC
December 23, 1988
- Item 5: Letter from Alaska Telephone Association
January 24, 1989

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF
HB 48

Lifeline Phone Rates

Received January 9, 1989
by Reps. Boucher and Goll

Heard January 25, 1989

Passed Out of Committee January 25, 1989
1 Do Pass
5 No Recommendation

Item 3

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99801
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1989

SUBJECT: Sectional analysis of HB 48
(Reduced rates and discounted service for
low-income customers)

TO: Representative H. A. "Red" Boucher

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above de-
scribed bill.

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

Section 1 permits a public utility to grant discounted
service to low-income customers for essential telecommunica-
tion services. Participation by a public utility is volun-
tary. The commission must allow a utility providing reduced
rates or discounted service to include the costs and admin-
istrative burdens of the program in the tariffs it charges.

Sec. 2 permits a public utility to grant reduced rates to
low-income customers for essential telecommunication ser-
vices. Participation by a public utility is voluntary. The
commission must allow a utility providing reduced rates or
discounted service to include the costs and administrative
burdens of the program in the tariffs it charges.

If I may be of further assistance, please advise.

TBC:kb
wkk1/068

Item 4

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

420 "I" STREET
SUITE 100
ANCHORAGE, ALASKA 99501
(907) 276-6222

December 23, 1988

Ms. Kathy Anders
Office of Representative Red Boucher
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Kathy:

Per your request, I am writing to provide you the Commission's preliminary comments on two bills which Representative Boucher is considering reintroducing.

The Commission continues to support HB5, the universal service bill. A minor suggestion we would offer is that it may be desirable to add a clause such as "at a minimum" or "at least" after "further" so as not to limit the criteria to be considered in assuring universal service.

With respect to HB23, the lifeline bill, the Commission has two independent comments. First, based on its consideration of a related subject (namely, economic development incentive rates), the Commission believes that it is preferable to approach discounted or reduced rates generically rather than through specific legislation by type of rate or utility. Thus, we would recommend this approach rather than the one used in HB23, and I have attached the sample language previously provided to you for illustration purposes.

Second, if specific telephone lifeline legislation is preferred nonetheless, then we would offer the following editorial suggestions on HB23:

(1) The second sentence of sections 1 and 2 should be eliminated. It is sound, if not fundamental, public policy to give regulators at least the same level of discretion which is provided to the regulated to evaluate whether or not discounted or reduced rates are in the public interest. This important initiative should not be limited to utilities, particularly if the universal service bill passes. In addition, utilities are financially protected by any actions the Commission may take by the third sentence insulating them from the financial burdens of such rates.

Kathy Anders
December 23, 1988
Page 2 of 2

(2) The last clause of sections 1 and 2 should be changed from "if the utility provides a discounted service or reduced rate" to "if the commission approves a discounted service or reduced rate" to clarify the language and the respective roles of the utility and the commission in the process.

I hope that these comments are helpful. We look forward to working with Representative Boucher on these bills and on any alternate operator services legislation that may be proposed. Please give me a call if you have any questions. Thanks.

Sincerely yours,



Susan M. Knowles
Chairman

Enclosure

Sample general language authorizing reduced or
discounted rates

Nothing in this section prevents a public utility from charging reduced rates upon such terms as are just and reasonable to any potential or present customer which are designed to encourage or maintain the customer as a consumer of the utility's services, provided the Commission finds that allowing the reduced rate is in the public interest, that the customer would not subscribe or continue to subscribe to the utility's services without the reduced rate, and that the reduced rate will not result in higher rates to other customers of the utility than would result if the customer did not subscribe to the utility's services, unless the reduced rate will either enhance the value of the utility's services to other customers or produce a public benefit to other customers that is greater than any higher rates.

Item 5

Alaska Telephone Association

201 E. 56th Avenue / Suite 230
Anchorage, Alaska 99518
(907)568-4000 / FAX (907)568-3776

W. D. Pyron
President

Gordon Parker
Executive Director

January 24, 1989

Hon. H.A. Boucher
House of Representatives
102 Capitol Building, Pouch V
Juneau, Alaska 99811

Dear Representative Boucher:

I understand that a hearing on HB 48 is being held. Unfortunately a previous commitment prevents my attendance. I did, however, want to advise you and your Committee that the Alaska Telephone Association supports HB 48.

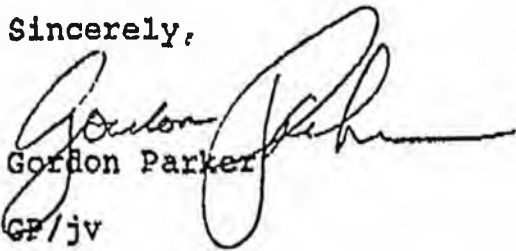
As you know, ATA worked with you in drafting this legislation originally. We continue our support because we believe it represents a step toward providing assistance to those among us who need it while protecting the interests of our remaining customer base.

We support this legislation because it allows utilities, in conjunction with the APUC, to develop lifeline rates desirable to the customer base of individual companies.

The legislation also presents a clear definition of eligible recipients. We support this provision as it presents a clear target population, will serve to prevent abuse and takes away the threat of the utility being placed in the position of establishing arbitrary qualifications.

We commend you for your continued support of this legislation. Upon my return, I will be available to participate in future hearings as the bill makes its way through the legislative process.

Sincerely,


Gordon Parker

GP/jv

Susan Knowles

must be wired in from APUC

216-6222 X135

HB48

8:30 - 8:45

Moderator would direct dial

OK

per Joanne 10:25 AM

HB

49

FISCAL NOTE

REQUEST:

Revision Date: January 17, 1989 Agency Affected: Department of Administration
Title: * See below BRU: Longevity Bonus
Sponsor: Boucher Components: Administration, Grants
Requestor: Boucher

* An Act Relating to Absences from the State for Purposes of Qualification for Longevity Bonus Reimbursement Payments; and Providing for an Effective Date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	.3	.4	.4	.4	.4
SUPPLIES	0	.1	.1	.1	.2	.2
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	369.7	379.2	388.7	398.2	407.7
MISCELLANEOUS						
TOTAL OPERATING	0	370.1	379.8	389.2	398.8	408.3
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	370.1	379.8	389.2	398.8	408.3
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	370.1	379.8	389.2	398.8	408.3

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: James H. Chase *James H. Chase* Phone: (907) 465-4400
Division: Administration Date: January 17, 1989
Approved by Commissioner: John M. Andrews *John M. Andrews* Date: January 18, 1989
Agency: Department of Administration

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 49

In order to project the fiscal impact of the passage of HB 49 some assumptions had to be made. These assumptions were:

- 1) That the number of qualified recipients for the Longevity Bonus will increase by an average of 45 persons a month for the next six years.

Rationale: Trend analysis for FY 89 and FY 90 indicate an increase of over 50 persons a month, but the extended forecast shows a flattening of the rate of increase which resulted in the conservative estimate of 45.

- 2) That the percentage of ineligible recipients will remain at 2% of the qualified recipients.

Rationale: Trend analysis has shown the number of ineligible recipients to not vary from the 2% level for the last 12 months. The maturity of the program would indicate stability in this area if none other.

- 3) That one of three recipients ineligible in any one month are absent for reasons beyond their control.

Rationale: A random survey of records and the opinion of the staff which works on a day-to-day basis assessing the status of recipients was the basis for this conservative estimate.

With these assumptions a projection/forecasting spreadsheet was constructed to come up with the dollar figures for FY 89 through FY 94 (for each month the number of qualified recipients was calculated). The number of ineligible was determined by multiplying the qualified recipients by 2%. One-third of this number was multiplied by \$250. The monthly amounts were then summed to come up with fiscal year totals for the grants component. The cost of postage and the cost of check and mailing materials comprise the contractual and supply component.

DEPARTMENT OF ADMINISTRATION
POSITION PAPER

DIVISION: Pioneers' Benefits

BILL NUMBER: HB 49

BILL TITLE: "An Act relating to absences from the state for purposes of qualification for longevity bonus reimbursement payments; and providing for an effective date."

The Department of Administration does not support the passage of HB 49.

HB 49 amends AS 47.45.030 by adding a subsection giving eligible recipients an entitlement to retroactive bonus payments for periods when they were out-of-state for reasons "beyond the control of the recipient."

A part of the rationale for the Alaska Longevity Bonus (ALB) payment is to provide an offset to the higher cost of living in Alaska and thereby encourage seniors to remain in the state. None of the current wording in the statute indicates intention to pay the bonus for time spent out-of-state in excess of 30 days. This bill specifies discretionary circumstances under which that would occur.

Current statute provides a penalty (one-year suspension from the program) to those who spend more than 90 days a year outside of the state. The allowable absence was reduced, in 1985, from 180 days to 90 days. This seems to provide a clear intent that the payment is also to encourage full-time residence in the state. Current statute also provides that this penalty may be effectively waived if the ALB beneficiary can demonstrate that the time in excess of 90 days was beyond their control.

To date, payments are not made to a person who is not physically present in the state or to a person for time spent out-of-state. I do not feel it appropriate to establish a precedent in making certain persons eligible for the ALB while not physically present in the State.

Should this bill pass, the impact on the administrative staff of the program would be minimal. The increased workload would consist of creating the reimbursement payment check. Other analysis required to determine the returning beneficiary's eligibility is currently a factor in the workload of the program. The major measurable impact would be fiscal. Increments would be required to offset the increase in grants, contractual and supply lines as indicated in the fiscal note.

APPROVED:

Director: Barbara Bathony

Signature: Barbara Bathony

Date: 1-24-89

Commissioner: John M. Andrews

Signature: [Handwritten Signature]

Date: 1/24/89

For further information call Dean Gottehrer at 465-2200

HB

50

HOUSE COMMITTEE ON STATE AFFAIRS

**RECAP OF
HB 50**

Commission on the Future of the Permanent Fund

Received January 9, 1989
by Reps. Boucher, Ulmer, Gruenberg and Hudson

Heard February 15, 1989

Passed Out of Committee February 15, 1989
4 Do Pass
2 No Recommendation

TABLE OF CONTENTS

HB 50: Commission on the Future of the Permanent Fund

- Item 1:** HB 50 by Boucher, Ulmer, Gruenberg and Hudson
- Item 2:** Fiscal Note
- Item 3:** Sectional Analysis
- Item 4:** Anchorage Daily News Article, May 8, 1988

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee recommends that:

HOUSE BILL NO. 50

"An Act establishing the Commission on the Future of the Permanent Fund and providing for public testimony on the use that should be made of the income of the permanent fund."

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact DOR
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:

Carl H. Spohn

Wm. M. ...

Eileen P. MacLagan

D. A. ...

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)
Jim Zwacki - Do Not Pass

Debra ... - No Rec

D. A. ...

Chairman's signature

1 IN THE HOUSE

BY BOUCHER, ULMER,
GRUENBERG AND HUDSON

2

HOUSE BILL NO. 50

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the Commission on the Future of
7 the Permanent Fund and providing for public testimony
8 on the use that should be made of the income of the
9 permanent fund." *FORUM FOR DISCUSSION & DEBATE*

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

11 * Section 1. FINDINGS. The legislature finds that it is in the best
12 interest of the state for a commission to be established to gather public
13 testimony concerning the permanent fund and to report its findings and make
14 recommendations concerning the permanent fund to the governor and the
15 legislature.

16 * Sec. 2. COMMISSION ESTABLISHED. (a) There is established in the
17 Department of Revenue the Commission on the Future of the Permanent Fund
18 consisting of the chairman of the board of directors of the Alaska Perma-
19 nent Fund Corporation, the commissioner of revenue, two members of the
20 Senate appointed by the president of the Senate, two members of the House
21 of Representatives appointed by the speaker of the House, and three members
22 appointed by the governor from the public.

23 (b) The commission shall elect a chairman from among its members.

24 (c) Members of the commission serve without compensation but members
25 appointed by the governor are entitled to per diem and travel expenses as
26 authorized by law for boards and commissions under AS 39.20.180 and legis-
27 lator members are entitled to per diem and travel expenses under AS 24.-
28 10.105.

29 * Sec. 3. DUTIES OF THE COMMISSION. (a) The Commission on the Future

1 of the Permanent Fund shall conduct hearings in each judicial district of
2 the state to gather testimony from the public concerning inflation proofing
3 for the permanent fund, the permanent fund dividend program, and the other
4 uses that could be made of the income of the permanent fund. The commis-
5 sion shall use the telecommunication network to provide the opportunity for
6 maximum statewide public testimony.

7 (b) By February 1, 1990, the commission shall submit a report to the
8 governor and the legislature summarizing the public testimony and contain-
9 ing its recommendations.

10 * Sec. 4. This Act is repealed February 2, 1990.

Item 2

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: HB 50
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Commission on the Future of
the Permanent Fund
Sponsor: Representative Boucher
Requestor: House State Affairs

Agency Affected: Revenue/APFC
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	49.0	-	-	-	-
CONTRACTUAL	-	150.0	-	-	-	-
SUPPLIES	-	2.0	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	192.0	-	-	-	-

CAPITAL	-	-	-	-	-	-
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REVENUE	-	-	-	-	-	-
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	192.0	-	-	-	-
TOTAL	-	192.0	-	-	-	-

POSITIONS:

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

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

Prepared by: David A. Rose *DR* Phone: 465-2047
Division: Alaska Permanent Fund Corporation Date: March 2, 1989

Approved by Commissioner: Hugh Malone *HM* Date: March 2, 1989
Agency: Department of Revenue

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

Continuation of Fiscal Note/Bill Analysis

House Bill No. 50

Commission on the Future of the Permanent Fund

Seven Months: (July 1, 1989 - January 31, 1990)

1. Travel 40.0

All In-State. Hearings in all four
Judicial districts for 9 Members and 2 staff
Plus multiple trips for chair and staff
Includes per diem as required

2. Contractual Services

Consultants/Temporary Staff: 45.0
1 Administrative Aide @ \$4,000/month
1 Secretary @ \$2,000/month

Printing: 20.0
Final report @ 15.0
Informational handouts @ 5.0

Teleconferencing: 50.0

Communications: 20.0
Fax/Telephone/Courier @ 5.0
Transcriptions of hearings
@ 15.0

Advertising 10.0

Equipment Rental 5.0

TOTAL CONTRACTUAL: -----
\$150.0

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 15, 1989

SUBJECT: Sectional Summary of HB 50
TO: Representative H.A. "Red" Boucher
FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Sec. 1. The legislature finds it in the best interest for a commission to gather testimony concerning the permanent fund and report its recommendations.


Sec. 2. The Commission on the Future of the Permanent Fund is established and membership is described.

Sec. 3 The Commission is required to conduct hearings in each judicial district to gather testimony from the public on matters regarding the permanent fund. By February 1, 1990 the commission is required to submit a report to the Governor and the Legislature summarizing the public testimony and containing its recommendations.

Sec. 4. The Act is repealed February 2, 1990.

TBC:gc
WKG7/032

Anchorage Daily News



Winner, 1976 Pulitzer Prize Gold Medal for Public Service
Gerald E. Grilly
 Publisher

Howard Weaver
 Managing Editor

Michael Carey
 Editorial Page Editor

Katherine Fanning, Editor and Publisher 1971 to 1983
Lawrence Fanning, Editor and Publisher 1937 to 1971

Founded in 1946 by Norman C. Brown

More debate the better

One late-breaking measure before the legislature this week is a proposal for a roving commission that would take public testimony and generate discussion on the future of the Alaska Permanent Fund. It's a worthwhile endeavor, for keeping Alaskans in the decision-making loop is the best way to preserve the fund into the future.

A few little-known facts will add texture to the debate:

The Alaska Permanent Fund is larger than any union pension trust. If it were a corporate pension fund, it would be the nation's 14th largest. If it were a college endowment, it would be more than twice the size of the largest — Harvard's — and bigger than those of Harvard, Princeton, Yale and Stanford combined. If it were a Fortune 500 company, it would rank 15th in net income — behind only GM, Exxon, Mobil, Ford, IBM, Texaco, Chevron, AT&T, Du Pont, General Electric, Amoco, Chrysler, Shell Oil and Philip Morris.

That is big-league company. The obligations and opportunities that come with such a giant financial pool are profound. Alaskans should take every possible opportunity to study, debate and define the purposes of the permanent fund. It is theirs, after all. Both the principal and the proceeds are theirs to invest — as prudently as possible.

The permanent fund is probably also the most popular and, in many ways, successful institution in Alaska public life. Its financial performance has been sound. Its prospects are as good as those of any public financial instrument, and better than most.

But in the long run the permanent fund depends on an informed, involved constituency — the owners. That's all of us. A public commission charged with gathering testimony and generating debate among Alaska citizens would serve both the immediate and the future needs of the fund.

If the fund is to be truly permanent, that debate will never end. But right now, before North Slope oil reserves are depleted and the revenue stream dries up, is a good time to start.

Sunday, May 8, 1988

HAMMOND

→ note on utilization out of resources

FEARFUL: choice TAX vs eliminate
Deductions -

likely, ↑ bracket DED -

majority / reduces of DED -

AG SCOT FLOOR / DC BATH /
CON could provide that
vehicle -

→ history

competed - sweep #1 driver .

public MTH TNC. → investment account

[When people saw that TAX was
GOOD > property TAX ?]

investment account - so that it would
GO BACK TO GOV .

People see: spillover .

①

5% Agency

↳ public / development of the FUND

* ② original AIR INC. takes more
of UNAVAILABLE - 50% of DCI
SOURCE RATE - 25% -

↳ - wouldn't be talking about tax
now - original contribution ..

③ opposed CAP - because it takes the contribution
away -

④ Revenue priority - get saved cost -
IF priority system we get back
to a certain level.

⑤ Dis ↑ tax base all levels.

DISPENSE: pay. program tax
Gov could afford.

⑥ IF priority →

CAP unneeded

5% AUC abolished

HJR 6

INCOUP (ANALYSIS) → "HARMON AM"

COUS AM - E D IP BCIW,
STRENGTH PROVIDED (AS CASE RAATIF)
by PUBLIC.

→ FERTILITY - GEG CONCRETE

→ EMERGENCY - MAKE ADJUDIC
2/4 vote, EMERGENCY CERT -
GOVERNOR.

- How do you connect REPLYMENT?

→ HARSH

EMERGENCY DOES NOT EXIST
UNTIL EXPLICIT REC REGULATIONS,
ALL THESE THINGS DONE FIRST →
ALL STATE SUBSIDIES ELIMINATED BEFORE.

→ BECAUSE

→ PERMITTED STATE BOND → NO
STATE DEBT - QUESTION

SHOW WE GO OUT LOCAL