ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7700 SENATE STATE AFFAIRS

254

1 * Sec. 8. AS 29.45.030(a) is amended to read:
↳ Municipal Code

2 (a) The following property is exempt from general taxation:

3 Existing municipal code (1) municipal or state property, except that

4 (A) a private leasehold, contract, or other interest in the property is taxable

5 to the extent of the interest;

6 (B) notwithstanding any other provision of law, property acquired by an

7 agency, corporation, or other entity of the state through foreclosure or deed in lieu of

8 foreclosure and retained as an investment of a state entity is taxable; this subparagraph

9 does not apply to federal land granted to the University of Alaska under AS 14.40.380

10 or 14.40.390, or to other land granted to the university by the state to replace land that

11 had been granted under AS 14.40.380 or 14.40.390;

12 (C) an ownership interest of a municipality in real property located outside

13 the municipality acquired after December 31, 1990, is taxable by another municipality;

14 however, a borough may not tax an interest in real property located in the borough and

15 owned by a city in that borough;

16 allows tax muni's to foreclosed property. **(D) property acquired by a retirement fund or program managed by**

17 **the Alaska State Pension Investment Board through foreclosure or deed in lieu of**

18 **foreclosure and retained as an investment is taxable;**

19 (2) household furniture and personal effects of members of a household;

20 (3) property used exclusively for nonprofit religious, charitable, cemetery,

21 hospital, or educational purposes;

22 (4) property of a nonbusiness organization composed entirely of persons with 90

23 days or more of active service in the armed forces of the United States whose conditions of

24 service and separation were other than dishonorable, or the property of an auxiliary of that

25 organization;

26 (5) money on deposit;

27 (6) the real property of certain residents of the state to the extent and subject to

28 the conditions provided in (e) of this section;

29 (7) real property or an interest in real property that is exempt from taxation under

30 43 U.S.C. 1620(d), as amended;

31 (8) property of a political subdivision, agency, corporation, or other entity of the

United States to the extent required by federal law; except that a private leasehold, contract, or other interest in the property is taxable to the extent of that interest.

* Sec. 9. AS 29.45.295 is amended to read:

Protection from Non-judicial actions and allows municipalities a judicial process

Sec. 29.45.295. COLLECTION OF DELINQUENT TAXES ON CERTAIN GOVERNMENTAL PROPERTY. AS 29.45.300 - 29.45.490 do not apply to property taxable under **AS 29.45.030(a)(1)(B) - (D)** [AS 29.45.030(a)(1)(B) OR (C)] or to federal property not exempted under AS 29.45.030(a)(8). A municipality may bring an action in the superior court to compel payment of property taxes due from the state, municipal, or federal entity if the entity does not pay the amount due within six months after the date that the taxes are due.

* Sec. 10. AS 36.30.015(f) is amended to read:

Procurement Code Regulations

(f) The board of directors of the Alaska Housing Finance Corporation, notwithstanding AS 18.56.088, and the board of directors of the Alaska State Housing Authority shall adopt regulations under the Administrative Procedure Act (AS 44.62) **and the board of trustees of the Alaska State Pension Investment Board shall adopt regulations under AS 37.10.240** to govern the procurement of supplies, services, professional services, and construction for the respective public corporations **and board**. The regulations must

(1) reflect competitive bidding principles and provide vendors reasonable and equitable opportunities to participate in the procurement process; and

(2) include procurement methods to meet emergency and extraordinary circumstances.

* Sec. 11. AS 36.30.850(b)(15) is amended to read:

Procurement Code Regulations changed to reflect changes in the bill

(15) a contract that is a delegation, in whole or in part, of investment powers held by the commissioner of revenue under [AS 14.25.180,] AS 14.40.400, AS 14.42.200, 14.42.210, AS 18.56.095, [AS 22.25.048, AS 26.05.228,] AS 37.10.070, 37.10.071, **or** AS 37.14 [, OR AS 39.35.080];

* Sec. 12. AS 36.30.990(1) is amended to read:

Procurement Code Exemption

(1) "agency"

(A) means a department, institution, board, commission, division, authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of the executive branch of state government;

(B) does not include

Procurement Code exemption continued

(i) the University of Alaska;

(ii) the Alaska State Housing Authority;

(iii) the Alaska Railroad Corporation;

(iv) the Alaska Housing Finance Corporation;

(v) a regional Native housing authority created under AS 18.55.996 [,] or a regional electrical authority created under AS 18.57.020;

(vi) the Alaska Aerospace Development Corporation;

(vii) the Alaska State Pension Investment Board;

* **Sec. 13.** AS 37.05.146 is amended to read:

Definition of Program Receipts changed to include SBS; Def. Comp. See subsections O and P

Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146 and AS 37.07.080, "program receipts" means fees, charges, income earned on assets, and other state money received by a state agency in connection with the performance of its functions; all program receipts except the following are general fund program receipts:

(1) federal receipts;

(2) University of Alaska receipts (AS 14.40.491);

(3) individual, foundation, or corporation gifts, grants, or bequests that by their terms are restricted to a specific purpose;

(4) receipts of the following funds:

(A) highway working capital fund (AS 44.68.210);

(B) correctional industries fund (AS 33.32.020);

(C) loan funds;

(D) international airport revenue fund (AS 37.15.430);

(E) funds managed by the Alaska State Housing Authority (AS 18.55.020), the Alaska Housing Finance Corporation (AS 18.56.020), the Alaska Railroad Corporation (AS 42.40.010), the Municipal Bond Bank Authority (AS 44.85.020), the Alaska Aerospace Development Corporation (AS 14.40.821), or the Alaska Industrial Development and Export Authority (AS 44.88.020);

(F) fish and game fund (AS 16.05.100);

(G) school fund (AS 43.50.140);

(H) training and building fund (AS 23.20.130);

(I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and

former AS 39.37);

(J) permanent fund (art. IX, sec. 15, Alaska Constitution);

(K) public school fund (AS 37.14.110);

(L) second injury fund (AS 23.30.040);

(M) fishermen's fund (AS 23.35.060);

(N) FICA administration fund (AS 39.30.050);

(O) receipts of the employee benefits program established under AS 39.30.150 - 39.30.180;

(P) receipts of the deferred compensation program established under AS 39.45.

* Sec. 14. AS 37.10.071 is amended to read:

Sec. 37.10.071. INVESTMENT POWERS AND DUTIES. (a) In making investments under this section, the **fiduciary of a state fund** [COMMISSIONER OF REVENUE] shall

Replaces the comm. of Revenue with the language "fiduciary of state fund" in current Public Fund statutes. (both subsection a and b)

(1) act as official custodian of cash and investments by securing adequate and safe custodial facilities for them;

(2) receive all items of cash and investments;

(3) collect and deposit the principal of and income from owned or acquired investments;

(4) invest and reinvest the assets in accordance with this section;

(5) receive and spend appropriations to cover the cost of the exercise of duties under this section;

(6) exercise the powers of an owner with respect to the assets;

(7) perform all acts, not prohibited by this section, whether or not expressly authorized, that the **fiduciary** [COMMISSIONER] considers necessary or proper in administering the assets;

G.A.A.P.

(8) maintain accounting records in accordance with **generally accepted** [INVESTMENT] accounting principles;

(9) engage an independent certified public accountant to conduct an annual audit of the financial condition and investment transactions;

(10) enter into and enforce contracts or agreements considered necessary, convenient, or desirable for the investment purposes of this section; and

(11) when choosing to acquire or dispose of investments, secure competitive national or international market rates or prices, or the equivalence of those rates or prices in the judgment of the **fiduciary** [COMMISSIONER].

(b) Under this section, the **fiduciary of a state fund or the fiduciary's** [COMMISSIONER OR THE COMMISSIONER'S] designee may

(1) delegate investment, custodial, or depository authority on a discretionary or nondiscretionary basis to officers or employees of the state or to independent firms, banks, **financial institutions,** or trust companies [,] by designation through appointments, contracts, or letters **of** [OR] authority;

(2) acquire or dispose of investments either directly, indirectly, or through investment pools or trusts, by competitive or negotiated agreements, contracts, or auctions, in public or private markets;

(3) concentrate or diversify investments as the **fiduciary** [COMMISSIONER] considers appropriate to increase the probable total rate of return or to decrease the overall exposure to potentially adverse market value risks;

(4) protect the market value or the rate of return of the investments by entering into forward agreements to buy or sell assets at a future date as a hedge against existing held assets or as a precommitment of future cash flows;

(5) lend assets, under an agreement and for a fee, against deposited collateral of equivalent market value;

(6) borrow assets on a short-term basis, under an agreement and for a fee, against the deposit of collateral consisting of other assets in order to accommodate temporary cash or investment needs;

(7) hold investments in bearer or registered form in the name of the state, a fund, or nominees authorized by the **fiduciary** [COMMISSIONER];

(8) utilize consultants, advisors, custodians, investment services, and legal counsel for assistance in investment matters on either a continuing or a limited-term basis and with or without compensation;

(9) declare records to be confidential and exempt from AS 09.25.110 and 09.25.120 if the records contain information that discloses the particulars of the business or the affairs of a private enterprise, investor, borrower, advisor, consultant, counsel, or manager.

(c) In exercising investment, custodial, or depository powers or duties under this section, the **fiduciary of a state fund** [COMMISSIONER] shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investments with consideration for the purpose of the fund, the investment objectives, the continuing disposition of the fund's investments, and the probable safety of the capital as well as the probable investment returns. **With respect to the Alaska State Pension Investment Board, the fiduciaries of the board shall apply the prudent investor rule and exercise their fiduciary duty in the sole financial best interest of the funds entrusted to them and of the beneficiaries of those funds. The trustees may not make or authorize investment decisions or voting of shares for a purpose other than the sole financial best interest of the funds or beneficiaries.**

Prudent Investor Rule

Delegations

(d) In exercising investment, custodial, or depository powers or duties under this section, the **fiduciary or the fiduciary's** [COMMISSIONER OR A] designee [OF THE COMMISSIONER] is liable for a breach of a duty that is assigned or delegated under this section, or under AS 14.25.180, AS 14.40.400(b), AS 37.10.070, AS 37.14.110(c), 37.14.160, 37.14.170, or AS 39.35.080. However, the **fiduciary or the** [COMMISSIONER OR THE COMMISSIONER'S] designee is not liable for a breach of a duty that has been delegated to another person if the delegation is prudent under the applicable standard of prudence set out in statute or if the duty is assigned by law to another person, except to the extent that the **fiduciary** [COMMISSIONER] or designee

(1) knowingly **participates** [PARTICIPATE] in, or knowingly undertakes to conceal, an act or omission of another person [,] knowing that the act or omission is a breach of that person's duties under this chapter;

(2) by failure to comply with this section in the administration of specific responsibilities, enables another person to commit a breach of duty; or

(3) has knowledge of a breach of duty by another person, unless the **fiduciary** [COMMISSIONER] or designee makes reasonable efforts under the circumstances to remedy the breach.

Indemnification for prudent acts.

(e) The state shall defend and indemnify the **fiduciary** [COMMISSIONER] or an officer or employee of the state against liability under (d) of this section to the extent that the alleged act or omission was performed in good faith and was prudent under the applicable standard of

1 prudence.

2 (f) In this section, **"fiduciary of a state fund" or "fiduciary"** [("COMMISSIONER OF

3 REVENUE" OR "COMMISSIONER"] means

4 (1) the commissioner of revenue for investments under [AS 14.25.180 OR]

5 AS 37.10.070; [OR]

6 (2) **with respect to the Alaska State Pension Investment Board, for**

7 **investments under AS 14.25.180,**

8 **(A) each trustee who serves on the board of trustees; and**

9 Designation of fiduciary **(B) any other person who exercises control or authority with respect**

10 **to management or disposition of assets for which the board is responsible or who**

11 **gives investment advice to the board; or**

12 **(3)** the person or body provided by law to manage the investments [,] for

13 investments not subject to AS 14.25.180 or AS 37.10.070.

14 * **Sec. 15.** AS 37.14.160 is amended to read:

15 Sec. 37.14.160. DUTIES OF THE COMMISSIONER OF REVENUE. The commissioner

16 Correcting language so as not to alter the Public School Trust Fund, which references TRS to the statutes. of revenue is the treasurer of the trust fund created in AS 37.14.110 and shall

17 (1) **in carrying out investment duties under this section,** exercise the **same**

18 powers and duties established **for the Alaska State Pension Investment Board** in

19 AS 14.25.180(c);

20 (2) deposit the principal and income from investments in separate principal and

21 income accounts for the fund;

22 (3) invest and maintain accounting records that distinguish between the principal

23 and income of the fund;

24 (4) provide reports to the board established under AS 37.14.120 on the condition

25 and investment performance of the fund.

26 * **Sec. 16.** AS 39.30 is amended by adding a new section to read:

27 Sec. 39.30.175. INVESTMENT OF BENEFIT PROGRAM RECEIPTS. (a) The Alaska

28 SBS sets out the Board as fiduciary State Pension Investment Board is the fiduciary of the mandatory receipts, under

29 AS 39.30.150(a), of the employee benefits program established under AS 39.30.150 - 39.30.180

30 and has the same powers and duties concerning the management and investment in regard to

31 those receipts as are provided under AS 14.25.180.

Board may provide for a range of options. Allows for but does not require "participant directed" type of plan.

(b) The board may provide a range of investment options and permit a participant or beneficiary of the program to exercise control over the assets in the individual employee annuity account established under AS 39.30.150(a). If the board offers investment options, and if a participant or beneficiary exercises control over the assets in the individual employee annuity account,

If participant directed protects fiduciary from individual exercise of control.

(1) the participant or beneficiary is not considered a fiduciary for any reason on the basis of exercising that control; and

(2) a person who is otherwise a fiduciary is not liable under this section for any loss, or by reason of any breach, that results from the individual's exercise of control.

Requires Board to consult with Admin prior to changing plan.

(c) If the board is considering entering into a contract or modifying an existing contract concerning the management or investment of the mandatory receipts of the supplemental employee benefits program, the board shall consult with the commissioner of administration before making a decision on the issue.

Requires a contingency plan for future problems

(d) The board shall develop a contingency plan that addresses the board's response to possible future investment problems.

(e) In this section, "board" means the Alaska State Pension Investment Board.

* Sec. 17. AS 39.35.020 is amended to read:

PERS existing statute

Sec. 39.35.020. ADMINISTRATION. The commissioner of administration is responsible for the administration of the system and for carrying out this chapter. In addition, the commissioner shall

requires the Board to provide specific information to administration

(1) maintain the accounts of the system;

(2) make payments for the various purposes specified;

(3) submit periodic reports or statements of account that are needed;

(4) issue a statement of account to an employee requesting it showing the amount of the employee's contributions to the system;

(5) as soon as possible after the close of each fiscal year, and not later than six months after the close of each fiscal year, send to the governor, the legislature, and the board an annual statement on the operations of the system containing

(A) a balance sheet;

(B) a statement of income and expenditures for the year;

(C) a report on an actuarial valuation of its assets and liabilities;

may be assigned under a qualified domestic relations order.

* Sec. 21. AS 39.45.030(a) is repealed and reenacted to read:

Deferred Comp. Board as investor of funds.

(a) The Alaska State Pension Investment Board is authorized, subject to contracts with individual employees, to invest the funds held under a deferred compensation program. The board has the same powers and duties concerning the management and investment in regard to those funds as are provided under AS 14.25.180.

* Sec. 22. AS 39.45.030 is amended by adding new subsections to read:

Deferred Comp. (same language as SBS Sec. 16)

(c) The board may provide a range of investment options and permit a participant or beneficiary of the program to exercise control over the assets in the individual's account. If the board offers investment options, and if a participant or beneficiary exercises control over the assets in the individual's account,

(1) the participant or beneficiary is not considered a fiduciary for any reason on the basis of exercising that control; and

(2) a person who is otherwise a fiduciary is not liable under this section for any loss, or by reason of any breach, that results from the individual's exercise of control.

(d) If the board is considering entering into a contract or modifying an existing contract concerning the management or investment of funds of the deferred compensation program, the board shall consult with the commissioner of administration before making a decision on the issue.

(e) The board shall develop a contingency plan that addresses the board's response to possible future investment problems.

(f) In this section, "board" means the Alaska State Pension Investment Board.

* Sec. 23. AS 39.50.200(b) is amended by adding a new paragraph to read:

Board added to conflict of Interest

(54) Alaska State Pension Investment Board (AS 37.10.210).

* Sec. 24. AS 44.25.020 is amended to read:

Adds funds managed by Board to DOR duties.

Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue shall

(1) enforce the tax laws of the state;

(2) collect, account for, have custody of, invest, and manage all state funds and all revenues of the state except revenues incidental to a program of licensing and regulation carried on by another state department **and funds managed and invested by the Alaska State Pension Investment Board**;

(3) register cattle brands;

(4) supply necessary clerical and administrative services for the Alcoholic Beverage Control Board; [AND]

(5) invest and manage the balance of the power development fund in accordance with AS 44.83.386;

Requires DOR to work in accordance with Board policies

(6) in accordance with the policies established by the board of trustees of the Alaska State Pension Investment Board, collect, account for, have custody of, invest, and manage the state funds for which the board is responsible.

* Sec. 25. AS 44.25 is amended by adding a new section to read:

Allows commissioner to designate employees who are subject to conflict of interest provisions.

Sec. 44.25.028. CONFLICT OF INTEREST FOR ALASKA STATE PENSION INVESTMENT BOARD. (a) The commissioner of revenue may designate employees of the department who are subject to the provisions of AS 39.50 because of their responsibility for participating in the management or investment of the funds for which the Alaska State Pension Investment Board is responsible.

Disclosure Requirements

(b) If an officer or employee of the department with responsibility for funds for which the Alaska State Pension Investment Board is responsible acquires, owns, or controls an interest, direct or indirect, in an entity or project in which assets under the control of the board are invested, the officer or employee shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the board meeting next following the disclosure. The commissioner shall adopt regulations to restrict officers and employees of the department from having a substantial interest in an entity or project in which assets under the control of the board are invested.

DOR to adopt regs re: CONFLICT

Failure to comply is grounds for termination.

(c) Failure to comply with the requirements of this section or regulations enacted under it is grounds for termination of employment.

* Sec. 26. AS 39.45.030(b) is repealed. Repeals unnessary language due to change in Deferred Compensation section.

* Sec. 27. TRANSITION. All litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this Act, or in connection with functions transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer, amendment, or repeal provided for in this Act. Orders and regulations issued or adopted under authority of a law amended or repealed by this Act remain in effect for the term issued, or until revoked, vacated, or otherwise modified under the provisions of this Act. All contracts, rights, liabilities, and obligations created by

Transition

1 or under a law amended or repealed by this Act, and in effect on the effective date set out in sec. 30 of
2 this Act, remain in effect notwithstanding this Act's taking effect. Records, equipment, and other
3 property of agencies of the state whose functions are transferred under this Act shall be transferred
4 commensurate with the provisions of this Act.

5 * Sec. 28. ORGANIZATION OF TRUSTEES. (a) Notwithstanding AS 37.10.210(c), enacted by
6 sec. 1 of this Act, the initial terms of the members, other than the commissioner of revenue, of the board
7 of trustees of the Alaska State Pension Investment Board shall be as follows:

Board Organization

8 (1) one member elected from the public employees' retirement system and one appointed
9 member shall serve terms of four years;

initial terms

10 (2) one member elected from the teachers' retirement system and one appointed member
11 shall serve terms of three years;

12 (3) one member elected from the public employees' retirement system and one appointed
13 member shall serve terms of two years;

14 (4) one member elected from the teachers' retirement system shall serve a one-year term.

15 (b) The board of trustees of the Alaska State Pension Investment Board may hold organizational
16 meetings as soon as a quorum of the board has been appointed to or selected for the board.

17 * Sec. 29. AS 37.10.210 and 37.10.230 - 37.10.390, enacted by sec. 1 of this Act, and sec. 28 of this
18 Act take effect July 1, 1992. July 1, 1992 for Board Organization

19 * Sec. 30. Except as provided in sec. 29 of this Act, this Act takes effect on the earlier of July 1,
20 1993, or the date established by resolution of the board of trustees of the Alaska State Pension
21 Investment Board for the transfer to it of securities and assets of all the funds of the retirement systems,
22 as defined in AS 37.10.390, enacted by sec. 1 of this Act, and the receipts of the employee benefits
23 program established under AS 39.30.150 - 39.50.180 and of the deferred compensation programs under
24 AS 39.45. The board shall promptly provide the revisor of statutes and the lieutenant governor with a
25 copy of this resolution.

Sets out the earlier of July 1, 1993 or the date established by resolution to begin managing and investing assets, as well as other duties

SB

336

FISCAL NOTE

BILL NO. SB 336

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"
Sponsor: Duncan
Requestor: Senate State Affairs

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

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	319.6	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	319.6	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	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 FUND SOURCE	319.6	0	0	0	0	0
TOTAL	319.6	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

Estimate of current year impact: $0

ANALYSIS: (attach a separate page if necessary.) Programming changes must be made to two automated systems, these costs are estimated for the enhancements necessary to maintain data not currently maintained.

Prepared By: Gary Bader Gary M. Bader
Division: Retirement and Benefits
Phone: 465-4470
Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usera
Agency: Department of Administration
Date: 1/27/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).
Rev 11/91

— FISCAL NOTE DOA / R&B 319.6 —
program changes to system

FISCAL NOTE

BILL NO. SB 336

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"
Sponsor: Duncan
Requestor: Senate State Affairs

Department Affected: ALL STATE
BRU: ALL STATE
Component: ALL STATE

COMPONENT SERIAL NO.

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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 FUND SOURCE:	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 FUND SOURCE	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

Estimate of current year impact: $0

ANALYSIS: (attach a separate page if necessary.) Passage of this bill would enable some seasonal employees to vest in the PERS, who would not otherwise be able to. Since we estimate that number of members advantaged would be less than 100, the actuarial impact to the PERS would be unmeasurable.

Prepared By: Gary Bader
Division: Retirement and Benefits
Phone: 465-4470
Date: January 23, 1992

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Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).
Rev 11/91

PUBLIC EMPLOYEES
LOCAL 71

DON VALESKO
Business Manager

VALERIE K. BAFFONE
Secretary/Treasuer

HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503
FAX (907) 279-7171
(907) 276-7211

2122 Airport Way
Fairbanks, Alaska 99701
FAX (907) 456-1771
(907) 452-5024

710 West 9th Street
Juneau, Alaska 99801
FAX (907) 586-5757
(907) 586-6993

November 20, 1991

Jim Duncan
Legislator
Rm. 119, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Enclosed is a copy of our "spring board" draft legislation. I am sure your legal and drafting staff will be able to more fully "button up" the intent of this proposal. Also enclosed is an informational paper listing some of the supporting arguments for amending PERS as we recently discussed.

We have also submitted this proposal to Representative Boyer with the request that he sponsor the bill in the House.

We look forward to working with you on this bill and appreciate your consideration for sponsorship. If you have any questions, please give me or Valerie Baffone a call.

Thanks for the help.

Sincerely,

Don Valesko

Don Valesko
Business Manager

DV/ni
Enclosure

APEA Letter of Proposal & Support
Valesko to Duncan 11/20/91

3) The Employee Retirement Income Security Act (ERISA), is our nations most comprehensive and far reaching law regarding pension plans. While the State of Alaska is not bound by the ERISA it most certainly influences the statues and regulations for PERS. **Under ERISA a pension plan must grant workers a full "year of service" when an employee has at least 1,000 hours of service in a year.** (See (3)(A)of Code 1052) Additionally, in the case of seasonal industries, the Secretary of the Department of Labor may set an even lower standard than 1,000 hours. For example the Alaska Laborers-Employers Construction Industry Pension Trust Fund uses a minimal 250 hour threshold to get a vested year.

4) Opponents of this legislation may argue that overtime wages is the vehicle in which employees are compensated for denial of pension credit for time worked. This argument is totally without merit. The Fair Labor Standards Act as well as years of collective bargaining history, clearly, recognize overtime compensation as a penalty for working employees over the maximum standards. Additionally, contributions are paid by both the employer and the employee for all overtime work. Under the current system the employee is simply robbed of their time worked for pension purposes.

POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Contact: Gary Bader

Bill Number: SB 336 Phone #: 465-4470

Bill Title: An act relating to computation of credited service in the public employees' retirement service...

This bill would allow a member to claim overtime worked in a seasonal position as credited service in the Public Employees' Retirement System (PERS).

To provide special recognition for overtime worked by a seasonal employee, performing the same job for the same number of hours in a day as a full-time employee in the same type of position will create a disparity between the two employees. The Public Employees' Retirement System (PERS) presently recognizes a day or partial day of service for a day or partial day worked. PERS further recognizes the amount of overtime pay an employee earns by providing a proportionally higher benefit amount at retirement.

The proposed legislation enables the granting of an employee benefit without any apparent benefit to the participating employer.

This legislation would generate administrative costs that would have to be borne by other participants and employers. There would be additional computer programming costs to record the service selection and identify the two different types of service. There will be additional complexity added to the system which will likely lead to additional appeals etc.

From a broader public policy perspective, the issue is whether we want to provide incentives to move people through the system as fast as possible. The purpose of a retirement system is still to "attract and retain" quality employees to public service, while providing for economic long term security for the employees and the state. Encouraging a system that reduces these benefits is not quality service to Alaskans.

We believe that the current treatment of service and salary is equitable. The additional dollar costs and impacts to the system argue against granting this additional benefit.

Nancy Bear Usera
Commissioner

2-4-92
Date

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

PUBLIC EMPLOYEES
LOCAL 71

DON VALESKO
Business Manager

VALERIE K. BAFFONE
Secretary/Treasuer

HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503
FAX (907) 279-7171
(907) 276-7211

2122 Airport Way
Fairbanks, Alaska 99701
FAX (907) 456-1771
(907) 452-5024

710 West 9th Street
Juneau, Alaska 99801
FAX (907) 586-5757
(907) 586-6993

November 20, 1991

Jim Duncan
Legislator
Rm. 119, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Enclosed is a copy of our "spring board" draft legislation. I am sure your legal and drafting staff will be able to more fully "button up" the intent of this proposal. Also enclosed is an informational paper listing some of the supporting arguments for amending PERS as we recently discussed.

We have also submitted this proposal to Representative Boyer with the request that he sponsor the bill in the House.

We look forward to working with you on this bill and appreciate your consideration for sponsorship. If you have any questions, please give me or Valerie Baffone a call.

Thanks for the help.

Sincerely,

Don Valesko

Don Valesko
Business Manager

DV/ni
Enclosure

APEA Letter of Proposal & Support
Valesko to Duncan 11/20/91

Many seasonal employees work as inspectors along side construction workers on highway projects. Traditionally, construction workers earn their pension credits on a hours worked basis. This is due to th long hours of work in the construction season verses little or r work in the off-season. Under this type of system a worker is much more likely to achieve a vesting requirement during their tenure in that field and thereby earning a pension which fairly represents the service to the employer.

Currently under PERS a seasonal worker may actually work close to, or over the maximum annual hours (1,950). Their PERS credited service however, will only reflect the number of days worked.

Example:

State employee works from April-September, 6 days per week and 12 hours a day (the schedule is set by the contractor) for 5 years.

312 hours per month x 6 months worked = 1,872 hours per year

1,872 x 5 years = 9,360 hours total service

Under the current law this employee is 2.5 years short of vesting in PERS, even though he has just 390 (approximately 2.5 months regular full-time work) fewer hours then the regular full-time employee (1950 hours x 5 years =9,750).

In this example, if we applied our proposed amendment the seasonal employee would have received 4.8 years of credited service. The 1950 hour cap in the proposed legislation prevents a seasonal employee from making out better then a regular full time employee, who does not and would not earn service credit for hours worked over 1950 in any year.

2) Permanent part-time employees under AS 39.35.300(b) receive credited service on a pro rata basis. This creates an inequity. Since part-time employees have credited services cut to reflect hours worked below the standard work day, it logically follows that seasonal employees should receive credited service for hours worked over the standard work day.

3) The Employee Retirement Income Security Act (ERISA), is our nations most comprehensive and far reaching law regarding pension plans. While the State of Alaska is not bound by the ERISA it most certainly influences the statues and regulations for PERS. **Under ERISA a pension plan must grant workers a full "year of service" when an employee has at least 1,000 hours of service in a year.** (See (3)(A)of Code 1052) Additionally, in the case of seasonal industries, the Secretary of the Department of Labor may set an even lower standard than 1,000 hours. For example the Alaska Laborers-Employers Construction Industry Pension Trust Fund uses a minimal 250 hour threshold to get a vested year.

4) Opponents of this legislation may argue that overtime wages is the vehicle in which employees are compensated for denial of pension credit for time worked. This argument is totally without merit. The Fair Labor Standards Act as well as years of collective bargaining history, clearly, recognize overtime compensation as a penalty for working employees over the maximum standards. Additionally, contributions are paid by both the employer and the employee for all overtime work. Under the current system the employee is simply robbed of their time worked for pension purposes.

POSITION PAPER
DEPARTMENT OF ADMINISTRATION

Contact: Gary Bader

Bill Number: SB 336 Phone #: 465-4470

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We believe that the current treatment of service and salary is equitable. The additional dollar costs and impacts to the system argue against granting this additional benefit.

Nancy Bear Usera
Commissioner

2-4-92
Date

Alaska State Legislature

SENATOR JIM DUNCAN

P.O. BOX V JUNEAU, ALASKA 99811-3100

(907) 465-4766

COMMITTEES:
VICE CHAIR – FINANCE
VICE CHAIR – STATE AFFAIRS
RULES
BUDGET & AUDIT
ETHICS REFORM

DATE: January 24, 1992

TO: Senator Pat Rodey, Chair
Senate State Affairs Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 336, an act relating to computation of credited service in the public employees' retirement system for seasonal employment.

Thank you for scheduling a hearing for SB 336, relating to computation of credited service in the public employees' retirement system for seasonal employment.

Senate Bill 336 will allow seasonal employees in the Public Employee's Retirement System to earn retirement credit based on the number of hours worked up to amounts of 1,950 hours per year.

Presently, such employees, who may only work four to six months a year, receive only straight time retirement credit for that period. However, they may work ten hour days, six to seven days per week, during the work season. Actual time on the job for seasonal employees may amount to almost the same number of hours worked for the year by full-time employees but the seasonal employees only receive retirement credit for 37.5 hours per week.

This bill will provide for more equitable treatment of seasonal employees in our retirement system.

I urge your support for this legislation.

Attachments

SPONSOR SUMMARY

PUBLIC EMPLOYEES
LOCAL 71

DON VALESKO
Business Manager

VALERIE K. BAFFONE
Secretary/Treasuer

HEADQUARTERS
2510 Arctic Blvd.
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November 20, 1991

Jim Duncan
Legislator
Rm. 119, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Enclosed is a copy of our "spring board" draft legislation. I am sure your legal and drafting staff will be able to more fully "button up" the intent of this proposal. Also enclosed is an informational paper listing some of the supporting arguments for amending PERS as we recently discussed.

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We look forward to working with you on this bill and appreciate your consideration for sponsorship. If you have any questions, please give me or Valerie Baffone a call.

Thanks for the help.

Sincerely,

Don Valesko

Don Valesko
Business Manager

DV/ni
Enclosure

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FISCAL NOTE

BILL NO. SB 336

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"
Sponsor: Duncan
Requestor: Senate State Affairs

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

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	319.6	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	319.6	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	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 FUND SOURCE	319.6	0	0	0	0	0
TOTAL	319.6	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

Estimate of current year impact: $0

ANALYSIS: (attach a separate page if necessary.) Programming changes must be made to two automated systems, these costs are estimated for the enhancements necessary to maintain data not currently maintained.

Prepared By: Gary Bader
Division: Retirement and Benefits
Phone: 465-4470
Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usera
Agency: Department of Administration
Date: 1/27/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).
Rev 11/6/91

— FISCAL NOTE DOA / R&B 319.6 —
program changes to system

PUBLIC EMPLOYEES
LOCAL 71

DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wendell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99801

LETTERS

Senate State Affairs Committee
Chair: Senator Pat Rodey
Vice-Chair: Senator Jim Duncan

SB 336

Dear Senator Rodey:

Public Employees Local 71, LTC strongly supports SB-336. Many seasonal employees work as inspectors along side construction workers on highway projects. Traditionally, construction workers earn their pension credits on a hours worked basis. This is due to the long hours of work in the construction season versus little or no work in the off-season. Under this type of system a worker is much more likely to achieve a vesting requirement during their tenure in that field and thereby earning a pension which fairly represents the service to the employer.

1) Currently unders PERS a seasonal worker may actually work close to or over the maximum annual hours (1950). Their PERS credited service however, will only reflect the number of days worked.

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State employee works from April-September, 6 days /week and 12 hours/day (the schedule is set by the contractor) for 5 years.

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In this example, if we applied our proposed amendment, the seasonal employee would have received 4.8 years of credited service. The 1950 hour cap in the proposed legislation prevents a seasonal employee from making out better than a regular full time employee who does not and would not earn service credit for hours worked over 1950 in any year.

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JUNEAU (907) 586-6993 | ANCHORAGE (907) 276-7211 | FAIRBANKS (907) 452-5024

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4) Opponents of this legislation may argue that overtime wages are the vehicle in which employees are compensated for denial of pension credit for time worked. This argument is totally without merit. The Fair Labor Standards Act as well as years of collective bargaining history, clearly recognizes overtime compensation as a penalty for working employees over the maximum standards. Additionally, contributions are paid by both the employer and the employee for all overtime work. Under the current system, the employee is simply robbed of their time worked for pension purposes.

Passage of SB 336 would ensure fairness and equity for all State seasonal workers. We would appreciate your support of SB 336. Thank you.

Sincerely,

Don Valesko

Don Valesko, Local 71 Business Manager

Post-it™ brand fax transmittal memo 7671	# of pages ▸ 1
To ATTN: Carol	From AL HAVENS
Co.	Co.
Dept.	Phone #
Fax # 1-465-4748	Fax #

Palmer, Alaska
January 28, 1992

Senator Jay Kerttula
P.O. Box V
Juneau, AK 99811-3100

Dear Senator Kerttula:

We the undersigned are requesting your support for Senate Bill 338 which would allow State of Alaska temporary employment to be used to increase the retirement benefit or to count toward total service time to qualify for retirement. This bill should satisfy both employees with temporary service and the Division of Retirement and Benefits.

Sincerely,

Alan C Havens	P.O. Box 2383	Palmer, AK
Dave Sweet	PO Box 871314	Wasilla AK
Craig Whitmore	HC01 Box 6022	Palmer AK 99645
Larry J. Engel	P.O. Box 197	Palmer AK
[illegible]	[illegible]	Palmer, AK
Ronald D. McDaffin	HC04 Box 9557	Palmer, AK
[illegible]	P.O. Box 836	Palmer, AK
[illegible]	P.O. Box 871152	Wasilla AK. 99687
Terrence J. Bradley	HC04, Box 9905	Palmer, AK 99645

Dear Representative Davidson; Jan. 22, 1992

The undersigned are Department of Fish and Game employees in Kodiak who are asking you to vote for Senate Bill 338. This bill would allow us to count time that we worked as "temporaries" towards our retirement. This bill would cost the state nothing financially, as each employee would have to pay for any temporary service that was credited towards retirement. We are asking you to vote for this bill because it will give us retirement credit for months we have actually worked and at the same time be a zero cost to the state.

Thank you for your consideration of Senate Bill 338

Len Schwarz BOX 533 Kodiak,
Roger B Smith Box 2473 Kodiak,
Doris A. Mensch Box 631 Kodiak, AK 99615
Arnold R. Shaul P.O. Box 2081, Kodiak
Robert T. Bagwell 1214 Kinskow Kodiak, AK 99615
Dave L. Ann Box 624 Kodiak, AK 99615
David Prokopowicz Box 3298 Kodiak, AK 99615
James E. Blackburn Box 948, Kodiak, AK 99615
Pierce B Hoher Box 2651 Kodiak AK (over)

David Jackson — 11248 Kalsin dr. Kodiak Ak 99615
James A Spalinger — Box 1462 Kodiak Ak 99615
Bruce M Bowers — SR 4077 Woodland Dr. ANCH. AK 99615
Will Domke — 1718 Mission Kodiak AK 99615
Thomas Kenny — Box 3045 Kodiak AK 99615
Jack J. Cummings — Box 3045 Kodiak, AK 99615
Paul Wilson — Box 4053 Kodiak, AK 99615
[illegible] Baker — Box 3149 KODIAK, AK 99615
Alan Jenning — Box 2186 KODIAK, AK. 99615

Karen Crandall
11466 N. Douglas Hwy.
Juneau, Alaska 99801
(907) 586-5913

January 28, 1992

Senator Jim Duncan
P.O. Box V
Juneau, Alaska 99811-3100

Re: Senate Bill No. 338, An Act relating to credited service that vested members of the public employees retirement system receive for temporary service .....

Dear Senator Duncan:

Like many employees of the Department of Fish and Game (ADF&G) who started their careers prior to 1980, I began mine in March 1974 as a temporary Fish and Game Technician working in Ketchikan. During the next 3 3/4 years I worked a total of 4 months as a full time permanent employee and 29 months as a temporary employee of ADF&G in Ketchikan, Glennallen and Juneau. During this period I worked in the field, performing the same duties, taking the same risks and working the same long hours in inclement weather as my full time permanent co-workers and supervisors. The only difference was that they were paid for holidays, earned annual and sick leave, received health benefits that I as a temporary employee did not. In December 1977, I was hired as a fulltime permanent Fisheries Biologist. Since that time, I have worked my way up the ranks, taking on additional responsibilities at each step, until today I am a Fishery Biologist IV in charge of the Coded Wire Tag Processing Lab in Juneau and supervise the work of 22 other employees including 17 seasonal employees. My story is very similar to other long time department employees. Many of us have long since paid our "dues", have worked very hard, and have become valued employees of the department. I feel that it is only fair that we be able to buy back temporary time and receive credit for those years of temporary service. In 1988 I claimed my temporary service but have not yet determined if it is to my benefit to pay off my idebtedness if earned time does not count towards years of service. In 1980 the classification "temporary" employee was abandoned and replaced with "seasonal" employee. Technicians and biologists hired in the spring of 1980 who flew the same surveys and walked the same streams as I had in the spring of 1974 received the benefits they earned. Time worked as a seasonal Fish and Wildlife technicians or as a seasonal biologist now counts towards years of service. Seasonal employees are being compensated fairly for the hard work they perform. In retrospect I ,as a temporary employee, was not.

I support your efforts on behalf long time state employees. I urge other senators to vote for Senate Bill No. 338 because:

- It is fair. Employees working side by side should have been treated similarly by the state's retirement and benefit system. There is not much difference between a temporary technician working eleven months in a year and a permanent technician working twelve months a year minus paid holidays, paid vacation and paid sick leave. Those of us who began our careers before 1980 should be treated the same as those who began their's after 1980.

- Because the employee will be required to pay the full actuarial cost of the option they choose, passage of this bill should have minimal fiscal impact to the State.

As a seventeen year employee of the Department of Fish and Game, I appreciate your work on this bill.

Sincerely,

Karen Crandall

Karen Crandall

January 28, 1992

The Honorable Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

I am writing to express my support for your draft Senate Bill No. 338. I have been employed as a permanent fisheries biologist with the Department of Fish and Game for over 10 years. Prior to becoming a permanent employee, I worked as a temporary fisheries technician and fisheries biologist for six field seasons. I believe I have over three years of service as a temporary employee.

As a temporary, I worked along side permanent staff and performed the same duties. The temporary positions I held were no different from the Permanent Seasonal category of employment, except that retirement and benefits did not apply. I worked in these Fish and Game jobs, rather than the more lucrative "pipeline" jobs that many of my friends took, because I wanted to have a career as a fishery biologist for the state. I have been lucky enough to reach my career goal, but I would also like the opportunity to receive the benefits that I think I deserve from my temporary employment.

I realize that to take advantage of SB 338 I will have to reimburse the state for the benefits that I did not pay as a temporary. I frankly don't know if I can afford it, but I believe it is only fair that I should be given the opportunity to count that time served toward my retirement.

Once again, I want you to know that I support SB 338 and I appreciate the fact that you introduced it. Please contact me if there is anything I can do to help get this bill passed.

Sincerely

Rolland Holmes
3650 Glacier Hwy.
Juneau, AK 99801

January 28, 1992

The Honorable Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

I am writing to you regarding draft Senate Bill No. 338. I will take this opportunity to express my support for this bill, and to comment on Administration Commissioner Usera's letter to you dated January 22, 1992 where she opposes this bill.

I have been employed as a permanent fisheries biologist with the Department of Fish and Game since June, 1979. During 1974 through the spring of 1979 I accrued approximately 13 months of temporary work time with ADF&G. Although I was extremely happy working for the department, I never the less always felt that the State was getting a very good deal. I worked in very remote, often hazardous situations, for extended periods, for several years, without accruing any sick or annual leave, and with no medical coverage. On two separate occasions I and my field companion were involved in near-drowning incidents. In 1979, after injuring myself gathering biological samples for the department, near Sitka, I had to borrow money to fly south and have an operation, because I had no state medical coverage. It seemed a bit unfair at the time, but that's the way it was.

When I became vested in 1984, I claimed my temporary time for possible enhancement of future retirement benefit, although my indebtedness is substantial and continues to increase. I was happy to be able to claim that time for a possible benefit increase, however, I was disappointed at the substantial cost, given what it would have cost me had I been making monthly contributions to PERS back in the mid 70s.

Senator Duncan, what I am trying to say is that I believe, aside from the costs/benefits to the state, is that this bill is the right thing to do. From my totally objective and removed perspective, cough, I think I deserve to be given AT LEAST the opportunity to count my service toward my retirement threshold, especially if I am willing to pay for it. Unfortunately, even if SB 338 passes, most qualifying employees will likely not have the money to buy what should be theirs already. As I understand, claiming ones temporary time for application toward a retirement threshold will cost more that if applying the time toward an increased benefit, which is also very expensive.

I found Commissioner Usera's evaluation of SB 338 the typical administrative response. Rather than taking a position of support,

she has chosen to take the more common and unfortunate administrative stand, i.e. we can't do that, because . . . . because it might cause more work? Well how much more work? Commissioner Usera said "There would be additional computer programming costs to record the service selection and identify the two different types of service." Vested employees, such as myself, have already had the option to apply for temporary service for an increased retirement benefit. I did it and the administrative people handled it in a routine fashion. If someone wanted to claim service for adjusting ones retirement threshold, would it really add much of a burden? Is it reasonable to reject a program because of "additional complexity to the system?" Where I work at Fish and Game, if I told my supervisors that I did not want to take on an assignment because of the possibility of adding complexity to my job, well, I would be just a little bit embarrassed.

Senator Duncan, I sincerely appreciate your introduction of SB 338. I hope it passes.

Sincerely,

Mark Schwan

Mark Schwan
12090 Cross St.
Juneau, AK 99801

Herman Savikko
P.O. Box 240772
Douglas, AK 99824-0772

January 28, 1992

The Honorable Jim Duncan
Alaska State Legislature
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

I am writing in support of Senate Bill No. 338, "An act relating to credited service that vested members of the public employees' retirement system receive for temporary service and to credited service for temporary service for the legislature". Presently, an employee may only "buy back" temporary time to be used towards calculation of the benefit package, and not as total service to the state.

Aside from limited temporary state service from 1971 - 1974 with the Department of Public Safety (performing clerical tasks), the majority of my state employment history has been within the Department of Fish and Game. Monies earned working seasonally went towards college expenses. I attended the University of Alaska Fairbanks and worked towards a Bachelor's Degree in Biology, graduating in 1976.

In 1975, I was hired by the Department of Fish and Game, Division of Comercial Fisheries as a seasonal Fish and Game Technician working in Bristol Bay. Working on salary, pay was based upon a 37.5 hour work week. In a remote field situation, actual time invested in a project far exceeded that. My salary was less than $1,000 per month, and employees like myself worked largely out of our desire to protect and manage one of Alaska's great resources. As you may recall, this was during the same period of time when many people took advantage of "outrageous pipeline dollars".

Temporary Fish and Game employees received no overtime, and no benefits; all to the benefit of the state. A review of Division expenditures during that time (1976-1979) indicates that Alaska spent an average of $10.0 million on the research and management of commercial fisheries, which were worth in excess of $439 million (ex-vessel).

Unlike the luxury afforded by the present system, there was little job security from season to season, even when receiving good evaluations for past performance. I worked for the Department of Fish and Game seasonally in very remote field camps in Bristol Bay and Kodiak after graduation, as a fishery technician and fishery

biologist. In 1980, the State of Alaska did away with 'temporary employees', reclassifying those positions into 'permanent seasonal' ones. In 1981 I was hired by the Department of Fish and Game as a permanent seasonal. I have been employed by the department since that time in both permanent seasonal and permanent full-time positions.

During the four year period in which I held temporary positions, I earned 1.03 years of temporary service that I was able to claim when I became vested. The principal balance of $5,100 that I owed in order to purchase back this time was not based upon the actual costs to the state at the time it was earned, but rather upon my current salary on the date I became vested. My salary at the time I was vested was as much as 230 percent greater than I had been earning as a temporary employee. Although I haven't received my latest statement from the Division of Retirement and Benefits, interest has inflated my present indebtedness to about $7,500 at this time.

I have read Commissioner Usera's position paper to you dated January 22, 1992. In her paper, she expresses concerns for additional administrative costs necessary to implement your bill. I can certainly understand, and applaud the state's desire to keep spending down as oil revenues decrease. However, in my case, as in the case of the majority of biologists in this similar situation, I believe most of the work (and associated cost) has already been performed by the Department of Administration in determining present indebtedness for claimed service. I would not consider any necessary, additional costs extraordinary when compared with those generated by the magnitude of business the state elects to embark on each and every day. Commissioner Usera also stated that "From a broader public policy perspective, the issue is whether we want to provide incentives to move people through the system as fast as possible. The purpose of a retirement system is still to 'attract and retain' quality employees to public service, while providing for economic long term security for the employees and the state." I think that it is obvious that any current state employee who could benefit from SB 338 at this time (by being able to claim temporary service performed prior to changes made to the system in 1980), has proven that the state has certainly 'attracted and retained' quality employees; those continuing state service for the 12 year duration. Additionally, your bill would not require anyone to leave state service prematurely if they chose not to.

I feel that your bill would satisfy an inequity that has existed for a very long time, and I commend you on it.

Sincerely,

Herman Savikko

Herman Savikko

January 29, 1992

Senator Jim Duncan
Alaska State Legislature
State Capitol
Juneau, Alaska 99811

Dear Senator Duncan:

I strongly support Senate Bill 338. This bill would allow many who have provided years of committed service to the state to count the time accumulated while working in temporary positions toward normal retirement or for the calculation of benefits.

My employment history with the state has been totally within the Department of Fish and Game. During the summer of 1967 I began temporary work as a clerk typist III and switchboard operator earning a salary of $2.30 an hour. In subsequent seasons, I worked as a clerk in the accounting section, as a sport fish creel census technician, and in the late 1970's as a fishery biologist supervising the creel census project and as a field biologist in remote areas of Southeast Alaska. All of these positions were temporary. Essentially, this meant that any expectations for continued employment the following year were informal and subject to change without cause. My employment since that time has been as an eleven-month permanent seasonal assistant shellfish biologist.

I was vested in September 1987. In September of 1988 I was credited with an estimated additional 5.8 years of service as a temporary State employee. The indebtedness principal was $31,586.00. Interest has been added to this at 7.12 percent annually. Total PERS indebtedness (principal and interest) as of last week was $39,500. I elected to claim the temporary service but could not pay the indebtedness. Even if I could have, the cost of the indebtedness far exceeded any benefits I would have assumed.

I have read Commissioner Usera's position paper regarding Senate Bill 338. It seems that her major point of contention is that the employer (the State of Alaska) is not gaining anything from the proposed legislation. If anything, this bill simply is an attempt to redress a state hiring policy that was inequitable prior to 1980. Indeed, it does not actually provide redress, as all costs for time or benefits recognition will be borne by the employee. In addition, the state has realized the benefits of experience and

knowledge gained by the employee that has continued state employment despite the lack of any benefits. Further concerns that the state would incur significant administrative costs for computer reprogramming and other hidden costs are not compelling, considering such costs are part and parcel of any program, pre-existing or new, embarked upon by the state.

I sincerely hope that there is favorable consideration of this bill. We appreciate the efforts that you and your staff have given to the research in filing this legislation.

Sincerely,

Catherine J Botelho

Catherine Botelho
PO Box 210515
Auke Bay, Alaska 99821

cc: Senator Pat Rodey
Chairman, State Affairs Committee

Alaska State Legislature

SENATOR JIM DUNCAN

P.O. BOX V JUNEAU, ALASKA 99811-3100

(907) 465-4766

COMMITTEES:
VICE CHAIR – FINANCE
VICE CHAIR – STATE AFFAIRS
RULES
BUDGET & AUDIT
ETHICS REFORM

DATE: January 24, 1992

TO: Senator Pat Rodey, Chair
Senate State Affairs Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 336, an act relating to computation of credited service in the public employees' retirement system for seasonal employment.

Thank you for scheduling a hearing for SB 336, relating to computation of credited service in the public employees' retirement system for seasonal employment.

Senate Bill 336 will allow seasonal employees in the Public Employee's Retirement System to earn retirement credit based on the number of hours worked up to amounts of 1,950 hours per year.

Presently, such employees, who may only work four to six months a year, receive only straight time retirement credit for that period. However, they may work ten hour days, six to seven days per week, during the work season. Actual time on the job for seasonal employees may amount to almost the same number of hours worked for the year by full-time employees but the seasonal employees only receive retirement credit for 37.5 hours per week.

This bill will provide for more equitable treatment of seasonal employees in our retirement system.

I urge your support for this legislation.

Attachments

SPONSOR SUMMARY

SB

337

Senate State Affairs

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill No. SB 337

Revision Date:
Title: An Act relating to retirement incentive programs...
Sponsor: Duncan
Requestor: State Affairs

Department Affected: Alaska Court System
BRU: Trial Courts
Components:
COMPONENT SERIAL NO. 000 | 000 | 000 | 768

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: C. S. Christensen III, Staff Counsel CSC
Phone: 264-8228
Division: Alaska Court System
Date: 01/21/92

Approved by: Arthur H. Snowden, II, Administrative Director
Agency: Alaska Court System
Date: 01/21/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Rev 10/90

Alaska State Legislature

SENATOR JIM DUNCAN

P.O. BOX V JUNEAU, ALASKA 99811-3100

(907) 465-4766

COMMITTEES:
VICE CHAIR – FINANCE
VICE CHAIR – STATE AFFAIRS
RULES
BUDGET & AUDIT
ETHICS REFORM

MEMORANDUM

Date: February 4, 1992

TO: ALL LEGISLATORS

FROM: Senator Jim Duncan

SUBJECT: CSSB 337(STA), relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system.

This memo is to provide you and your staff with the latest information on SB 337, reestablishing the Retirement Incentive Program. The basic configuration of the Retirement Incentive Program as proposed in SB 337 is substantially similar to previous offerings of the program.

The window periods in the State Affairs Committee Substitute for SB 337 are as follows;

Employee Type	Application Period	Employee Must Retire on or Before
Teachers	June 30,1992-Dec. 31, 1992	August 1, 1993
University	" "	"
State	July 31,1992-Oct. 31, 1992	July 1, 1993
Municipal	Dec.31, 1992-June 30, 1993	February 1, 1994

The State Affairs Committee amended SB 337 because of concerns expressed by the Department of Administration about the program. Based on the amendments, the Administration is now supporting reenactment of the program. The amendments included;

1. the elimination of military service credit for PERS employees as years of credit towards service based retirement; i.e., 20 or 30 and out options;

2. changing the window period for state employees from December 31, 1992 through June 30, 1993 for application to July 31, 1992 through October 31, 1992, and changing the required retirement date for state employees from February 1, 1994 to July 1, 1993; and

3. restoring the prohibition against Retirement Incentive Program retirees being either re-employed or contracting with the state for personal services for one year.

The other provisions of the program remain unchanged. It will again offer a three year retirement credit to qualified individuals to be applied in the following order;

1. to meet the age or service required for eligibility for normal retirement;
2. to meet the age required for early retirement;
3. to reduce the actuarial adjustment required for early retirement; and
4. as years of credited service for calculating retirement benefits.

To qualify, an employee must be within 3 years of early or normal retirement. The increased benefit will vary depending on each individual's length of service and their age. The personal services savings required by the program will again be calculated over a five year period.

The employee will be required to pay what they would have paid into the retirement system if they had continued to work for an additional three years. The employer's cost will be the difference between the employee's contribution and the full actuarial cost of the three year incentive. The full cost is calculated by the state's actuaries for each individual who is eligible for the program. This means that <u>all</u> cost incurred because the individual retires three years earlier is fully paid into the respective retirement system. Recent annual reports on both PERS and TRS report that the systems have been adequately compensated for RIP incurred costs.

The Legislative audit released in November 1991 reported that total savings of almost $23 million were achieved by public employers through the use of the 1989-90 Retirement Incentive Program. The State of Alaska saved over $6 million, with the largest savings accruing to the Department of Transportation and Public Facilities. The University saved $4.3 million and school districts throughout the state saved almost $9 million. The total number of participants was 1,764. This compares to 2,327 participants in the 1986-87 Retirement Incentive Program.

Savings for the original program amounted to over $73 million. Much of the difference between the calculated savings between the 86-87 offering and the 89-90 program is accounted for by the auditor's

conservative standards for determining savings and the high level of participation in the original program. For instance, the Legislative Audit stated that while the University had reported $9.2 million in savings, but had reallocated $4.9 million of the savings to expand programs. The audit figures therefore did not include the $4.9 million.

For your information, I made some additional changes in the program between the 89-90 version and SB 337. They are:

1. University of Alaska employees who have chosen the optional university retirement program are allowed to participate if they otherwise qualify under PERS or TRS. (Page 5, lines 5-10)

2. The Administrative Director of the Alaska Court System is allowed to participate if a savings is realized. (Page 5, line 28 - Page 7, line 7)

Your support for CS SB 337 (STA) will be appreciated.

Attachments

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM February 4, 1992

SUBJECT: Sectional Summary of CSSB 337(State Affairs) (Retirement Incentive Programs)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer TBC
Legislative Counsel

You have requested a sectional analysis of the above described 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.

Because this bill sets up a time-limited program which is repealed July 1, 1994, it is not placed into the codified statutes. If the bill is enacted, it will be published in the Session Laws and also in the Temporary and Special Acts volume of the Alaska Statutes.

Section 1 states the legislative purpose in adopting a retirement incentive program for public employers and employees.

Section 2 establishes the general requirements for a retirement incentive program. Subsection (a) permits employers to designate organizational units of employees eligible to participate. Subsection (b) sets out criteria for the organization units. Subsection (c) limits which employees are eligible to participate to those who will be qualified to retire after receipt of the retirement incentive. Subsection (d) sets out requirements for the plan filed by the employer and requires the employer to agree to reimburse the retirement system for the extra costs incurred by the system from participation by the employer's employees.

Subsection (e) sets out the formula for computing how much each member of the Teachers' Retirement System (TRS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rate of 8.65% for members of TRS set out in AS 14.25.050. Subsection (f) sets out the formula for

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

Subsection (g) provides that the retirement incentive is a credit of three years, to be used either to meet retirement eligibility requirements or, if those are met, to increase the amount of credited service a participant is entitled to when computing benefits. Subsection (h) limits the kinds of credited service that employees retiring under the retirement incentive plan may use when determining whether they are eligible to retire. Note that the subsection does not limit the kinds of credited service that may be considered when computing the employee's benefits.

Subsection (i) permits employees to assume part of the employer's liability in order to become eligible to participate in a retirement incentive plan.

Section 3 authorizes the state to adopt a retirement incentive plan for its employees, to begin July 31, 1992, and ending October 31, 1992. Subsections (b) and (c) limit which employees may participate. Subsection (d) requires that participants be appointed to retirement on or before July 1, 1993.

Section 4 authorizes political subdivisions and public organizations which participate in PERS to adopt a retirement incentive plan for their employees, to begin December 31, 1992, and ending June 30, 1993. Subsection (b) requires that participants be appointed to retirement on or before February 1, 1994.

Section 5 authorizes the University of Alaska to adopt a retirement incentive plan for its employees, to begin June 30, 1992, and ending December 31, 1992. Subsection (b) requires that participants be appointed to retirement on or before August 1, 1993. Subsection (c) addresses participants in the Optional University Retirement Program.

Section 6 authorizes employers in TRS other than the state or the University of Alaska, which are covered in sections 3 and 5 above, to adopt a retirement incentive plan for their employees, to begin June 30, 1992, and ending December 31, 1992. Subsection (b) requires that participants be appointed to retirement on or before August 1, 1993.

Section 7 permits state employee participants to receive credit for certain employment with political subdivisions or public organizations who did not participate in PERS or TRS at the time of the employment for purposes of determining whether the participant satisfies the years of service requirements for retirement under TRS or PERS. The employment may not be counted when the amount of the participant's benefits are calculated.

Section 8 permits the administrative director of the Alaska Court System who is a member of the Judicial Retirement System (JRS) to participate in a retirement incentive program. The section sets out provisions comparable to those that apply to members of the other retirement systems.

Section 9 permits the Department of Administration to take certain actions if employers who are participating in the retirement incentive program become delinquent in the payments they owe the system for the increased benefits paid to their retirees under the program.

Section 10 establishes an indebtedness owed by participants in the retirement incentive program who, after retirement, are reemployed in a position that is covered by PERS, TRS, or JRS. Subsection (b) prohibits participants from working for an employer who is part of one of the state retirement systems for one year after the participant retired. There is an exception for the University of Alaska.

Section 11 directs state agencies to file with the Office of Management and Budget reports showing the expected effect of the program on the agency's personal services cost and operation. Subsection (b) directs OMB to document the net reduction in personal services costs for each agency in the governor's annual budget request. Subsection (c) directs OMB to report to the legislature on the retirement incentive program.

Section 12 states that employees do not have a vested or contractual right to benefits under a retirement incentive program until an agreement is executed with the administrator of the retirement system. The legislature reserves the right to make changes to the program.

Section 13 makes the definitions in TRS and PERS, as appropriate, applicable to the bill.

Section 14 repeals sections 1 - 8 of the Act, which establish and authorize the retirement incentive programs, on July 1, 1994.

Section 15 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:gc
92-097.glc

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX C
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

January 29, 1992

The Honorable Jim Duncan
Alaska State Legislator
State Capitol
Juneau, AK 99811

Dear Senator Duncan:

This is to follow up on the discussions regarding SB 337 at the Senate State Affairs Committee meeting on January 22.

As requested, we have reviewed the "window" for State participation in the program. We find that under the February 1, 1994, window proposed in SB 337, 4,366 State employees would be eligible to participate; and based upon the experience of the last incentive program, approximately 29%, or 1,266, employees could be expected to avail themselves of the incentive. The July 1, 1993, window proposed by the department would reduce the number of eligible employees by 447 and, in turn, the actual number who would participate by only 130. In view of the greater flexibility the shorter window would provide for dealing with projected revenue shortfalls, I believe its benefits outweigh the exclusion of the small number of employees who would be affected.

I am enclosing a copy of the specific amendments the department is proposing to Senate Bill 337. They include language for the windows for State employees for making application and actually retiring, as well as the other amendments we offered on January 22. We have, however, redrafted the contracting prohibition amendment to model it after that set out in the legislation enacted for the last incentive program.

I would appreciate your favorable consideration of these amendments which would enable the Department of Administration to support SB 337.

Thank you.

Sincerely,

Nancy

Nancy Bear Usera
Commissioner

NBU/nl
Enclosures

02-89LH

AMENDMENT

OFFERED IN THE SENATE

TO: SB 337

Page 3, line 25:

Delete "and military service under AS 39.35.340"

W/O

Short Term program

Employer will bear cost.

overriding savings

designated per person/position

20yrs retired in military

No of years

12yrs

Not a lot of people?

Every case a money saving.

AMENDMENT #2

OFFERED IN THE SENATE

TO: SB 337

Page 4, line 2:

Delete "December 31, 1992, through June 30, 1993"

Insert "July 31, 1992, through October 31, 1992"

Page 4, line 17:

Delete "February 1, 1994"

Insert "July 1, 1993"

AMENDMENT

OFFERED IN THE SENATE

TO: SB 337

Page 7, line 15, after "INDEBTEDNESS.":

Insert "(a)"

Page 7, after line 25:

Insert a new subsection to read:

"(b) For one year after the date on which an employee who participated in the program retired, the participant may not be employed by or enter into a contract for personal services with a state department or agency other than a personal services contract with the University of Alaska. This subsection does not prohibit the university, during the year immediately following the employee's retirement, from entering into a personal services contract with an employee who has participated in the program."

Ec Base - Employment.

23,000,000 "Saved?"

Industry —

Mr. Muffin

Bruce Ludwig

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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Ec Base - Employment.

23,000,000 "Saved?"

Industry —

Mr. Muffin

Bruce Ludwig

FISCAL NOTE

STATE OF ALASKA **BILL NO. CSSB 337 (STA)**

1992 LEGISLATIVE SESSION

Revision Date:

Title: "An Act relating to retirement incentive programs . . . effective date."

Sponsor: Duncan, Kerttula, Sturgulewski

Requestor: Senate State Affairs

Department Affected: Administration

BRU: Finance

Component: Finance

COMPONENT SERIAL NO. 59

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	67.6	5.0	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	67.6	5.0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	67.6	5.0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	67.6	5.0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	4	1	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: See attached.

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Don Wanie, Director DW 1/29 Phone: 465-2240

Division: Finance Date: January 29, 1992

Approved by Commissioner: Nancy Bear Usera NBU Date: 1/30/92

Agency: Administration

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 10/07/91

2\LEG92\2919.kp/1

Impact of a Retirement Incentive Program

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

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. Approximately five hundred employees took advantage of the previous RIP. It is anticipated that a comparable number of employees would participate if a RIP was implemented in the next year. Based on past experience, this would require four additional positions, including one Accountant I and three Accounting Technicians I, for a period of six months. Estimated cost for these positions would be:

Accountant I (1)	Range 14A	19.7
Acct Tech I (3)	Range 12A	52.9
Total Cost		72.6

FISCAL NOTE

BILL NO. CSSB 337 (SA)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:

Title: An Act relating to retirement incentive programs for the Public Employees' and Teachers' Retirement System

Sponsor: Duncan

Requestor: Senate State Affairs Committee

Department Affected: Administration

BRU: Retirement and Benefits

Component: Retirement and Benefits

COMPONENT SERIAL NO. 6 4

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	658.0	598.3	277.5	277.5	277.5	277.5
TRAVEL	3.0	3.0	1.0	1.0	1.0	1.0
CONTRACTUAL	20.0	3.3	0	0	0	0
SUPPLIES	3.0	2.5	1.0	1.0	1.0	1.0
EQUIPMENT	112.3	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	796.3	607.1	279.5	279.5	279.5	279.5

CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	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	796.3	607.1	279.5	279.5	279.5	279.5
TOTAL	796.3	607.1	279.5	279.5	279.5	279.5

POSITIONS

FULL-TIME:	6	6	6	6	6	6
PART-TIME:	0	0	0	0	0	0
TEMPORARY:	10	9	0	0	0	0

Estimate of current year impact: We anticipate the need for a Legislative Revised Program to increase our FY 92 authorization, thus allowing the division to hire the FY 93 staff prior to July 1, 1992. The FY 92 hiring would be needed so that we can properly train the RIP staff prior to the opening of the window periods. These costs would be paid for by participating employers.

ANALYSIS: (attach a separate page if necessary.) The actuarial costs to participating employers due to this program are to be paid up front and no additional costs to the systems are anticipated.

Prepared By: Gary Bader *Gary M. Bader*

Phone: 465-4460

Division: Retirement and Benefits

Date: January 29, 1992

Approved by Commissioner: Nancy Bear Usera *NBU*

Date: 1/30/92

Agency: Department of Administration

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

Rev 10/90

Analysis: This bill would place a temporary retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment or take an actuarial reduction from their life time benefit for the indebtedness amount.

We estimate that five permanent full-time positions will be needed in Juneau and one in Anchorage to administer the increased demand for information and services resulting from adding potentially over 4000 new retirees to the PERS and TRS, resulting from prior RIPs and projected for this one. In addition, we estimate that ten long term non-permanent employees will also be needed for varying lengths of time over the next two fiscal years. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services.

We estimate that we will need to increase our normal number of counseling trips by 5 trips over the next two fiscal years to assure that members understand the options and requirements of the program.

CSSB 337 (SA)
Analysis of Fiscal Implications to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
January 29, 1992

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

			FY 93	FY 94	FY 95
PERSONAL SERVICES					
FY 93					
2	Retirement Specialist I/II	104.5			
8	Retirement Technician I/II	338.2			
1	Accountant I	46.1			
3	Accounting Clerk III (12 months)	104.0			
2	Clerk II (12 months)	65.2			
	Total FY 93 Personal Services Cost.....		$658.0		
FY 94					
2	Retirement Specialist I/II	104.5			
5	Retirement Technician I/II	211.4			
3	Retirement Technician I/II (9 mon.)	95.1			
1	Accountant I	46.1			
2	Accounting Clerk III (12 months)	76.0			
2	Clerk II (12 months)	65.2			
	Total FY 94 Personal Services Cost.....			$598.3	
FY 95					
2	Retirement Specialist I/II	104.5			
3	Retirement Technician I/II	126.9			
1	Accountant I	46.1			
	Personal Services Cost (FY 95 and beyond)				$277.5
TRAVEL					
	Traveling to various locations throughout the state to counsel prospective retirees and give seminars		3.0	3.0	
CONTRACTUAL					
FY 93					
	Computer services for additional PC's	16.5			
	Additional telephone costs (4 add phones)	.2			
	Telephone service for 4 phones	.8			
	Long distance call expense based upon previous RIP	2.5			
	FY 93 contractual costs.....		20.0		

CSSB 337 (SA)
Analysis of Fiscal Implications to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
January 29, 1992

		FY 93	FY 94	FY 95
CONTRACTUAL				
FY 94				
Telephone service for 4 phones	.8			
Long distance call expense based upon previous RIP	2.5			
FY 94 contractual costs.....			3.3	
SUPPLIES				
Office supplies, calculators cost.....		3.0	2.5	
EQUIPMENT				
5 Work stations	23.0			
5 Chairs	1.5			
5 PCs and other office equipment	30.0			
Other office equipment (Dictaphone, calculators, etc.)	5.0			
1 File cabinets	.3			
5 Phones (600/instrument)	3.0			
5 Personal Computers	27.5			
5 Microfiche viewers	4.0			
1 Computer Output Printer	18.0			
Total Equipment cost.....		112.3	-0-	-0-
TOTAL Operations Cost		$796.3	$607.1	$279.5

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

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

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

The Other Funds are comprised of PERS at $438.0 and the TRS at $358.3 for FY 93.

Position Title	No. of Positions	Range/Step	Barg. Unit
RETIREMENT & BENEFITS SPECIALIST I/II	2	16/A	GGU

Time Status	Staff Months:	Location:	Election District
PFT	2 x 12 = 24	1-Juneau/AWA 1-Anchorage/EBA	4,7

TYPE OF EXPENDITURE		AMOUNT
Salary	73.9	
Benefits	30.7	
Premium Pay		
Other		
TOTAL PERSONAL SERVICES:		104.5
Travel		3.0
Contractual		3.4
Supplies		0.6
Equipment		18.8
Other		
TOTAL COST:		130.3
FUNDING SOURCE FOR TOTAL COST		
Federal Receipts	1002	
G.F. Match	1003	
General Fund	1004	
I-A Receipts	1007	
CIP Receipts	1061	
Other 1029 PERS		71.7
1034 TRS		58.6

Justification CSSB 337 (SA)

The Retirement & Benefit Specialists will train, direct, and supervise the daily activities of the eight additional retirement technicians. They will also be responsible for maintaining a listing of all employees who elect to participate in the RIP and a listing of all employees who are eligible to retire under the RIP. They will also be required to prepare data necessary to calculate actual cost billing information to participating employers.

The Retirement & Benefit Specialists will be available to counsel persons who are interested and eligible to retire under the RIP.

Request For New Position

FY 93

AGENCY ADMINISTRATION
BRU RETIREMENT & BENEFITS
COMPONENT RETIREMENT & BENEFITS

Revised Date:

Position Title	No. of Positions	Range/Step	Barg. Unit
RETIREMENT & BENEFITS TECHNICIAN I/II	8	12/B	GGU

Time Status	Staff Months:	Location:	Election District
3-PFT, 5-Temporary	8 x 12 = 96	JUNEAU/AWA	4

TYPE OF EXPENDITURE		AMOUNT
Salary	234.0	
Benefits	104.2	
Premium Pay		
Other		
TOTAL PERSONAL SERVICES:		338.2
Travel		
Contractual		11.0
Supplies		1.0
Equipment		68.9
Other		
TOTAL COST:		419.1
FUNDING SOURCE FOR TOTAL COST		
Federal Receipts	1002	
G.F. Match	1003	
General Fund	1004	
I-A Receipts	1007	
CIP Receipts	1061	
Other 1029 PERS		230.5
1034 TRS		188.6

Justification CSSB 337 (SA)

The Retirement and Benefit Technicians staff will be needed to assist our current permanent staff to; research member files, prepare benefit projections for prospective retirees, process retirement applications and establish benefits, add service that members are eligible to purchase and respond to many inquires that the division will receive during the concentrated window period of the program.

Request For New Position

FY 93

AGENCY ADMINISTRATION
BRU RETIREMENT & BENEFITS
COMPONENT RETIREMENT & BENEFITS

Revised Date:

Position Title	No. of Positions	Range/Step	Barg. Unit
ACCOUNTANT I	1	14/A	GGU

Time Status	Staff Months:	Location:	Election District
PFT	12	JUNEAU/AWA	4

TYPE OF EXPENDITURE		AMOUNT
Salary	32.2	
Benefits	14.0	
Premium Pay		
Other		
TOTAL PERSONAL SERVICES:		46.1
Travel		
Contractual		1.5
Supplies		0.6
Equipment		12.5
Other		
TOTAL COST:		60.7
FUNDING SOURCE FOR TOTAL COST		
Federal Receipts	1002	
G.F. Match	1003	
General Fund	1004	
I-A Receipts	1007	
CIP Receipts	1061	
Other 1029 PERS		33.4
1034 TRS		27.3

Justification CSSB 337 (SA)

An Accountant I will monitor and review RIP contracts between employers and the Division to insure receipt of RIP related funds. Book receivables as year and adjustments. Establish coding system in AKSAS to track receiveables, payments, interest calculations, and balances due for each district participating in the RIP.

Process Reimburseable Services Agreements (RSA) transactions for state agencies participating in the RIP. Transfer RSA payments to proper fund equity account in each fund. Reconcile RIP tracking system using PC to AKSAS on monthly basis. Provide Accountant III with final adjusted financial data to be used in quarterly financial statements of the pension funds. Provide financial reports and analyses to management.

Calculate interest for each district based on balances due and terms set out in contracts, and bill each district for balances due and interest charged. Work with independent audit team on all RIP related questions. Analyze complex financial data to respond to auditors questions.

Request For New Position

FY 93

AGENCY ADMINISTRATION
BRU RETIREMENT & BENEFITS
COMPONENT RETIREMENT & BENEFITS

Revised Date:

Position Title	No. of Positions	Range/Step	Barg. Unit
ACCOUNTING CLERK III	3	10/A	GGU

Time Status	Staff Months:	Location:	Election District
Temporary	3 x 12 = 36	JUNEAU/AWA	4

TYPE OF EXPENDITURE		AMOUNT
Salary	70.5	
Benefits	33.5	
Premium Pay		
Other		
TOTAL PERSONAL SERVICES:		104.0
Travel		
Contractual		3.4
Supplies		0.6
Equipment		11.5
Other		
TOTAL COST:		119.5
FUNDING SOURCE FOR TOTAL COST		
Federal Receipts	1002	
G.F. Match	1003	
General Fund	1004	
I-A Receipts	1007	
CIP Receipts	1061	
Other 1029 PERS		65.7
1034 TRS		53.8

Justification CSSB 337 (SA)

Accounting Clerk III positions will handle the additional accounting duties related to a Retirement Incentive Program (RIP) as follows: member file research, file maintenance, including entering indebtedness, history, and retirement segments into the appropriate system; verfication of system output, any adjusting vouchers that are necessary in AKSAS, assisting with the deposits and coding of member indebtedness payments and employer RIP payments, assisting with the member account information that is needed in completing tax excludable statements for the Retirement Section, and any follow through that becomes necessary.

Request For New Position

FY 93

AGENCY ADMINISTRATION
BRU RETIREMENT & BENEFITS
COMPONENT RETIREMENT & BENEFITS

Revised Date:

Position Title	No. of Positions	Range/Step	Barg. Unit
CLERK II	2	7/B	GGU

Time Status	Staff Months:	Location:	Election District
Temporary	2 x 12 = 24	JUNEAU/AWA	4

TYPE OF EXPENDITURE		AMOUNT
Salary	44.2	
Benefits	21.0	
Premium Pay		
Other		
TOTAL PERSONAL SERVICES:		65.2
Travel		
Contractual		0.7
Supplies		0.2
Equipment		0.6
Other		
TOTAL COST:		66.7
FUNDING SOURCE FOR TOTAL COST		
Federal Receipts	1002	
G.F. Match	1003	
General Fund	1004	
I-A Receipts	1007	
CIP Receipts	1061	
Other 1029 PERS		36.7
1034 TRS		30.0

Justification CSSB 337 (SA)

Clerk II positions are required in the divisions microfiche center for the day-to-day file/recordkeeping duties for the new retirees under the RIP. Duties include: sanitizing and purging files, creating new microfiche files for these retirees from paper documents, creating duplicate microfiche files when requested for the use of division personnel, and filing and refiling all documents.

Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date.

Request For New Position

FY 93

AGENCY ADMINISTRATION
BRU RETIREMENT & BENEFITS
COMPONENT RETIREMENT & BENEFITS

Revised Date:

FISCAL NOTE

BILL NO. SB 337

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date:

Title: An Act relating to retirement incentive programs for the Public Employees' and Teachers' Retirement System

Sponsor: Duncan

Requestor: Senate State Affairs

Department Affected: Administration

BRU: Retirement and Benefits

Component: Retirement and Benefits

COMPONENT SERIAL NO. 6 4

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	575.7	630.0	277.5	277.5	277.5	277.5
TRAVEL	3.0	3.0	1.0	1.0	1.0	1.0
CONTRACTUAL	20.0	3.3	0	0	0	0
SUPPLIES	3.0	2.5	1.0	1.0	1.0	1.0
EQUIPMENT	112.3	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	714.0	638.8	279.5	279.5	279.5	279.5
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	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	714.0	638.8	279.5	279.5	279.5	279.5
TOTAL	714.0	638.8	279.5	279.5	279.5	279.5

POSITIONS

FULL-TIME:	6	6	6	6	6	6
PART-TIME:	0	0	0	0	0	0
TEMPORARY:	9	9	0	0	0	0

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.) The actuarial costs to participating employers due to this program are to be paid up front and no additional costs are anticipated.

Prepared By: Gary Bader

Division: Retirement and Benefits

Phone: 465-4460

Date: January 16, 1992

Approved by Commissioner: Nancy Bear Usera

Date:

Agency: Department of Administration

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

Rev 10/90

FISCAL - D.O.A. (R+B)

Senate Bill 337
Analysis of Fiscal Implications to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
January 16, 1992

Analysis: This bill would place a temporary retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment or take an actuarial reduction from their life time benefit for the indebtedness amount.

We estimate that five permanent full-time positions will be needed in Juneau and one in Anchorage to administer the increased demand for information and services resulting from adding potentially over 4000 new retirees to the PERS and TRS, resulting from prior RIPs and projected for this one. In addition, we estimate that nine long term non-permanent employees will also be needed for varying lengths of time over the next two fiscal years. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services.

We estimate that we will need to increase our normal number of counseling trips by 5 trips over the next two fiscal years to assure that members understand the options and requirements of the program.

SB 337
Analysis of Fiscal Implications to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
January 16, 1992

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

			FY 93	FY 94	FY 95
PERSONAL SERVICES					
FY 93					
2	Retirement Specialist I/II	104.5			
8	Retirement Technician I/II	338.2			
1	Accountant I	46.1			
2	Accounting Clerk III (6 months)	38.0			
2	Clerk II (9 months)	48.9			
	Total FY 93 Personal Services Cost		$575.7		
FY 94					
2	Retirement Specialist I/II	104.5			
8	Retirement Technician I/II	338.2			
1	Accountant I	46.1			
2	Accounting Clerk III (12 months)	76.0			
2	Clerk II (12 months)	65.2			
	Total FY 94 Personal Services Cost			$630.0	
FY 95					
2	Retirement Specialist I/II	104.5			
3	Retirement Technician I/II	126.9			
1	Accountant I	46.1			
	Personal Services Cost (FY 95 and beyond)				$277.5
TRAVEL					
	Traveling to various locations throughout the state to counsel prospective retirees and give seminars		3.0	3.0	
CONTRACTUAL					
FY 93					
	Computer services for additional PC's	16.5			
	Additional telephone costs (4 add phones)	.2			
	Telephone service for 4 phones	.8			
	Long distance call expense based upon previous RIP	2.5			
	FY 93 contractual costs		20.0		

SB 337
Analysis of Fiscal Implications to the Retirement Fund
Prepared by Division of Retirement & Benefits
Department of Administration
January 16, 1992

		FY 93	FY 94	FY 95
CONTRACTUAL				
FY 94				
Telephone service for 4 phones	.8			
Long distance call expense based upon previous RIP	2.5			
FY 94 contractual costs.....			3.3	
SUPPLIES				
Office supplies, calculators cost.....		3.0	2.5	
EQUIPMENT				
5 Work stations	23.0			
5 Chairs	1.5			
5 PCs and other office equipment	30.0			
Other office equipment (Dictaphone, calculators, etc.)	5.0			
1 File cabinets	.3			
5 Phones (600/instrument)	3.0			
5 Personal Computers	27.5			
5 Microfiche viewers	4.0			
1 Computer Output Printer	18.0			
Total Equipment cost.....		112.3	-0-	-0-
TOTAL Operations Cost		$714.0	$638.8	$279.5

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

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

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

The Other Funds are comprised of PERS at $392.7 and the TRS at $321.3 for FY 93.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 337

Revision Date:

Department Affected: Administration

Title: "An Act relating to retirement incentive programs...effective date."

BRU: Finance

Component: Finance

Sponsor: Senators Duncan, Kerttula, Sturgulewski

Requestor: Senate State Affairs

COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	10.0	62.6	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	10.0	62.6	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.0	62.6	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	10.0	62.6	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	4	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: See attached

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Wanie DW

Phone: 465-2240

Division: Finance

Date: 01/21/92

Approved by Commissioner: Nancy Bear Usera

Agency: Administration

Date:

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 10/7/91

FISCAL - D.O.A. (FIN)

Impact of a Retirement Incentive Program

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

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. Approximately five hundred employees took advantage of the previous RIP. It is anticipated that a comparable number of employees would participate if a RIP was implemented in the next year. Based on past experience, this would require four additional positions, including one Accountant I and three Accounting Technicians I, for a period of six months. Estimated cost for these positions would be:

Accountant I (1)	Range 14A	19.7
Acct Tech I (3)	Range 12A	52.9
Total Cost		72.6

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill No. SB 337

Revision Date:
Title: An Act relating to retirement incentive programs...
Sponsor: Duncan
Requestor: State Affairs

Department Affected: Alaska Court System
BRU: Trial Courts
Components:
COMPONENT SERIAL NO. 000 | 000 | 000 | 768

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: C. S. Christensen III, Staff Counsel CSC
Division: Alaska Court System
Phone: 264-8228
Date: 01/21/92

Approved by: Arthur H. Snowden, II, Administrative Director
Agency: Alaska Court System
Date: 01/21/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Rev 10/90

FISCAL - COURTS

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Audit

P. O. Box W
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347

MEMORANDUM

TO: The Honorable Pat Rodey
Chairman, Senate State Affairs

FROM: Randy S. Welker *Randy*
Legislative Auditor

DATE: January 24, 1992

At the State Affairs Committee meeting on January 22, 1992, Senator Pourchot requested information on the legislative employees who participated in the last Retirement Incentive Program. The following table identifies those employees and the savings projected:

NAME	POSITION	AGENCY	SAVINGS
Kurt Dzinich	Senior Advisor	Legislative Research	$204,643
Sally McIntire	Assistant Chief Clerk of the House	Legislative Affairs	36,683
Richard Bradley	Attorney IV	Legal Services	22,476
Patrick Leamer	Systems Programmer	Legislative Audit	9,531
Irene Cashen	Chief Clerk of the House	Legislative Affairs	5,824
Ruth Packard	Researcher	Legislative Affairs	4,286
		Subtotal	283,443
		Misc. Admin. Fees	(1,496)
Total Savings Reported for the Legislature			**$281,947**

As can be seen from the table above, the majority of the legislative savings was generated from the elimination of a position during the consolidation of the House Research Agency and the Senate Advisory Council. If you have any further questions, please contact me.

cc: Senate State Affairs Committee members

Linda C. Anderson
Government Relations

FAX MEMO

TO: Max Gifford
Sen. State Affairs Committee Aide

DATE: 1/21/92

FROM: Linda Anderson, FNSBSD Lobbyist

Re: Fairbanks North Star Borough School District
Position Papers

Please include copies of the attached resolution for committee members' files regarding the Retirement Incentive Program legislation, SB 337 and SB 315. It is the District's understanding that Legislative Audit is in the process of completing a review of the affects of previously passed retirement incentive programs.

Additionally, the FNSB School District feels that it is imperative that any changes to the Retirement Systems be more carefully considered in light of the 1990 legislation which will have an unanticipated negative financial impact of $15 million statewide to all school districts in FY93. The FY93 financial impact to the Fairbanks District is included in the attached information sheet.

Sending Fax # 586-5622

FAIRBANKS NORTH STAR BOROUGH BOARD OF EDUCATION

Resolution 90-29

Opposing Early Retirement Incentive Programs

WHEREAS, the State of Alaska passed an Early Retirement Incentive Plan in 1986 to help school districts and other public agencies realize significant personnel cost reductions in response to a statewide fiscal emergency; and,

WHEREAS, the State of Alaska passed another Early Retirement Incentive Plan in 1989, although there was not a fiscal emergency; and,

WHEREAS, this is creating the expectation that there will be another Retirement Incentive Plan program offered again in several years; and,

WHEREAS, this expectation works counter to the program's intent of encouraging people to retire, because instead of the normal attrition rate, employees who might normally retire will postpone doing so until such time as another Retirement Incentive Plan is offered; and,

WHEREAS, our district also has serious concerns about a teacher work shortage and fears it will become more and more difficult to replace our valuable and experienced work force; and,

WHEREAS, our district does not wish to lose our experienced employees, but has decided it would not be fair to deny them access to a Retirement Incentive Plan once it is passed into law;

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Board of Education requests the Legislature and the Governor not enact any future legislation authorizing early retirement.

PASSED AND APPROVED SEPTMBER 18, 1990.

Jerry McBeath

Jerry McBeath, President
Board of Education

ATTEST:

Pam Hallberg

Pam Hallberg
Secretary to the Board

SB 337
SB 315

State Affairs
Jan 22, Wed.

Fairbanks North Star Borough School District

January 20, 1992

TEACHER RETIREMENT SYSTEM (TRS) IMPACT

The current public school foundation program was adopted in 1987, establishing the instructional unit value of $60,000. At that time, the state's contribution to the Teacher Retirement System (TRS) was shifted to school district budgets.

In 1990, the Legislature passed Senate Bill 53 (Chapter 97, 1990 SLA) which changed many TRS benefit provisions. This was done for long term cost containment but, in the short term, it has very detrimental effects on school district budgets.

As a result of this legislation:

- Our TRS payment for the current year (FY 1992) increased 13%.
- Our TRS payment for FY 1993 will increase 32% (from 11.87% to 15.69%)

In Fairbanks, TRS payments are applied to a $48 million payroll:

- In FY 1992, the increased cost to our district was $600,000
- In FY 1993, the increased cost to our district will be over $1.8 million.

The new legislation will cost districts across Alaska in excess of $15 million in FY 1993 alone.

The table below shows the two year impact for Fairbanks, using our current year TRS payroll for comparative purposes:

	FY 91	FY 92	FY 93
TRS Rate	10.64%	11.87%	15.69%
Total TRS Payroll	$48,619,177	$48,619,177	$48,619,177
Total Employer Contribution	$5,124,481	$5,771,098	$7,628,349
Annual Increase		$646,635	$1,857,253

Based on our projection of 1201.92 instructional units, increased TRS payments will cost the district...

- $1,545 per instructional unit for FY 1993 and..
- $2,083 per instructional unit over the two year period.

DEPARTMENT OF ADMINISTRATION

AMENDMENTS TO SB 337

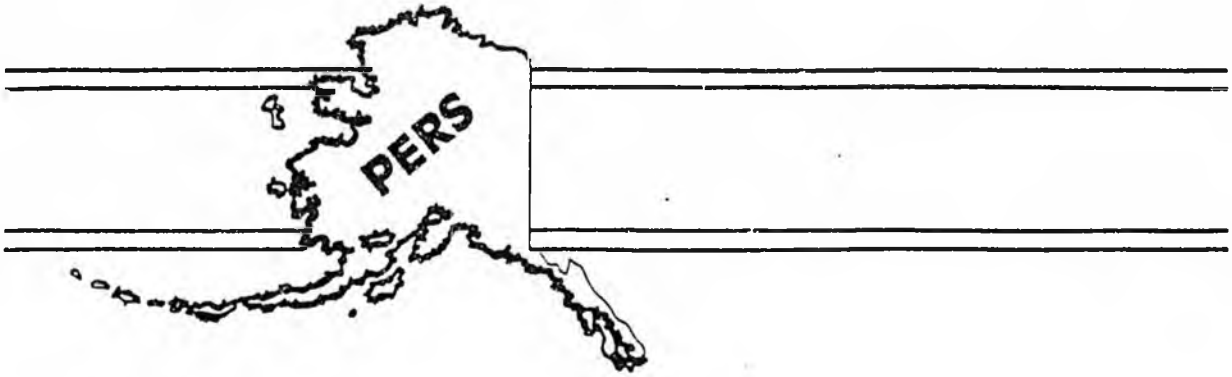
Section 2, page 3, line 25, is amended to read:

"employment rendered to an employer." (drops military credit)

Section 10, page 7, line 26, is amended by adding a new subsection to read:

(b) A participant may not be employed by or enter into a contract for personal services with a state department or agency other than a personal services contract with the University of Alaska. /prohibits contracting

Steve Grubis
FAX 474-5451
SB-337



State of Alaska
Public Employees' Retirement System

Actuarial Valuation Report
as of June 30, 1990

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