



Alaskans Working For Alaska!

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Weekly Legislative Update - April 15, 2005 (week 14 of 17)

*** ACTION ALERT ***

Targeted Legislation: SB 141 (PUBLIC EMPLOYEE/TEACHER RETIREMENT)

Sponsor: Senate Finance Committee

ASEA Position: OPPOSE

PAC Recommendation: OPPOSE

Bill Summary: SB141 proposes radical changes for state employees: 1) It allows the PERS retirement system administrator to increase current employee contribution rates until employee contributions fund one-half of the benefits expected to be earned by active members; 2) For new employees, it replaces the defined benefit retirement system (PERS) with a new defined contribution plan that does not ensure any particular level of retirement benefit.

The bill also reduces the number of plan participants allowed to sit on the retirement boards. State workers will have NO say in who represents them on this board! Under the bill, the governor appoints seven of the members and the other two are the commissioners of Administration and Revenue.

Last week the Legislative Council hired the Michigan-based Actuarial Service Company, P.C., to conduct an independent study of the state's retirement system. A preliminary report is expected April 21.

Bill Status: This bill which would overhaul Alaska's public employee retirement system was passed by the State Senate along party lines, 12-8, with Democrats protesting that the changes mean state workers will pay more without added benefits and will take on a greater share of the risk of rising health care costs and in market investments. The state will have more difficulty retaining and recruiting top workers if this bill becomes law. SB 141 is currently being heard in House State Affairs Committee.

Related Bills: The following bills relating to Public Employees Retirement reform are also pending hearing in the House State Affairs Committee. You can find updated committee schedules on the ASEA PAC Website at www.afscmelocal52.org.

HB 170 - PUB EMPLOYEES/TEACHERS RETIREMENT BOARDS, SPONSOR REPRESENTATIVE KELLY

HB 238 - PUBLIC EMPLOYEE/TEACHER RETIREMENT, SPONSOR STATE AFFAIRS COMMITTEE

The bills listed below are pending hearing in the House Judiciary Committee. Find updated schedules for these bills on the ASEA PAC Website at www.afscmelocal52.org.

HB 177 - STATE EMPLOYEE RETIREMENT CONTRIBUTIONS, SPONSOR REPRESENTATIVE KELLY

HB 191 - PUBLIC EMPLOYEE/TEACHER RETIREMENT, SPONSOR REPRESENTATIVE KELLY

Action Needed: Contact members of the House State Affairs Committee and let them know that SB 141 is BAD for current and future state employees! Ask them to reject SB 141/HB 238 and other changes to the retirement system.

Targeted Legislation: HB 147 and SB 108 (INSURANCE)

Sponsor: Request of the Governor

ASEA Position: SUPPORT

PAC Recommendation: NEUTRAL

Bill Summary: House Bill 147 and Senate Bill 108 require notice of an insurers' lapse of certification. The bills amend restrictions regarding the advertisement of insurance products to prohibit any comparison of health discount plans to a form of insurance.

These pieces of legislation included sections with regulations for "self-funded governmental plans," which would include the ASEA/AFSCME Local 52 Health Trust, requiring health trusts to provide actuarial reports and 10% liability indemnity insurance.

Bill Status: The House Labor and Commerce Committee removed the language referring to "self-funded governmental plans" from the House version of the bill by adopting a committee substitute on March 31st. The bill is now in House Finance.

The Senate Labor and Commerce Committee held a hearing on SB 108 April 14th; SB 108 was moved without amendments.

HB 147 is scheduled for the following hearing:

(H) FIN Apr 15 1:30 PM HOUSE FINANCE 519 TELECONFERENCE

Action Needed: Contact members of the Senate Finance Committee and ask them to keep the language referring to "self-funded governmental plans" in the bill! It is the position of the union that the increased regulation will provide better service to our members!

Targeted Legislation: HB 257 and SB 160 (STATE PROCUREMENT ELECTRONIC TOOLS)

Sponsor: SB 160:Senate Labor and Commerce Committee, HB 257:House Judiciary Committee

ASEA Position: *No formal position has been taken, due to the fact the Executive Board has not met since the Legislation was introduced. Because of the negative impact for ASEA Members, the union is actively OPPOSING the legislation.*

PAC Recommendation: *The PAC has not met since the Legislation was introduced.*

Bill Summary: House Bill 257 and Senate Bill 160 aim to privatize state procurement functions. These bills could eliminate approximately 180 state positions. ASEA estimates that 120 of those positions would be GGU members' jobs. The remaining positions would be APEA and Local 71 members.

ASEA is taking this threat very seriously, the union has joined forces with APEA and Local 71 to collect information and actively lobby against this legislation. **Moving procurement to a private vendor will destroy the public trust in the process.** State employees should be making procurement decisions per the State's Procurement Code.

The Pilot Program, HB 313 that the legislature passed in 2003, has not proved cost savings for the state. Final results will not be returned for the pilot program until next year
Bill Status: The senate bill had it's first hearing in Senate Labor and Commerce Tuesday, April 5th and was passed out of the committee on April 13th. SB 160 has been referred to the Senate Finance Committee and HB 257 has been referred to the House Judiciary Committee, see hearing schedule below.

HB 257 has been scheduled for the following hearings:

(H) JUD Apr 18 1:00 PM CAPITOL 120 TELECONFERENCE

SB 160 has been scheduled for the following hearings:

(S) FIN Apr 19 9:00 AM SENATE FINANCE 532 TELECONFERENCE

Action Needed: Contact your members of the Senate Finance Committee and House Judiciary Committee, urge them to examine the results of the Pilot Program HB 313 before considering making these drastic changes to the procurement system!

Targeted Legislation: HB 161, SB 24, and SB 31 (REEMPLOYMENT OF RETIREES)

Sponsor: SB 24: Sen. Gary Stevens (R)-Kodiak, Sen. Bettye Davis (D)-Anchorage, and Sen. Kim Elton (D)-Juneau, HB 161: Representative Elkins (R) – Ketchikan, SB 31: Sen. Kim Elton (D)-Juneau

ASEA Position: OPPOSED

PAC Recommendation: OPPOSED

Bill Summary: SB 24 contains the language requiring pension contributions by the employer of a returning retiree if the rehire increases the unfunded liability of the retirement plan.

Also in the bill is a procedure for certifying with retirement plan administrators that an employer anticipates a need to hire returning retirees. Only after such notification is served will returning employees be able to collect retirement after waiving additional credit toward retirement benefits.

Bill Status: This bill has been amended to include retroactive liability for retirement costs by employers who hired retired public employees after July 1, 2001. Under the amendment, retirement plan administrators could require contributions from employers whose rehire of formerly retired public employees has increased the unfunded liability of the retirement plan.

SB 24 has been referred to the Senate State Affairs Committee and then to Senate Finance. Currently, SB 24 is not scheduled for any hearings.

HB 161 has been moved from the House Health and Social Services Committee and now goes to the House State Affairs Committee, no hearings are currently scheduled.

SB 31 has been referred to the Senate's Health and Social Services Committee, State Affairs, and Finance. No hearings are currently scheduled.

Action Needed: Contact members of the House State Affairs Committee and ask them to oppose HB 161!

Targeted Legislation: HB 98 and SB 71 (NONUNION PUBLIC EMPLOYEE SALARY & BENEFIT)

Sponsor: Request of the Governor

ASEA Position: NEUTRAL

PAC Recommendation: NEUTRAL

Bill Summary: Provides for salary increases to exempt and partially exempt employees of the Executive Branch, and adjusts salary schedules that were last updated in 2001. Exempt employees of the Executive Branch and the Judicial Branch will receive an adjustment of 2%, an increase comparable to those received by classified employees.

Bill Status: HB 98 has been passed out of the House State Affairs Committee and House Finance; it is currently referred to the House Rules Committee.

HB 98 has been scheduled for the following hearings:

(H) RLS Apr 20 8:30 AM CAPITOL 106

SB 71 has only been referred to the Senate Finance Committee and is not scheduled for a hearing.

Action Needed: No action needed at this time.

Targeted Legislation: HB 180 and SB 130 (WORKERS' COMPENSATION)

Sponsor: Request of the Governor

ASEA Position: OPPOSE

PAC Recommendation: OPPOSE

Bill Summary: Implements changes to workers' compensation affecting the supervising government agency, appeal procedure, hearings format, and claim amounts. Workers Compensation Hearing Officers would remain as members of ASEA/AFSCME Local 52 with the protections of collective bargaining.

Bill Status: HB 180 has been referred to the House Labor and Commerce Committee, Judiciary and Finance Committees. No hearings are currently scheduled.

SB 130 has been passed from the Senate Floor with amendments.

Action Needed: No action needed at this time.

Targeted Legislation: SB 152 (Geo-Diff Study Funding)

Sponsor: Sen. Tom Wagoner (R)-Kenai

ASEA Position: *No formal position has been taken, due to the fact the Executive Board has not met since the Legislation was introduced. Because of the positive impact for ASEA Members, the union is actively SUPPORTING the legislation.*

PAC Recommendation: *The PAC has not met since the Legislation was introduced.*

Bill Summary: The bill, introduced on March 24th, would authorize a \$500,000 appropriation for the purpose of conducting a study to review pay differentials, commonly known as the Geo-Diff. State law requires such studies to take place every five years. However, the last pay differential study took place more than twenty years ago in 1983.

Sen. Wagoner says in his sponsor statement, "Over time, some differentials have changed to reflect the change in cost of living, while state statutes remain unchanged since there has not been an update on the Cost of Living survey. The recent School District Cost Study highlights that a cost of living study should be done soon to ensure that the geographic pay differential provided to public employees is up to date."

Bill Status: SB 152 passed out of Senate State Affairs and has been referred to the Senate Finance Committee. No hearings are currently scheduled.

Action Needed: Contact members of the Senate Finance Committee and urge them to vote yes on this long overdue legislation!

Targeted Legislation: HB 67 and SB 45 (APPROP: OPERATING BUDGET/LOANS/FUNDS)

Sponsor: Request of the Governor

ASEA Position: SUPPORT

PAC Recommendation: SUPPORT

Bill Summary: Provides funding for the second year of the Collective Bargaining Agreement. **This funding includes a 1.5% upward salary adjustment for the GGU.** The increase in health insurance premium will be determined before the end of the session. HB 67 has been amended to provide funding for this increase and has passed the House of Representatives.

HB 67 has been amended by the Senate Finance Committee to withhold the \$69 million needed for the Extra PERS contribution unless SB 141 (see page one of the alert) passes both chambers.

Bill Status: *HB 67 is on the Senate Floor today in second reading. It funds our CBA but still withholds the funding for the extra PERS contribution contingent on the passage of SB 141.*

Action Needed: Contact your senator and ask that they support State Employees and approve the funding for the second year of the Collective Bargaining Agreement **AND** remove the language that ties the funding to radical and unfounded changes to the retirement system!
