

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: SB 212  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB212-DOA-DRB-02-27-17  
Title: PEACE OFFICER/FIREFIGHTER RETIRE  
BENEFITS  
Sponsor: KELLY  
Requester: Senate State Affairs

Department: Department of Administration  
Appropriation: Centralized Administrative Services  
Allocation: Retirement and Benefits  
OMB Component Number: 64

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	491.6		100.1	100.1	100.1	100.1	100.1
Travel							
Services	84.3		6.5	6.5	6.5	6.5	6.5
Commodities	275.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>850.9</b>	<b>0.0</b>	<b>106.6</b>	<b>106.6</b>	<b>106.6</b>	<b>106.6</b>	<b>106.6</b>

## Fund Source (Operating Only)

1004 Gen Fund (UGF)	850.9						
1029 PERS Trust (Other)			74.6	74.6	74.6	74.6	74.6
1034 Teach Ret (Other)			32.0	32.0	32.0	32.0	32.0
<b>Total</b>	<b>850.9</b>	<b>0.0</b>	<b>106.6</b>	<b>106.6</b>	<b>106.6</b>	<b>106.6</b>	<b>106.6</b>

## Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary	5.0						

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2019) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/19

## Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

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Approved By: Leslie Ridle, Commissioner  
Agency: Department of Administration  
Phone: (907)465-4471  
Date: 02/28/2018 02:45 PM  
Date: 02/28/18

# FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. SB 212

## Analysis

This bill would provide a new Defined Benefit (DB) tier for Peace Officer/Firefighter (P/F) employees first hired on or after July 1, 2006. Existing P/F Defined Contribution (DC) members (PERS Tier IV) will be afforded an opportunity to transfer to the new DB tier.

This administrative fiscal note reflects the costs to the Division of Retirement and Benefits (Division) to implement the new tier. An actuarial analysis performed by the plan actuary will need to be completed to determine the actual costs of the bill to the plans, and the effects on any future unfunded liability. This analysis will be included in a separate fiscal note.

The Division anticipates costs to implement the education, reporting, and accounting requirements of the bill. The Division will need to program an online DB/DC benefit comparison tool for P/F employees contemplating conversion to use in order to meet the 20-day requirement in the bill to deliver this information. Other Division systems will need to be reprogrammed and updated with the new tier information for contribution reporting, benefit calculation and for tracking elections. Additionally, all division pension and annuity publications for the PERS and TRS will need to be recreated with the new information as well as extensive web site changes.

The Division anticipates increased personnel costs to draft regulations regarding the manner and timing of election as well as the election itself. Due to the short timeframe until the effective date, these will likely be emergency regulations.

Additional personnel is needed to implement the new plan: 4 non-permanent call center RB technician I positions to respond to phone inquiries and produce comparison projects, 1 permanent RB Specialist II position to provide counseling and information regarding both plans to new employees and employees who elect to transfer from the DC to the DB plan, and 1 non-permanent Accountant III to reconcile the contributions transferred and contributions due when existing DC members choose to transfer to the DB plan or new members choose to transfer to the DC plan after initial hire.

First year costs are for the implementation of the new tier. IRS designates these as settlor's costs that cannot be paid from the trust. Therefore, the FY19 fund source is UGF.

(In thousands)	FY19	FY20	FY21	FY22	FY23	FY24
<b>Personnel</b>						
Permanent RBS II (1)	100.1	100.1	100.1	100.1	100.1	100.1
LTNP RB Tech I (4)	290.0	0	0	0	0	0
LTNP Accountant III (1)	101.5	0	0	0	0	0
<b>Sub Total</b>	<b>491.6</b>	<b>100.1</b>	<b>100.1</b>	<b>100.1</b>	<b>100.1</b>	<b>100.1</b>
<b>Services</b>						
Publications	60.0	3.0	3.0	3.0	3.0	3.0
Cubicle	10.0	0	0	0	0	0
Phone	7.0	3.5	3.5	3.5	3.5	3.5
Computers	9.0	0	0	0	0	0
<b>Sub Total</b>	<b>84.3</b>	<b>6.5</b>	<b>6.5</b>	<b>6.5</b>	<b>6.5</b>	<b>6.5</b>
<b>Contractual Services</b>						
Comparison Calculator	75.0	0	0	0	0	0
Other Systems	200.0	0	0	0	0	0