

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 030
 () Publish Date: _____

Identifier (file name): HB030-DOA-DRB-03-20-09 Dept. Affected: Administration
 Title An Act repealing the defined contribution retirement plans for RDU Centralized Administrative Services
teachers and for public Component Retirement and Benefits
 Sponsor Rep. HARRIS, HAWKER, MUNOZ, Kawasaki, Guttenberg...
 Requester (H)L&C Component Number 64

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	1,409.1	321.6	168.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	1,409.1	321.6	168.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	1,409.1	321.6	168.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,409.1	321.6	168.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This legislation acts to repeal the hybrid defined contribution retirement (DCR) plan for teachers and for public employees and enroll new employees in the last tier of the defined benefit (DB) plans for both pension and retiree medical benefits. Existing DCR plan participants will be given a one-time opportunity to convert their DCR accounts to the DB plan. The legislation also moves the authority to approve an annual cost of living increase available only to Tier I DB members, the Ad Hoc Post Retirement Pension Adjustment, from the Commissioner of Administration to the Alaska Retirement Management Board and removes the requirement for 105% funding of the systems before an Ad Hoc can be issued. A breakdown of the costs for this bill are contained on page two of this fiscal note.

Prepared by: Patrick Shier, Director

Phone 465-4817

Division Retirement and Benefits

Date/Time 3/20/09 4:32 PM

Approved by: Rachael Petro,

Date 3/20/2009

Deputy Commissioner

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BILL NO. HB 030

ANALYSIS CONTINUATION

Implementation of this legislation will require reprogramming of the Combined Retirement System (CRS) computer system that tracks member service, salaries and contributions as well as reprogramming of e-Reporting, the application employers use to report payroll information to CRS. The reprogramming will be done by a contractor with subsequent training provided to division staff for future maintenance.

Educational materials regarding both plans and the conversion option will be produced and distributed to all DCR members.

An amendment to the division's actuarial contract will be needed to calculate the actuarially determined service each DCR member will be eligible to convert to the DB plan.

The estimated administrative costs to the division by fiscal year are as follows:
Dollars in thousands.

	FY 10	FY 11	FY 12	FY 13-15
CONTRACTUAL (Information Technology)				
CRS Programming	\$84.0	\$57.6	\$28.8	\$0.0
eReporting Programming	\$50.4	\$57.6	\$28.8	\$0.0
Oracle/DB2 accommodations	\$32.0	\$0.0	\$0.0	\$0.0
IT Staff Training	\$11.4	\$7.2	\$7.2	\$0.0
Conversion	\$479.0	\$0.0	\$0.0	\$0.0
Accounting dependencies	\$0.0	\$0.0	\$19.2	\$0.0
Reporting Residuals	\$0.0	\$38.4	\$0.0	\$0.0
	<u>\$656.8</u>	<u>\$160.8</u>	<u>\$84.0</u>	<u>\$0.0</u>
<u>Other</u>				
Communications/Postage	\$75.5	\$0.0	\$0.0	\$0.0
Actuarial Services	\$20.0			
Total	<u>\$1,409.1</u>	<u>\$321.6</u>	<u>\$168.0</u>	<u>\$0.0</u>

