

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: **HB 087**
 () Publish Date: _____

Identifier (file name): **HB087-DOA-DRB-01-30-09** Dept. Affected: Administration
 Title: An Act waiving payment of premiums for major medical RDU Centralized Administrative Services
 insurance under the defined benefit retirement plan for public Component Retirement and Benefits
 employees for disabled peace officers....
 Sponsor Rep. Millet, Rep. Dahlstrom, Rep. Gara
 Requester House Labor and Commerce Committee 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
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	12.4	0.0	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
Equipment	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
Grants & Claims	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
TOTAL OPERATING	12.4	0.0	*	*	*	*	*
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1029 PERS	12.4	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
1004 GF	0.0	0.0	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
1037 GF/Mental Health	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
TOTAL	12.4	0.0	*	*	*	*	*

Estimate of any current year (FY2009) cost: **\$12,800.0**

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill would provide medical insurance to Tier II and III Public Employees Retirement System (PERS) disabled peace officers and firefighters (P/F) who are currently eligible for normal retirement with 20 years of P/F service but are not eligible for system-paid medical premiums which requires they have 25 years of P/F service and be age 60. Under current statute, a peace officer or firefighter must have become disabled before the 20th year of service in order to receive system-paid medical premiums. This bill will provide Tier II and III PERS disabled peace officers and firefighters who are currently eligible for normal retirement with 20 years of P/F service to also be eligible for system-paid medical premiums. 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 1-29-09 1:22 p.m.
 Approved by: Rachael Petro Date 1/30/2009
 Deputy Commissioner, Department of Administration

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ANALYSIS CONTINUATION

ACTUARIAL COSTS

Buck Consultants used data from the State of Alaska Public Employees' Retirement System valuation for the period ending June 30, 2008 to arrive at the cost estimate as shown below:

The population affected by this bill are 2,275 Tier II and III Peace Office/Firefighter members.

This change will add \$567,000 to the unfunded liability of the retirement system, which will be amortized over 25 years. The table below shows the installments for fiscal years 2009 through 2014. Dollars are in thousands.

	FY 09	FY10	FY11	FY12	FY13	FY 14	FY 15
Increase in Annual Employer Contribution Amount	\$0.0	\$0.0	\$67.0	\$70.0	\$73.0	\$76.0	\$79.0

OPERATIONS COST

The following one-time programming costs will be incurred to add the requirements of this bill to the division's computer systems (CRS). Programming must begin in FY 09 in order to be operational by the effective date of the bill. No follow up activities are needed after the initial programming/testing phase has been completed.

FY 09

CRS Programming (basic edits for adding new group) 80 hrs @ \$120.00 per hour = \$ 9,600.00
 CRS Testing 40 hrs @ \$ 80.00 per hour = \$ 3,200.00
 \$12,800.00

FY 10

Statement adaptation (modifications for new group) 80 hrs @ \$120.00 per hour = \$ 9,600.00
 CRS/Statement testing 35 hrs @ \$ 80.00 per hour = \$ 2,800.00
 \$12,400.00
 Total: \$25,200.00

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