

DRAFT

FISCAL NOTE

8:54 AM
MAR 04 2014

STATE OF ALASKA
2014 LEGISLATIVE SESSION

Bill Version HB 152
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB152-DOA-DRB-03-04-14
Title PERS Termination Costs
Sponsor Representative Thompson
Requester House Labor & Commerce
Dept. Affected Administration
Appropriation Centralized Administrative Services
Allocation Division of Retirement & Benefits
OMB Component Number 64

Expenditures/Revenues (Thousands of Dollars)

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

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates						
			FY15	FY16	FY17	FY18	FY19	FY20	
OPERATING EXPENDITURES									
Personal Services	***		***	***	***	***	***	***	***
Travel									
Services									
Commodities									
Capital Outlay									
Grants, Benefits									
Miscellaneous									
TOTAL OPERATING	***	0.0	***	***	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1007	I/A Rcpts (Other)							
1156	Rcpt Svcs (DGF)							
		***	0.0	***	***	***	***	***

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES

Estimated SUPPLEMENTAL (FY14) operating costs 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY15) costs 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If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2014 Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

DRAFT - Revised to reflect work draft Y.

Prepared by Mike Barnhill, Deputy Commissioner
Division Division of Retirement & Benefits
Approved by Curtis Thayer, Deputy Commissioner
Division Department of Administration

Phone 465-5668
Date/Time 2/28/14 6:20 PM
Date 2/28/2014

DRAFT

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. HB 152

Analysis

HB152 will change how the cost for termination of employees, groups, department, or classification of employees from the PERS Defined Benefit Plan (PERS DB) will be borne by PERS employers and the State.

Work draft \Y of this bill would repeal the statutes dealing with existing termination costs, but only if \$1.2 billion or more is appropriated by the Legislature to the trust funds of the public employees' retirement system (PERS) and the teachers' retirement system (TRS) for the fiscal year ending June 30, 2015, and the appropriation becomes law.

Employer rates for the PERS are set in statute at 22% of salary and cannot be increased. The costs associated with this bill would be borne by the State under AS39.35.280 which requires the State to make up any payments to the plan that exceed the PERS employer contributions to sufficiently pay the plan's past service liability for each fiscal year.

Buck Consultants, the PERS actuarial consultant, cannot accurately evaluate the fiscal impact of the bill unless the bill allocates specific amounts to the PERS and TRS trust funds. As a result, the Department of Administration considers the fiscal impact of work draft \Y to be indeterminate.

However, the cost to the State of Alaska for eliminating termination costs for employers does not change, regardless of the amount appropriated to the trust funds. Termination costs would be approximately \$75,000,000.