

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: HB 152  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB152CS(L&C)-DOA-DRB-03-14-14  
Title: PERS TERMINATION COSTS  
Sponsor: THOMPSON  
Requester: House Labor & Commerce

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)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	<b>0.0</b>	***	***	***	***	***

## Fund Source (Operating Only)

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

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

--	--	--	--	--	--	--	--

**Estimated SUPPLEMENTAL (FY2014) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2015) 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If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/14**

## Why this fiscal note differs from previous version:

Revised to CS(L&C).

Prepared By: <u>Mike Barnhill, Deputy Commissioner</u>	Phone: <u>(907)465-5668</u>
Division: <u>Division of Retirement &amp; Benefits</u>	Date: <u>03/14/2014 01:00 PM</u>
Approved By: <u>Curtis Thayer, Deputy Commissioner</u>	Date: <u>03/14/14</u>
Agency: <u>Department of Administration</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2014 LEGISLATIVE SESSION

BILL NO. CS HB 152 (L&C)

### 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.

CS version-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 CS version-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.