

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 247
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB247-DOA-DRB-02-28-14
Title: PEACE OFFICER/FIREFIGHTER RETIREMENT
Sponsor: ** HOLMES, MILLETT
Requester: House Labor and 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 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services	368.1		167.9	102.7	102.7	102.7	102.7	102.7
Travel	88.5		88.5	88.5	88.5	88.5	88.5	88.5
Services	1,138.4		28.0	48.0	48.0	48.0	48.0	48.0
Commodities	25.0		2.5	2.5	2.5	2.5	2.5	2.5
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	1,620.0	0.0	286.9	241.7	241.7	241.7	241.7	241.7

Fund Source (Operating Only)

1004 Gen Fund	1,620.0		286.9	241.7	241.7	241.7	241.7	241.7
Total	1,620.0	0.0	286.9	241.7	241.7	241.7	241.7	241.7

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary	5.0		2.0				

Change in Revenues							
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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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable, initial note.

Prepared By: <u>Mike Barnhill, Deputy Commissioner</u>	Phone: <u>(907)465-5703</u>
Division: <u>Department of Administration</u>	Date: <u>02/28/2014 04:40 PM</u>
Approved By: <u>Curtis Thayer, Commissioner</u>	Date: <u>02/28/14</u>
Agency: <u>Department of Administration</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
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Analysis

The Division of Retirement and Benefits (Division) will require two non-permanent employees in Member Services to complete the preparation work to account for and produce the necessary documents and forms for the inception of the new plan. Additionally, two non-permanent employees will be required in the Accounting - Payroll section to work on data analysis and payroll processing, and to work with employers on payroll related data issues specific to this bill. A non-permanent accountant will be required to assist in the preparation of financial statements as a result of the changes with the new plan. A permanent accountant will be needed for the complex and multiple reconciliations which will be needed due to the changes provided in the bill. This change would also require additional accounting work for fund tracking and financial reporting. The new Plan would be subject to additional costs from the Department of Revenue (DOR) as it matures and becomes subject to the Division's and the DOR's cost allocation plan. Additionally office cubicles and necessary equipment and supplies will need to be provided to staff.

Education for employers will be required to ensure proper electronic reporting of service and salaries of new employees and existing employees participating in defined contribution plans who elect to convert to the new plan. Education via electronic and written documentation provided to affected employees will be required for all affected employees.

The Division will also be required to re-program the Combined Retirement System (CRS), which tracks all the service and salaries by employers and employees to the system, to accommodate the new provision of the plan changes to both the DB and DCR plans. Additionally, the Division will need to re-program the employer reporting tool, the retirement calculators, and provide the necessary testing of the program changes to make certain they operate properly and provide the correct results.

FISCAL NOTE ANALYSIS

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Analysis Continued

	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20							
Personal Services													
Accounting													
1 Accountant III	\$ 102.7	\$ 102.7	\$ 102.7	\$ 102.7	\$ 102.7	\$ 102.7							
1 LTNP Accountant II	\$ 76.2	\$ -	\$ -	\$ -	\$ -	\$ -							
Active Payroll													
2 LTNP Tech I	\$ 124.0	\$ -	\$ -	\$ -	\$ -	\$ -							
Processing													
1 LTNP Tech I	\$ 31.0	\$ 31.0	\$ -	\$ -	\$ -	\$ -							
1 LTNP Tech II	\$ 34.2	\$ 34.2	\$ -	\$ -	\$ -	\$ -							
Sub Total	\$ 368.1	\$ 167.9	\$ 102.7	\$ 102.7	\$ 102.7	\$ 102.7							
Services													
Computer													
Ereporting	\$ 409.6	\$ -	\$ -	\$ -	\$ -	\$ -							
CRS	\$ 315.4	\$ -	\$ -	\$ -	\$ -	\$ -							
Calculators & Misc	\$ 102.4	\$ -	\$ -	\$ -	\$ -	\$ -							
Testing	\$ 250.0	\$ -	\$ -	\$ -	\$ -	\$ -							
Sub Total	\$ 1,077.4	\$ -	\$ -	\$ -	\$ -	\$ -							
Benefit Education													
Employer training	\$ 30.0	\$ -	\$ -	\$ -	\$ -	\$ -							
Printed Communication	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0							
Postage	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0	\$ 3.0							
Member Seminars	\$ 8.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0							
Sub Total	\$ 61.0	\$ 28.0	\$ 28.0	\$ 28.0	\$ 28.0	\$ 28.0							
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>FY 15</th> <th>FY 16</th> <th>FY 17</th> <th>FY 18</th> <th>FY 19</th> <th>FY 20</th> </tr> </thead> </table>								FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20							
Appeals													
1 Appeal per year	\$ -	\$ -	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0							
Sub Total	\$ -	\$ -	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0							
Commodities													
Computer, phone, cubicle, supplies	\$ 25.0	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5							
Sub Total	\$ 25.0	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5							
Board Member Costs													
Travel Costs	\$ 73.5	\$ 73.5	\$ 73.5	\$ 73.5	\$ 73.5	\$ 73.5							
Conference Rooms	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0							
Sub Total	\$ 88.5	\$ 88.5	\$ 88.5	\$ 88.5	\$ 88.5	\$ 88.5							
Totals	\$ 1,620.0	\$ 286.9	\$ 241.7	\$ 241.7	\$ 241.7	\$ 241.7							