

# FY19 RESPONSES TO LEGISLATIVE INTENT

## DEPARTMENT OF ADMINISTRATION

### **In Compliance**

#### **Centralized Administrative Services/ Labor Relations** Operating Budget (CCS HB 286)

*Alaska is facing an increasing crisis regarding the recruitment and retention of Alaska State Troopers. It is the intent of the legislature to encourage the Department of Administration to review and adjust as needed contracts for Alaska State Troopers to ensure successful recruitment and retention to meet the Department's mission in ensuring the public safety of Alaskans.*

The Department of Administration determined that the trooper class series pay was below market. As a result, and through a classification action, the trooper class series was increased by one range (equivalent to a 7.5% increase). Additionally, the Department of Administration entered into Letters of Agreement with the Public Safety Employees Association and the Supervisory Union (representing Department of Public Safety command staff) to implement a 7.5% cost of living adjustment effective upon legislative approval.

#### **Sec. 25. RETIREMENT SYSTEM FUNDING.**

Operating Budget (CCS HB 286)

*(h) It is the intent of the legislature that the Alaska Retirement Management Board consider the funding ratio when recommending an amount for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system.*

The Alaska Retirement Management Board considered the funding ratio when recommending an amount for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system. The June 21-22, 2018, Alaska Retirement Management Board meeting minutes state on page 4 of 45:

“MS. ERCHINGER directed the Board’s attention to the intent language added by the Legislature in Sec. 27(h) of HB 286 suggesting the Board consider the funding ratio when recommending an amount for deposit in the National Guard Naval Militia Reserve System (NGNMRS). As of the June 30, 2017 roll-forward valuation report, the plan is funded at 122%. MS. ERCHINGER reiterated the Board reviews each plan individually and stressed the importance the public is made aware of the process. With respect to NGNRS, the concern is the data from employers is incomplete and inaccurate. The particular nuances of that plan justify a funding ratio above 100%.”

**Legislative Fiscal Analyst Comment:** The response lacks explanation of incomplete and inaccurate data, and of nuances of the plan that justify a high funding ratio. Nevertheless, the contributions requested in the FY20 budget cover the normal and administrative costs of the system, with no additional contribution for past service costs. The request meets the intent of the legislature.