

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 11
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB011-DOA-DRB-04-14-17
Title: RIP FOR PUBLIC EMPLOYEES/TEACHERS
Sponsor: KAWASAKI
Requester: House State Affairs

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)

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services	633.4		633.4	633.4	75.4	75.4	75.4	75.4
Travel								
Services	385.0							
Commodities	92.1		6.8	6.8	0.5	0.5	0.5	0.5
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	1,110.5	0.0	640.2	640.2	75.9	75.9	75.9	75.9

Fund Source (Operating Only)

1004 Gen Fund (UGF)	1,110.5		640.2	640.2	75.9	75.9	75.9	75.9
Total	1,110.5	0.0	640.2	640.2	75.9	75.9	75.9	75.9

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Part-time								
Temporary	7.0		7.0	7.0				

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial fiscal note.

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Agency: Department of Administration
Phone: (907)465-4471
Date: 04/14/2017 02:14 PM
Date: 04/14/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 11

Analysis

This administrative fiscal note reflects the costs to the Division of Retirement and Benefits (Division) to implement the education, reporting, accounting, calculation of benefits and personnel costs to respond to increased phone calls, RIP retirement benefit calculations and the ongoing increase in Alaska Cost of Living Allowance (COLA) benefit administration.

The Division's Combined Retirement System, which holds all employee demographic, salary and service data, will need to be reprogrammed to create a new data feed to the actuary for all members in the program for actuarial calculations for employer RIP costs; to receive and process a new feed from the actuary containing amounts owed by retiree by employer to be set up as receivables for accounting entries; and to process payment files from employers to post receivables and make accounting entries. In FY2018 contractor estimates are 600 hours of work equal to approximately \$85,000. The JAVA benefit calculator currently in use cannot be reprogrammed to correctly apply the RIP credit and calculate a projection of benefits as well as a final benefit. A new calculating engine is proposed that will calculate all benefits, including the RIP, and allow online benefit estimates under all retirement options. The timeframe for development is 7 months at a cost of approximately \$300,000, including an 8% contingency for cost overruns, for a total of \$385,000

Educational brochures, newsletters, eligibility notifications and RIP applications will need to be developed at an estimated cost of \$64,100 for the first year and \$3,300 in the second and third year.

Personnel needed to implement the RIP will include 4 non-permanent call center technicians to respond to phone inquiries and produce RIP projections and 2 non-permanent processing technicians to process the additional applications and track variable RIP windows, one non-permanent Accountant III to monitor and collect employer payments and one (1) permanent retirement processing technician to address the increase in COLA benefit administration.

(In thousands)

	FY18	FY19	FY20	FY21	FY22	FY23
Personnel						
Permanent RBT I (1)	75.4	75.4	75.4	75.4	75.4	75.4
LTNP RB Tech I (6)	452.4	452.4	452.4	0.0	0.0	0.0
LTNP Accountant III (1)	105.6	105.6	105.6	0.0	0.0	0.0
Sub Total	633.4	633.4	633.4	75.4	75.4	75.4
Contractual Services						
CRS Reprogramming	85.0	0.0	0.0	0.0	0.0	0.0
JAVA Calculator	300.0	0.0	0.0	0.0	0.0	0.0
Sub Total	385.0	0.0	0.0	0.0	0.0	0.0
Commodities						
Publications	64.1	3.3	3.3	0.0	0.0	0.0
Office Equipment						
Cubicle	11.0	0.0	0.0	0.0	0.0	0.0
Computers	10.0	0.0	0.0	0.0	0.0	0.0
Phone	7.0	3.5	3.5	0.5	0.5	0.5
Sub Total	92.1	6.8	6.8	0.5	0.5	0.5
TOTALS	1,110.5	640.2	640.2	75.9	75.9	75.9