

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version: SB 14
 Fiscal Note Number: _____
 () Publish Date: _____

Identifier: SB014-GOV-OMB-1-27-23
 Title: RIP FOR PUBLIC EMPLOYEES/TEACHERS
 Sponsor: KAWASAKI
 Requester: (S) EDU

Department: Office of the Governor
 Appropriation: Office of Management and Budget
 Allocation: Office of Management and Budget
 OMB Component Number: 2144

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2024	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2024 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES	FY 2024	FY 2024					
Personal Services							
Travel							
Services	110.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	110.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	85.0						
1005 GF/Prgm (DGF)	25.0						
Total	110.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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 If yes, by what date are the regulations to be adopted, amended or repealed? No

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division: <u>Office of Management and Budget</u>	Date: <u>01/27/2023 10:30 AM</u>
Approved By: <u>Neil Steinger, Director</u>	Date: <u>01/27/23</u>
Agency: <u>Office of Management and Budget</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

BILL NO. SB014A

Analysis

This legislation establishes a temporary and voluntary retirement incentive program (RIP) for public employers including state agencies. The legislation requires the Office of Management and Budget (OMB) review each RIP proposed by a state agency and determine whether the program will result in a net reduction to the operating costs of the agency for fiscal years 2024 through 2028. The Office of Management and Budget will report these findings to the Commissioner of the Department of Administration before a state agency RIP is approved.

The OMB does not currently have the in-house expertise to evaluate RIPs and will hire a qualified contractor to evaluate the net impact of the proposed programs to each agency's budget. Each evaluation is expected to cost \$5.0, and there are a 16 executive branch agencies plus the legislature. If all agencies, including the legislature, propose a RIP, the total cost would be \$85.0 unrestricted general funds. Because other small public employers may elect to partner with OMB and utilize the same contract to evaluate the efficacy of a RIP, the cost estimate includes contracting services for an additional \$25.0 that would be funded by the respective public employer (statutory designated program receipts fund source). This estimate is variable and depends on the established contract and number of other public employers who elect to partner with OMB for RIP assessments. This fiscal note assumes that all RIPs are established and evaluated in fiscal year 2024.

This legislation also requires OMB submit an annual report to the legislature on the RIPs established by all public employers under this legislation. The report must include, for each program,

- (1) the designated employee categories;
- (2) the employer's cost for each participant;
- (3) the actual annual cost to the state;
- (4) for state agencies, the budgeted annual cost;
- (5) the cost paid by each participant;
- (6) the number of positions that became vacant as a result of the program and how many of those positions remain vacant;
- (7) for the relevant three-year period, the projected net savings and the actual net savings resulting for the program.

The first report will be due January 15, 2024. The workload resulting from this new reporting requirement is anticipated to be absorbed by existing staff.