

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

No. 2  
BILL NO. CS SB 85 (FIN)  
(S) Publish Date: 2-15-00

Revision Date 2/14/00 Dept. Affected Administration  
 Title An Act relating to credited service that vested BRU Centralized Administrative Services  
members of PERS receive for temporary service Component Retirement and Benefits  
 Sponsor Senator Mackie  
 Requester (S) Finance Component No. 64

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual	4.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>4.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (1029 P/E Retire)	4.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>4.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Contracted Services are required to provide computer system modifications to recognize purchased temporary service as credited service. Since the full actuarial cost of this service is to be paid by the member, there is no anticipated cost to the Public Employees' Retirement System employers.

See attached fiscal analysis of the PUBLIC SERVICE BENEFIT.

Prepared by: Guy Bell, Director Phone 465-4471  
 Division Retirement and Benefits Date/Time 2/14/00 8:40 AM  
 Approved by Commissioner: Robert Poe, Jr. Date 2/15/00  
 Agency Department of Administration

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## **Fiscal Note CSSB 85 (FIN) – Continued**

### **Public Service Benefit**

This amendment has been introduced or considered during a number of previous legislative sessions. The Senate Finance Committee asked for an explanation of the unfunded liability discussed in a previous review of this provision.

The public service benefit provision would entitle a person to a retirement benefit with at least two years of paid up PERS service and a total of at least five years of combined PERS and TRS service.

We have submitted a \$0 fiscal note for the legislation as amended. The public service benefit amendment requires members to pay the difference between the employer/employee contributions including interest earned by the system on those amounts and the full actuarial cost to receive this benefit.

Based upon an evaluation of system data, we have determined that there are only 22 members who have the required paid service in both retirement systems and are not currently employed.

This will have no measurable impact on employer contribution rates or the total funding of PERS and TRS. There will be a negligible impact on the total liabilities of the PERS and TRS funds (less than \$700 thousand for both systems as compared to the combined fund liabilities of more than \$10 billion. This represents less than 7/1,000% increase in system liabilities).

Since members are required to pay the full actuarial cost for these benefits, why is there an increase in total system liabilities?

The individuals affected by this legislation have left their money in the PERS and TRS systems but, because they are not vested, the systems have assumed no benefit liability for them. In effect, the systems have gotten an actuarial gain from their contributions (employer and employee). With this amendment, these members will be entitled to a benefit, therefore eliminating this actuarial gain and increasing system liability.