

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 91(FIN)
 (H) Publish Date: 2/23/2004

Revision Date/Time (Note if correction): 2/12/2004 Dept. Affected: Administration
 Title An Act relating to medical benefits for retired peace officers RDU All
 Component All
 Sponsor Rep. Anderson, et. Al
 Requester House Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	856.9	882.6	909.1	936.4	964.4	993.4
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	856.9	882.6	909.1	936.4	964.4	993.4

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	856.9	882.6	909.1	936.4	964.4	993.4

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill would provide system paid medical coverage for all peace officers and firefighters who first entered the PERS after June 30, 1986 and who have at least 20 years of qualifying service at retirement.

Our actuarial consultant has computed this legislation to increase the PERS accrued liability by approximately \$8.0 million. The estimated increase in the average PERS calculated contribution rate would be .97% of peace officer/firefighter payroll. Based on a state PERS peace officer/firefighter payroll of approximately \$88.3 million, the annual cost increase to the State of Alaska would be \$856.9 thousand.

Prepared by: Melanie Millhorn Phone _____
 Division Retirement and Benefits Date/Time 2/12/04 1:25 p.m.
 Approved by: Mike Miller, Commissioner Date _____
 Agency Administration

FISCAL NOTE #2

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BILL NO. CSHB 91(FIN)

ANALYSIS CONTINUATION

Examples of impact on the five major PERS employers based on peace officer/firefighter salaries are as follows:

PERS	P/F Salaries (in 000's)	Rate increase%	Annual cost (in 000's)
State of Alaska	88,343.3	0.97%	856.9
Juneau Borough	5,444.1	0.97%	52.8
Anchorage Municipality	25,359.1	0.97%	246.0
Fairbanks Borough	302.3	0.97%	2.9
North Slope Borough	4,875.0	0.97%	47.3

AS 24.08.036 FISCAL NOTES ON BILLS AFFECTING STATE RETIREMENT SYSTEMS, requires an additional analysis of the long term and short term costs to the state if a bill is adopted, as well as the impact of the bill on the actuarial soundness of the funds. This bill would increase the PERS contribution rate by .97% of PERS peace officer/firefighter payroll. For FY 05 this would be an added cost to the state of \$856.9 thousand. This change would also decrease the PERS funded ratio by .1%. The funding ratio of the PERS as of June 30, 2002 was 75.2%. Passage of this bill would decrease the funding ratio to 75.1%.