

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: CSSSSB 24(FIN)  
 (S) Publish Date: 5/03/05

Revision Date/Time (Note if correction): n: \_\_\_\_\_ Dept. Affected: Statewide  
 Title An act relating to reemployment of retired RDU Statewide  
teachers and public employees... Component Statewide  
 Sponsor Sen. Gary Stevens  
 Requester Senate Finance Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</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)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</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 (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill will extend the Retiree Return to Work Program (HB 242 2001) for retired teachers and public employees who have reemployed under the program prior to November 3, 2004 until July 1, 2006. Teachers or public employees who entered the program on or after November 3, 2004 but before June 30, 2005 will terminate in the prior program as of July 1, 2005 and must rehire under the new bill provisions.

For the Public Employees' and Teachers' Retirement Systems, the actuarial consultant has computed this legislation to have no effect on employer contribution rates until the number of members electing the waiver reaches 500 and 100 respectively. With the new sideboards provided by this bill, it is anticipated there will be fewer participants in the future. The bill also requires employers to make contributions to both systems based on the rehired retiree's wage at the rate prescribed by the actuary to pay the unfunded liability of the systems. This requirement will exceed any liability derived from the program and will act to further assist

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 Approved by: Mike Tibbles, Deputy Commissioner Date 5/2/2005  
 Agency Department of Administration

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**ANALYSIS CONTINUATION**

in the reduction of the underfunded status of the two retirement funds.

In the original version of the retiree rehire program some employers withdrew active health benefits to rehired retirees in order to further lower their personnel services costs. This resulted in a cost shift to the retiree health plan and a failure to realize the expected savings to the health expenses of the systems. This bill addresses this unintended consequence by requiring employers to provide the same health benefits to rehired retirees as are provided to active employees, thereby ensuring the expected savings are achieved.

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. The annual cost is as indicated above.