

# Fiscal Note

State of Alaska  
2021 Legislative Session

Bill Version:	CSSB 6(EDC)
Fiscal Note Number:	1
(S) Publish Date:	3/24/2021

Identifier: SB06-DOA-DRB-3-12-21  
 Title: RIP FOR PUBLIC EMPLOYEES/TEACHERS  
 Sponsor: KAWASAKI  
 Requester: (S)EDUCATION

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)

	FY2022	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2022 Request	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>OPERATING EXPENDITURES</b>	<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	<b>0.0</b>	***	***	***	***	***

### Fund Source (Operating Only)

None							
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

### Positions

Full-time							
Part-time							
Temporary							

### Change in Revenues

None							
<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>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2021) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2022) 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 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

### Why this fiscal note differs from previous version/comments:

Not applicable, initial version.
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Prepared By:	Ajay Desai, Director	Phone:	(907)465-4471
Division:	Retirement & Benefits	Date:	03/12/2021 01:00 PM
Approved By:	Leslie Isaacs, Administrative Services Director	Date:	03/12/21
Agency:	Office of Management & Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2021 LEGISLATIVE SESSION**Analysis**

This legislation would implement a temporary, voluntary Retirement Incentive Program (RIP) to produce cost-savings by allowing qualified public employees and teachers to retire up to three years early in situations where pension benefits paid to retiring employees would cost less than their current salaries.

This enables the State of Alaska and school districts to reduce operating costs by opening vacancies for the placement of more junior and less costly employees. Retirement incentive programs are sometimes used in the private sector to control personnel costs through market incentives rather than layoffs.

RIPs have been used on a temporary basis three times in Alaska's history: 1986, 1989, 1997-2001. The Division of Retirement and Benefits is not aware of any independent analysis that concluded a RIP caused an increase in the retirement system's unfunded liability or produced potential savings to the retirement systems.

Division of Retirement and Benefits (DRB) submits an indeterminate fiscal until such time as the actuarial analysis can be completed.