Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	CSSB 6(EDC)
Fiscal Note Number:	2
(S) Publish Date:	3/24/2021

Identifier:	SB06-GOV-OMB-3-13-21	Department:	Office of the Governor
Title:	RIP FOR PUBLIC EMPLOYEES/TEACHERS	Appropriation:	Office of Management and Budget
Sponsor:	KAWASAKI	Allocation:	Office of Management and Budget
Requester:	(S)EDU	OMB Component Number:	2144

Expenditures/Revenues

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

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2022**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
Personal Services							
Travel							
Services	105.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**105.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Fund Source (Operating Only)

1004 Gen Fund (UGF)	80.0						
1108 Stat Desig (Other)	25.0						
Total	**105.0**	**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 (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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Initial version.

Prepared By:	Caroline Schultz, Chief Policy Analyst	Phone:	(907)465-4698
Division:	Office of Management and Budget	Date:	03/13/2021
Approved By:	Neil Steininger, Director	Date:	03/13/21
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

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 2022 through 2026. OMB will report these findings to the Commissioner of the Department of Administration before a state agency RIP is approved.

The Office of Management and Budget 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 15 executive branch agencies plus the legislature. If all agencies, including the legislature, propose a RIP, the total cost would be $80.0 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 2022.

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, 2022. The workload resulting from this new reporting required is anticipated to be absorbed by existing staff.