

HB

26

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

1/24/79

Date: 2-7-79

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 26

"An Act relating to insurance coverage for persons receiving benefits under the public employees' and teachers' retirement systems."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 26 same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

W. Miller

Leaves Martin

Ken Petraitis

Henry Galdiner

John Stalle

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

W. Miller

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill 26
 Title Insurance Coverage for Persons Receiving Benefits Under the PERS and TRS
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-01 and 02-96-8-01-01-02

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		19.6	20.8	22.0	23.4	24.8
200 TRAVEL						
300 CONTRACTUAL		0.5				
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.5				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS						
TOTAL		20.9	21.1	22.3	23.7	25.1

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		10.5	10.6	11.2	11.9	12.6
TRS		10.4	10.5	11.1	11.8	12.5

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note: Preparation Instructions, Section III)

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. The following administrative funds would be required to implement the provisions of this bill:

A. Personal Service - one permanent full-time position - Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	\$1,254 X 12	=	\$15,048
Plus benefits at 30.23%		=	4,549
			<u>\$19,597</u>

B. Miscellaneous Expenses - initial cost office equipment, annual commodities, replacement costs, and printing/mailling costs.

FY 80		=	\$ 1,300
Succeeding FY's		=	\$ 300

IV. DATE 2/15/79 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Office of the Governor (Keith Specking)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 26
 Title Insurance Coverage for Persons Receiving Benefits Under the Teachers' Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.2				
400 COMMODITIES		0.1	0.1	0.1	0.1	0.1
500 EQUIPMENT		0.3				
600 LAND & STRUCTURES						
700 TRS STATE MATCH		967.0	1,063.7	1,170.1	1,287.1	1,415.8
100 BENEFITS		221.8	244.0	268.4	295.2	324.7
TOTAL		1,199.2	1,318.2	1,449.6	1,594.1	1,753.0

FUNDING (Thousands of Dollars)

GENERAL FUND		1,188.8	1,307.7	1,438.5	1,582.3	1,740.5
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		10.4	10.5	11.1	11.8	12.5

POSITIONS

FULL TIME		1/2	1/2	1/2	1/2	1/2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Estimate FY 80 covered TRS payroll to be \$231,000,000.
3. Estimate future state payrolls will increase at 10% annually.
4. Increase in combined TRS State Match and district contribution rate will be .8372%.
5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79 PREPARED BY Paul E. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

APPENDIX

The following administrative funds would be required to implement the provisions of HB 23.

1. Personal Services - one permanent full-time position Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	\$1,254 X 12 = \$15,048
Plus benefits at 30.23%	= \$ 4,549

\$19,597

2. Miscellaneous Expenses - initial cost office equipment and annual commodity and replacement costs.

FY 80	= \$ 800
Succeeding FY's	= \$ 300

These funds should be appropriated to the Division of Finance, Department of Administration, William C. Mullin, Director, 465-2240.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 23

Title Group Insurance Extended to Temporary Employees of the State & Political Subdivisions

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits

Program Category Affected Retirement and Benefits

BRU, Program, or Subprogram(s) Affected Other Benefits (Health/Life Insurance)

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		19.6	20.8	22.0	23.3	24.7
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		0.3	0.3	0.3	0.3	0.3
500 EQUIPMENT		0.5				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		1765.4	2118.5	2542.2	3050.6	3660.8
TOTAL		1785.8	2139.6	2564.5	3074.2	3685.8

FUNDING (Thousands of Dollars)

NONE

		1466.2	1756.2	2104.4	2522.0	3023.1
GENERAL FUND						
FEDERAL FUNDS		81.2	97.5	116.9	140.3	168.4
VETERAN'S FUND		3.5	4.2	5.1	6.1	7.3
FISH & GAME FUND		10.6	12.7	15.3	18.3	22.0
HIGHWAY FUND		23.0	27.5	33.0	39.7	47.6
AIRPORT FUND		51.2	61.4	73.7	88.5	106.2
CAPITAL FUND		150.1	180.1	216.1	259.3	311.2
PERS						
TRS						

POSITIONS

		1	1	1	1	1
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Estimate that an average of 1041 State temporary employees will qualify for benefits based on 1978 average monthly actuals.
2. Assume constant members in temporary work force in each fiscal year.
3. Actual cost to provide group insurance benefits is \$117.77 per month per employee during FY 79.
4. Estimate that the cost to provide group insurance benefits will increase 20% per annum.
5. Administrative costs as attached.
6. Cost for coverage of political subdivisions (approximately 50 subdivisions) participating in group insurance not included; recommend that the Alaska Municipal League, 204 Franklin St., Juneau, AK 586-1325, be contacted for input.

Paul B. Arnoldt

IV. DATE 1/26/78

PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. HB 26

ASSUMPTIONS:

1. Estimated FY80 Payroll (Total System) = \$213,000,000
2. State Contribution Rate to Fund Bill = .4186%
3. State TRS Matching Rate to Fund Bill = .4186%
4. School District Rate to Fund Bill = .4186%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>		<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 6,000,000	X	.4186%	\$ 25.1	To Their Budget
2. University of Alaska	\$ 47,000,000	X	.4186%	\$ 196.7	To Their Budget
				<u>\$ 221.8</u>	
3. State TRS Matching	\$231,000,000	X	.4186%	\$ 967.0	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 9.8	To Personal Services
Travel				\$ -0-	To Travel
Contractual				\$ 0.2	To Contractual
Commodities				\$ 0.1	To Commodities
Equipment				<u>\$ 0.3</u>	To Equipment
				<u>\$1,199.2</u>	
5. All School Districts	\$178,000,000	X	.4186%	<u>\$ 745.1</u>	
				<u>\$1,944.3</u>	

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:
House Bill No. 26

The board endorses the attached fiscal note as its fiscal analysis of HB 26.

Three members of the board recommend that HB 26 do pass; three members recommend that it do not pass and one member was absent.

The members who voted do not pass did so on account of the fiscal impact and did support passage of CSHB 26.

SUMMARY OF HOUSE BILL NO. 26

Retirement system affected: TRS and PERS

Allows a person receiving benefits under TRS or PERS to elect to receive auditory, visual, and dental insurance. Requires the individual to pay one-half the cost of the insurance and the retirement system from which he is receiving benefits to pay the other one-half.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill 26
 Title Insurance Coverage for Persons Receiving Benefits Under the Public Employees' R/S
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (PERS)
 BRU, Program, or Subprogram(s) Affected 02-95-8-01-01-01
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.3				
400 COMMODITIES		0.2	0.2	0.2	0.2	0.2
500 EQUIPMENT		0.2				
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		1,597.8	1,757.6	1,933.3	2,126.7	2,339.3
TOTAL		1,608.3	1,768.2	1,944.5	2,138.6	2,351.9

FUNDING (Thousands of Dollars)

GENERAL FUND		1,308.6	1,439.6	1,583.4	1,741.7	1,916.0
FEDERAL FUNDS		73.5	80.8	88.9	97.8	107.6
VETERAN'S FUND		3.2	3.5	3.9	4.3	4.7
FISH & GAME FUND		9.6	10.5	11.6	12.8	14.0
HIGHWAY FUND		20.8	22.8	25.1	27.6	30.4
AIRPORT FUND		46.3	51.0	56.1	61.7	67.8
CAPITAL FUND		135.8	149.4	164.3	180.8	198.8
PERS		10.5	10.6	11.2	11.9	12.6
TRS						

POSITIONS

FULL TIME		1/2	1/2	1/2	1/2	1/2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Audio, dental, vision coverage will be extended to present and future retirees.
2. Estimate FY 80 covered state payroll to be \$241,000,000.
3. Estimate future state payrolls will increase at 10% annually.
4. Increase in state employer contribution rate would be .6630% of covered payroll
5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

ATTACHMENT HB 26

The following administrative funds would be required to implement the provisions of this bill.

1. Personal Service - one permanent full-time position Accounting Clerk III (range 10) - salary and merit increases at 6% per year.

FY 80 monthly salary	\$1,254 X 12 = \$15,048
Plus benefits at 30.23%	= \$ 4,549
	<u>\$19,597</u>

2. Miscellaneous Expenses - initial cost office equipment, annual commodity, replacement costs, and printing/ mailing costs.

FY 80	= \$ 1,300
Succeeding FY's	= \$ 300

Administrative costs will be shared equally between the Public Employees' Retirement System and the Teachers' Retirement System.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill 26
 Title Insurance Coverage for Persons Receiving Benefits Under the Teachers' Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-02
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EXPENDITURES (Thousands of Dollars)

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100 PERSONAL SERVICES		9.8	10.4	11.0	11.7	12.4
200 TRAVEL						
300 CONTRACTUAL		0.2				
400 COMMODITIES		0.1	0.1	0.1	0.1	0.1
500 EQUIPMENT		0.3				
600 LAND & STRUCTURES						
700 TRS STATE MATCH		967.0	1,063.7	1,170.1	1,287.1	1,415.8
100 BENEFITS		221.8	244.0	268.4	295.2	324.7
TOTAL		1,199.2	1,318.2	1,449.6	1,594.1	1,753.0

FUNDING (Thousands of Dollars)

GENERAL FUND		1,188.8	1,307.7	1,438.5	1,582.3	1,740.5
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		10.4	10.5	11.1	11.8	12.5

POSITIONS

FULL TIME		1/2	1/2	1/2	1/2	1/2
PART TIME						
TEMPORARY						

- III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
1. Audio, dental, vision coverage will be extended to present and future retirees.
 2. Estimate FY 80 covered TRS payroll to be \$231,000,000.
 3. Estimate future state payrolls will increase at 10% annually.
 4. Increase in combined TRS State Match and district contribution rate will be .8372%.
 5. Administrative costs per attachment (Page 2).

IV. DATE 2/02/79 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)
 33-001 (Rev. 12/78)

ATTACHMENT

Bill/Resolution No. HB 26

ASSUMPTIONS:

- 1. Estimated FY80 Payroll (Total System) = \$213,000,000
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- 3. State TRS Matching Rate to Fund Bill = .4186%
- 4. School District Rate to Fund Bill = .4186%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 6,000,000	X .4186%	\$ 25.1	To Their Budget
2. University of Alaska	\$ 47,000,000	X .4186%	\$ 196.7	To Their Budget
			\$ 221.8	
3. State TRS Matching	\$231,000,000	X .4186%	\$ 967.0	To TRS Match
4. State TRS Regular Budget:				
Personal Services			\$ 9.8	To Personal Services
Travel			\$ -0-	To Travel
Contractual			\$ 0.2	To Contractual
Commodities			\$ 0.1	To Commodities
Equipment			\$ 0.3	To Equipment
			<u>\$1,199.2</u>	
5. All School Districts	\$178,000,000	X .4186%	\$ 745.1	
			<u>\$1,944.3</u>	

ATTACHMENT

Bill/Resolution No. HB 26ASSUMPTIONS:

1. Estimated FY80 Payroll (Total System)	=	\$213,000,000
2. State Contribution Rate to Fund Bill	=	.4186%
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COST ANALYSIS:

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				\$ 221.8	
3. State TRS Matching	\$231,000,000	X	.4186%	\$ 967.0	To TRS Match
4. State TRS Regular Budget:					
Personal Services				\$ 9.8	To Personal Services
Travel				\$ -0-	To Travel
Contractual				\$ 0.2	To Contractual
Commodities				\$ 0.1	To Commodities
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				<u>\$1,199.2</u>	
5. All School Districts	\$178,000,000	X	.4186%	\$ 745.1	
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