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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

3/2/81

(5)

Date: 3-19-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 243

"An Act relating to the Alaska National Guard and Naval Milicia; and providing for an effective date."

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 243 same title
 new title
- and recommends CS HB 243 DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signature] NO REC

[Handwritten signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 243
 Title An Act relating to the Alaska National Guard and Naval Militia
 Requested by the Department of Military Affairs Date 17 March 1981

II. FISCAL DETAIL

Agency Affected Department of Military Affairs
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Military Preparedness
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	5.0	5.0	335.0	202.0	459.0
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Sections 1 - 3 have no budget impact except in the event of a disaster. This funding is received from the Governor's Emergency Fund.

Section 5 will require expenditures of \$330.0 in FY 84, \$197.0 in FY 85, and \$454.0 in FY 86. Beginning FY 87, the expenditures will decrease each year as current (1980-81) members drawing the old bonus payment will begin to retire or leave the Guard for other reasons. As these older members retire or drop out, the new program will have completed paying 33 1/3% of the new members. Attached to this fiscal note is a break down of the payments to be paid FY 84-87.

Section 6 extends reimbursement of tuition to retired members. About 15 retired members would use this benefit. The average reimbursement is \$125.00 for active members. Shown above as \$5,000 each year.

IV. DATE 17 March 1981 PREPARED BY LTC Henry A. Compton
 AGENCY Department of Military Affairs
 Original: Legislative Finance PHONE 465-4601 - Juneau
 cc: Budget and Management 243-0656 X511 Anchorage
 Prime Sponsor (First Legislator Named)

REENLISTMENT BONUS

ARMY GUARD @ 60% RETENTION

FY 82	304 ETS 182 Reups	Pay in 84 \$182,000.
FY 83	175 ETS 105 Reups	Pay in 85 \$105,000.

AIR GUARD @ 74% RETENTION

FY 82	200 ETS 148 Reups	Pay in 84 \$148,000.
FY 83	127 ETS 92 Reups	Pay in 85 \$ 92,000.

ARMY GUARD @ 50% RETENTION

FY 84	159 ETS 92 Reups	Pay in 86 \$ 92,000.
FY 85	175 ETS 105 Reups	Pay in 87 \$105,000.

AIR GUARD @ 74% RETENTION

FY 84	42 ETS 32 Reups	Pay in 86 \$ 32,000.
FY 85	1 ETS 1 Reup	Pay in 87 \$ 1,000

TOTALS PAY IN:

FY 84	\$182,000. <u>148,000.</u>	Army Guard Air Guard
	\$330,000.	
FY 85	\$105,000. <u>92,000.</u>	Army Guard Air Guard
	\$197,000.	

TOTALS PAY IN:

FY 86	\$330,000. <u>124,000.</u>	(2d Pmt from 84) (1st Pmt from 84)
	\$454,000.	
FY 87	\$197,000. <u>106,000.</u>	(2d Pmt from 85) (1st Pmt from 85)
	\$303,000.	

FACT SHEET

PROPOSED 1981 LEGISLATION

HB 243

Representative Jack Fuller has introduced this proposed legislation on behalf of the Alaska National Guard.

The bill has three parts; in nine sections and is now known as HB 243.

The first three sections are designed to protect the families of lower rank enlisted members from a dramatic financial loss in the event of an extended State Duty period. It also ensures that members called to State Active Duty are covered by the Workman's Compensation Act. The fiscal impact of this proposal would be felt only in the event of a major disaster. The funding would come from the Governor's Emergency Fund.

Section 5 is identical to a bill submitted by the Governor last year and proposes a restructuring of the reenlistment bonus. A reenlistment bonus in the amount of \$3,000 will be paid for the first 6 year reenlistment only. The payments will be \$1,000 each, payable every two years. At the end of the initial reenlistment, the bonus stops. Payments would be made to the Guard members during their 6th through 12th year of total military service. This period has been determined as the "decision making" time for Guard members as to whether to stay until retirement or quit. We feel that paying this bonus during the decision years is the best possible use of a reenlistment bonus and conforms very closely to the bonus offered by the Federal Government for the active component personnel. Those members currently receiving a reenlistment bonus under AS 26.05.265 would continue to receive those bonus payments.

Section 6 proposes that the reimbursement of tuition and fees for members who attend an educational, vocational or training school in Alaska be extended to retired members. This proposal is designed to provide an additional incentive to stay in the Guard until retirement and reward, in a small way, those retired members who would like to continue their education. We anticipate that no more than 15 members would take advantage of this proposal each year. The average reimbursement is \$125.00 per year per person, making the total cost of this proposal between 2 and 3 thousand dollars annually.

Sections 7 through 9 are administrative in nature.

Analysis of state funded benefits the Alaska National Guard and Naval Militia now enjoy:

RETIREMENT SYSTEM

Current law passed in the last session of the legislature provides for a retirement payment of \$100.00 for every month served in the Alaska National Guard or Naval Militia provided the retiree has a total of 20 years of service a minimum of five of which as a member of the guard

TUITION REIMBURSEMENT

The State of Alaska will pay an amount equal to 50% of all tuition and required fees paid by the member to schools in Alaska. The schools include all technical vocational or educational institutions. Eligibility requirements are, that the guard member attend 90% of all scheduled drills and 15 days of annual training each year. This eligibility is certified by the unit commander.

REENLISTMENT BONUS

Current statute provides that the state will pay the equivalent of 10 days base pay at the rank held upon satisfactory completion of a members initial enlistment who reenlists or extends that enlistment for any period of time. Average reenlistment bonus payment is approximately \$350.00. Our proposal in SB 54 changes this to a \$3,000 payment for the initial six year reenlistment after the completion of the initial contract.

VETERANS BENEFITS

Members of the Alaska National Guard and Naval Militia who have served five or more years with the Alaska National Guard or Naval Militia obtain veterans status for procurement of state loans.

NATIONAL GUARD LOSSES 1980

TOTAL LOSSES 110

DROP OUTS AT ETS 76

Of 76 lost, 52 dropped out during "Decision Making" period, or 68.4% could be saved by a larger reenlistment payment that can be used by the family group. In most cases the family makes the decision to leave or stay in the Guard.