

SB 42

4/15/88
H (3A)
Fin

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
Sponsor: Duncan Components: Retirement and Benefits
Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	3.0	6.0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	3.0	6.0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	3.0	6.0	0	0	0	0
TOTAL	3.0	6.0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1	1	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4460
Division: Retirement and Benefits Date: 3-16-88

Approved by Commissioner: John M. Andrews Date: 3/31/88
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

MAR 3 - 1988
LEGISLATIVE FINANCE

Committee Substitute Senate Bill 42 (FIN)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
March 16, 1988

IV Analysis:

This bill would expand the eligible service categories for qualifying for the Retirement Incentive Program to include Alaska Bureau of Indian Affairs (BIA) teaching service in the Teachers' Retirement System (TRS). Members could use this service to satisfy minimum service requirements under the TRS. Those who had not previously been eligible to retire would now have until June 30, 1988 to apply for retirement and August 1, 1988 to be appointed to retirement.

The administrative cost to the division associated with this effort would be funded through an increase in administrative fees to the employers.

We anticipate that: as many as 50 previously ineligible members would now become eligible; many members who were eligible and retired under one provision, the 20 year provision, would now become eligible under another more favorable provision and would have to have their benefits recalculated.

We anticipate the need for one Retirement Technician I/II to perform the necessary effort. If this bill passed by May 1988, we would need support for June 1988 for FY 88 and for the first two months of FY 89.

SENATE COMMITTEE REPORT

FURTHER:

5/8/87

DATE TURNED INTO OFFICE 3/15/88

Mr. President:

FINANCE Committee considered SB 42

early retirement program; efd.

and recommended:

replace with CS FOR SB 42 (Gen)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
Paul Frank
[Signature]
[Signature]

Rick Halford do pass
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	3.0	6.0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	3.0	6.0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	3.0	6.0	0	0	0	0
TOTAL	3.0	6.0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	1	1	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director
 Division: Retirement and Benefits

Phone: 465-4460
 Date: 3-16-88

Approved by Commissioner: John M. Andrews
 Agency: Department of Administration

Date: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Committee Substitute Senate Bill 42 (FIN)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
March 16, 1988

IV Analysis: This bill would expand the eligible service categories for qualifying for the Retirement Incentive Program to include Alaska Bureau of Indian Affairs (BIA) teaching service in the Teachers' Retirement System (TRS). Members could use this service to satisfy minimum service requirements under the TRS. Those who had not previously been eligible to retire would now have until June 30, 1988 to apply for retirement and August 1, 1988 to be appointed to retirement.

The administrative cost to the division associated with this effort would be funded through an increase in administrative fees to the employers.

We anticipate that: as many as 50 previously ineligible members would now become eligible; many members who were eligible and retired under one provision, the 20 year provision, would now become eligible under another more favorable provision and would have to have their benefits recalculated.

We anticipate the need for one Retirement Technician I/II to perform the necessary effort. If this bill passed by May 1988, we would need support for June 1988 for FY 88 and for the first two months of FY 89.

2/15/88

Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 42 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to territorial service and BIA
7 service under the retirement incentive program; and
8 providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted
11 to read:

12 (b) Except as provided in (f) of this section, in determining
13 whether a member will qualify to retire under (a) of this section,

14 (1) for members of the Public Retirement System, only
15 service credit for employment rendered to an employer under AS 39.35
16 may be used;

17 (2) for members of the Teachers' Retirement System, credit-
18 ed service may include service credit for employment rendered to an
19 employer, territorial service under AS 14.25.105, and Alaska BIA
20 service under AS 14.25.107.

21 * Sec. 2. Section 5(e), ch. 26, SLA 1986, is amended to read:

22 (e) A member who wishes to participate shall apply on a form
23 provided by the administrator. A member may not apply for participa-
24 tion in the retirement incentive program unless the member is employed
25 in a position in a designated organizational unit. Except as provided
26 in (h) of this section, a [A] state employee other than an employee of
27 the University of Alaska, or a member of the teachers' retirement
28 system other than an employee of the University of Alaska, may apply
29 for participation in the program until June 30, 1987. An employee of

1 the University of Alaska may apply for participation in the program
2 between October 1, 1986, and September 30, 1987. Other members of the
3 Public Employees' Retirement System may apply for participation in the
4 program between January 1, 1987, and December 31, 1987.

5 * Sec. 3. Section 5, ch. 26, SLA 1986, is amended by adding a new
6 subsection to read:

7 (h) Notwithstanding (e) of this section, a member of the Teach-
8 ers' Retirement System, including a member employed by the state, who
9 is employed in a position in a designated unit and who becomes qual-
10 ified to retire under the retirement incentive program only because of
11 the amendment to (b) of this section enacted by sec. 1 of this Act,
12 may apply for participation in the retirement incentive program until
13 June 30, 1988. An application is not timely unless it is received by
14 the division of retirement and benefits in the Department of Adminis-
15 tration on or before June 30, 1988. If the member is not a member of
16 a designated unit, the member may request the member's employer to
17 designate the member's position as belonging to a designated unit.
18 Notwithstanding (a) of this section, the administrator shall accept
19 the application of a vested member who is eligible under this sub-
20 section if the member will be appointed to retirement on or before
21 August 1, 1988.

22 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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3/15/88

Cheryl -

Terry Cramer (Legal Services 3867) called re: rush final on CSSB 42 (Fin). Title is insufficient because of reference to territorial service under TRS. Needs to know whether she may refer to territorial service in new title.

kathy
1:50 p.m.

*Verbal okay from
Cheryl 1:35pm
kl*



From The

SENATE FINANCE COMMITTEE

DATE: March 15, 1988

TO: Lynn Barnes
Legal Services

FROM: Vicki (4935)
Cap Bldg, Rm 413

RE: CS for SB 42 (Finance)

Please have a Finance CS for SB 42 prepared per attached draft (2/12/88), noting the amendments on lines 6 and 19. CS for SB 42 was REPORTED OUT of our Committee this morning.

Please return final to me asap.

THANK!

Adopted by SFC 3/15/88
(see lines 6 & 19)

5-0191N ✓
Cramer
2/12/88

Original sponsors: Duncan, Halford,
Szymanski and Kerrettula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 42 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

→ 6 For an Act entitled: "An Act relating to ^{BIA service under} the retirement incentive program;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted
10 to read:

11 (b) Except as provided in (f) of this section, in determining
12 whether a member will qualify to retire under (a) of this section,

13 (1) for members of the Public Retirement System, only
14 service credit for employment rendered to an employer under AS 39.35
15 may be used;

16 (2) for members of the Teachers' Retirement System, credit-
17 ed service may include service credit for employment rendered to an
18 employer, territorial service under AS 14.25.105, Alaska BIA service
→ 19 under AS 14.25.107, ~~and outside service under AS 14.25.060.~~

20 * Sec. 2. Section 5(e), ch. 26, SLA 1986, is amended to read:

21 (e) A member who wishes to participate shall apply on a form
22 provided by the administrator. A member may not apply for participa-
23 tion in the retirement incentive program unless the member is employed
24 in a position in a designated organizational unit. Except as provided
25 in (h) of this section, a [A] state employee other than an employee of
26 the University of Alaska, or a member of the teachers' retirement
27 system other than an employee of the University of Alaska, may apply
28 for participation in the program until June 30, 1987. An employee of
29 the University of Alaska may apply for participation in the program

1 between October 1, 1986, and September 30, 1987. Other members of the
2 Public Employees' Retirement System may apply for participation in the
3 program between January 1, 1987, and December 31, 1987.

4 * Sec. 3. Section 5, ch. 26, SLA 1986, is amended by adding a new
5 subsection to read:

6 (h) Notwithstanding (e) of this section, a member of the Teach-
7 ers' Retirement System, including a member employed by the state, who
8 is employed in a position in a designated unit and who becomes qual-
9 ified to retire under the retirement incentive program only because of
10 the amendment to (b) of this section enacted by sec. 1 of this Act,
11 may apply for participation in the retirement incentive program until
12 June 30, 1988. An application is not timely unless it is received by
13 the division of retirement and benefits in the Department of Adminis-
14 tration on or before June 30, 1988. If the member is not a member of
15 a designated unit, the member may request the member's employer to
16 designate the member's position as belonging to a designated unit.
17 Notwithstanding (a) of this section, the administrator shall accept
18 the application of a vested member who is eligible under this sub-
19 section if the member will be appointed to retirement on or before
20 August 1, 1988.

21 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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Original sponsors: Duncan, Halford,
Szymanski and Kerttula

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 42 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the retirement incentive program;
7 use of the working reserve account; and providing for
8 an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

11 (a) The administrator shall accept the application of an eli-
12 gible vested member if

13 (1) the member will be qualified to retire under AS 14.25.-
14 110 or AS 39.35.370 after receipt of the retirement incentive and will
15 be appointed to retirement on or before

16 (A) October 1, 1987, if the member is an employee of
17 the state other than the University of Alaska [, OR A MEMBER OF
18 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE
19 UNIVERSITY OF ALASKA];

20 (B) January 1, 1988, if the member is an employee of
21 the University of Alaska or a member of the Teachers' Retirement
22 System not employed by the state;

23 (C) April 1, 1988, for all other members of the Public
24 Employees' Retirement System; and

25 (2) the member's agency or the employer under AS 14.25 or
26 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

27 (A) requires the agency or employer to reimburse the
28 system for each member who is retired within three years after
29 the end of the fiscal year in which the member is appointed to

1 retirement in an amount equal to

2 (i) the actuarial equivalent of the difference
3 between the benefits the member receives after the addition
4 of the retirement incentive under this section and the
5 amount the member would have received without the incentive
6 less the amount the participant has paid on the indebtedness
7 determined under (c) of this section; and

8 (ii) an appropriate share of the administrative
9 costs of the program; and

10 (B) provides that contributions from the agency or
11 employer to the system under this section take priority over
12 other obligations of the agency or employer to the maximum extent
13 permitted by law.

14 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
15 read:

16 (b) Except as provided in (f) of this section, in determining
17 whether a member will qualify to retire under (a) of this section,

18 (1) for members of the Public Retirement System, only
19 service credit for employment rendered to an employer under AS 39.35
20 may be used;

21 (2) for members of the Teachers' Retirement System, credit-
22 ed service may include service credit for employment rendered to an
23 employer, territorial service under AS 14.25.105, Alaska BIA service
24 under AS 14.25.107, and outside service under AS 14.25.060.

25 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

26 (e) A member who wishes to participate shall apply on a form
27 provided by the administrator. A member may not apply for participa-
28 tion in the retirement incentive program unless the member is employed
29 in a position in a designated organizational unit. A state employee

1 other than an employee of the University of Alaska [, OR A MEMBER OF
2 THE TEACHERS' RETIREMENT SYSTEM OTHER THAN AN EMPLOYEE OF THE UNIVER-
3 SITY OF ALASKA,] may apply for participation in the program until
4 June 30, 1987. A member of the Teachers' Retirement System other than
5 an employee of the University of Alaska or of the state may apply for
6 participation in the program until September 30, 1987. An employee of
7 the University of Alaska may apply for participation in the program
8 between October 1, 1986, and September 30, 1987. Other members of the
9 Public Employees' Retirement System may apply for participation in the
10 program between January 1, 1987, and December 31, 1987.

11 * Sec. 4. AS 37.05.152(a) is amended to read:

12 (a) There is established in the general fund a working reserve
13 account. The working reserve account consists of amounts appropriated
14 to state agencies for

15 (1) cash payment of accrued leave;

16 (2) cash payment of terminal leave;

17 (3) payment of the employer's contribution for unemployment
18 benefits of former employees; [AND]

19 (4) payment of claims for workers' compensation and general
20 liability;

21 (5) payment of amounts owed to the Public Employees' Re-
22 tirement System (AS 39.35) and the Teachers' Retirement System
23 (AS 14.25) under the retirement incentive program (ch. 126, SLA 1986,
24 as amended).

25 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY DUNCAN, HALFORD,
SZYMANSKI AND KERTTULA

2

SENATE BILL NO. 42

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the early retirement program; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

10 (a) The administrator shall accept the application of an eli-
11 gible vested member if

12 (1) the member will be qualified to retire under AS 14.25.-
13 110 or AS 39.35.370 after receipt of the retirement incentive and will
14 be appointed to retirement on or before

15 (A) October 1, 1988 [1987], if the member is an em-
16 ployee of the state other than the University of Alaska, or a
17 member of the Teachers' Retirement System other than an employee
18 of the University of Alaska;

19 (B) January 1, 1989 [1988], if the member is an em-
20 ployee of the University of Alaska;

21 (C) April 1, 1989 [1988], for all other members of the
22 Public Employees' Retirement System; and

23 (2) the member's agency or the employer under AS 14.25 or
24 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

25 (A) requires the agency or employer to reimburse the
26 system for each member who is retired within three years after
27 the end of the fiscal year in which the member is appointed to
28 retirement in an amount equal to

29 (i) the actuarial equivalent of the difference

1 between the benefits the member receives after the addition
2 of the retirement incentive under this section and the
3 amount the member would have received without the incentive
4 less the amount the participant has paid on the indebtedness
5 determined under (c) of this section; and

6 (ii) an appropriate share of the administrative
7 costs of the program; and

8 (B) provides that contributions from the agency or
9 employer to the system under this section take priority over
10 other obligations of the agency or employer to the maximum extent
11 permitted by law.

12 * Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to
13 read:

14 (b) Except as provided in (f) of this section, in determining
15 whether a member will qualify to retire under (a) of this section,

16 (1) for members of the Public Retirement System, only
17 service credit for employment rendered to an employer under AS 39.35
18 may be used;

19 (2) for members of the Teachers' Retirement System, credit-
20 ed service may include service credit for employment rendered to an
21 employer, territorial service under AS 14.25.105, Alaska BIA service
22 under AS 14.25.107, and outside service under AS 14.25.060.

23 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

24 (e) A member who wishes to participate shall apply on a form
25 provided by the administrator. A member may not apply for participa-
26 tion in the retirement incentive program unless the member is employed
27 in a position in a designated organizational unit. A state employee
28 other than an employee of the University of Alaska, or a member of the
29 Teachers' Retirement System other than an employee of the University

1 of Alaska, may apply for participation in the program until June 30,
2 1988 [1987]. An employee of the University of Alaska may apply for
3 participation in the program between October 1, 1986, and Septem-
4 ber 30, 1988 [1987]. Other members of the Public Employees' Retire-
5 ment System may apply for participation in the program between Janu-
6 ary 1, 1987, and December 31, 1988 [1987].

7 * Sec. 4. Section 6(c), ch. 26, SLA 1986, is amended to read:

8 (c) The Office of Management and Budget shall report to the
9 legislature in January 1987, [AND] 1988, and 1989 on the effect of the
10 retirement incentive program on state operation and personal services
11 costs.

12 * Sec. 5. Section 7, ch. 26, SLA 1986, is amended to read:

13 Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. Except as provided in (b)
14 of this section, if [IF] a participant in the retirement incentive
15 program is reemployed as a member of the Public Employees' Retirement
16 System under AS 39.35 or the Teachers' Retirement System under AS 14.-
17 25 after appointment to retirement under the program, the participant
18 loses the incentive credit received under sec. 5 (c) of this Act and
19 is indebted to the system. The amount of the indebtedness is equal to
20 110 percent of the amount the participant received as a result of
21 participation in the program for which the participant was not other-
22 wise entitled, including the cost of health insurance. The partici-
23 pant is entitled to a credit to be applied against the reemployment
24 indebtedness in the amount the participant has paid under sec. 5 (d)
25 of this Act. Interest accrues on the indebtedness at the rate estab-
26 lished by regulation from the date of reemployment until the member is
27 appointed to retirement and accepts an actuarial adjustment to the
28 member's future benefits or until the amount is paid in full.

29 * Sec. 6. Section 7, ch. 26, SLA 1986, is amended by adding a new

1 subsection to read:

2 (b) A member of the Teachers' Retirement System who retires
3 under the early retirement program may continue to receive benefits
4 from the Teachers' Retirement System that include early retirement
5 incentives while employed in a position covered by the Public Em-
6 ployees' Retirement System. However, the member may not participate
7 in the early retirement program under the Public Employees' Retirement
8 System and may not receive credit for employment covered by the Teach-
9 ers' Retirement System when retiring from the Public Employees' Re-
10 tirement System.

11 * Sec. 7. Section 11, ch. 26, SLA 1986, is amended to read:

12 Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1989
13 [1988].

14 * Sec. 8. Section 7, ch. 26, SLA 1986, as amended by sec. 5 of this Act
15 applies retroactively to May 16, 1986. With respect to a member of the
16 Teachers' Retirement System who retired under the incentive program estab-
17 lished by ch. 26, SLA 1986, and accepted employment from an employer cover-
18 ed by the Public Employees' Retirement System before the effective date of
19 this Act, the division of retirement and benefits shall

20 (1) restore any incentive credit lost under sec. 7, ch. 26, SLA
21 1986, before it was amended by this Act;

22 (2) recompute the member's benefits, considering the retroactive
23 restoration of credit under (1) of this section;

24 (3) make a lump-sum payment to the member of additional benefits
25 due, considering the recomputation under (2) of this section;

26 (4) recompute any indebtedness previously determined under
27 sec. 7, ch. 26, SLA 1986, before it was amended by this Act; and

28 (5) refund any overpayments made by the member in relation to an
29 indebtedness recomputed under (4) of this section.

1 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3.11.87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: LABOR & COMMERCE
FINANCE

**FISCAL NOTE(S) ATTACHED / **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/19/87

DATE TURNED INTO OFFICE 4.22.87

Mr. President:

STATE AFFAIRS

Committee considered SB 42

~~relating to the~~ early retirement program; efd,

and recommended:

replace with CS SB 42 (STATE AFFAIRS) same title
 attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]

[Signature]
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: Relating to the Retirement Incentive Program (RIP) BRU: Retirement and Benefits
Sponsor: Duncan Components: Retirement and Benefits
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

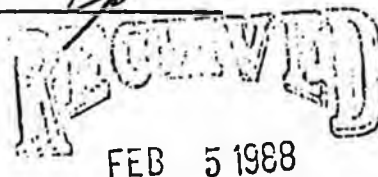
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Robert F. Stalnaker Phone: 465-4470
Division: Retirement and Benefits Date: 01/28/88

Approved by Commissioner: John M. Andrews Date: 2/3/88
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)



*Updated
FN*

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 42 (SA)
Publish Date: April 22, 1987

REQUEST _____

Revision Date: _____
Title: An Act relating to the
retirement incentive program.
Sponsor: Duncan
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement Incentive Program (RIP)

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert F. Stalnaker
Division: Retirement and Benefits

Phone: (907) 465-4470
Date: April 23, 1987

Approved by Commissioner: Garrey Peska
Agency: Department of Administration

Date: 4/28/87

Distribution (by preparer):

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Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

APR 28 1987

LEGISLATIVE FINANCE

Rev. 9/16/86

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
Title: An act relating to the Retirement Incentive Program BRU: Retirement and Benefits
Sponsor: Duncan Components: Retirement and Benefits
Requestor: Duncan

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	8.9	24.3	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	8.9	24.3	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	8.9	24.3	0	0	0	0
TOTAL	8.9	24.3	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	3	3	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4460
Division: Retirement and Benefits Date: 2-22-88

Approved by Commissioner: John M. Andrews Date: _____
Agency: Department of Administration

Distribution (by preparer):
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Office of Management and Budget
Impacted Agency(ies)

DRAFT

B

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 42
Publish Date: _____

REQUEST _____

Revision Date: Bill/Res No: SB 42
Title: An Act relating to the early retirement program.
Sponsor: Duncan
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement Incentive Program (RIP)

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	69.1	120.3	0	0	0
TRAVEL	0	1.9	0	0	0	0
CONTRACTUAL	0	20.0	20.0	0	0	0
SUPPLIES	0	1.0	1.5	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	92.0	141.8	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	92.0	141.8	0	0	0
TOTAL	0	92.0	141.8	0	0	0

POSITIONS:	0	0	0	0	0	0
FULL-TIME	0	2.0	3.0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: J. K. Humphreys *J. K. Humphreys* Phone: (907) 465-4470
Division: Retirement and Benefits Date: January 23, 1987

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 1/27/87
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

2842

SENATE BILL 42
FISCAL NOTE ANALYSIS

Prepared by Division of Retirement and Benefits
Department of Administration

ANALYSIS:

This legislation extends the Retirement Incentive Program (RIP) through FY 89. The money to fund the RIP positions and the contractual costs listed below will be collected as part of the administration fee paid by each employer who participates in the RIP.

Personal Services:

See attached forms. Two positions are requested in the fiscal note for FY 88, under the assumption that three positions which were originally requested in the division's operating budget for FY 88 prior to this proposed extension of the RIP program will be granted. There are seven nonpermanent positions authorized in FY 87 for the RIP; this request, along with the three RIP positions requested in the FY 88 budget, would result in a decrease to a total of five RIP positions for FY 88, and a further decrease to three positions in FY 89.

Travel:

\$1.9 represents the cost of two counseling trips in FY 88; one for participating school districts and the other for participating political subdivisions.

Contractual:

\$20.0 represents 75% of projected FY 87 costs, based upon actual expenditures from July through December 1986. Contractual costs include postage, forms, printing, phones, and data lines.

An analysis of the impact of this bill on the actuarial soundness of the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems funds is provided in the attached letter to Senator Abood.

Position Title Retirement and Benefits Technician II			No. of Positions 2	Range/Step 12B	Org. Unit G	Gov.	Approv.	Disapp.
Time Status Full-time	Staff Months 12.0	RP Number 1	Location AWA		Election District 4	Leg.		
Type of Expenditure			Justification					
Amount			Retirement and Benefits Technician II (two positions)					
1	2	3	The Retirement and Benefits Technicians II are responsible for the day-to-day technical duties of the RIP and are needed through June 30, 1989. These positions are both permanent full-time positions located in the Juneau office. The major duties of the technicians are:					
Salary	2 positions	51,240	1) Calculate retirement projections and retirement benefits for members of the PERS and TRS;					
Benefits		17,814	2) Research the member files for record system maintenance;					
Premium Pay			3) Correct service records in the automated system and adjust for periods of leave without pay;					
Other			4) Maintain records for the RIP; and					
Total Personal Services		69,054	5) Notify members by mail of their retirement status, effective dates, amounts of benefits, etc.					
Travel								
Contractual		2,000						
Commodities		1,000						
Equipment								
Other								
Total Cost		72,054						
Receipt Code	Funding Source							
	Federal Receipts	1002						
	G. F. Match	1003						
	General Funds	1004						
	I-A Receipts	1005	23,778					
	Program Receipts	1028	48,276					
	CIP Receipts	1061						
	Other							
For B&M Use Only								
Key Number								

8/6B2/0126-15/3

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement Incentive Program (RIP)

Page 3 of 4
 Revised Date

FY 88



Alaska State Legislature

SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

M E M O R A N D U M

February 17, 1988

TO: Senator John Binkley, Co-Chair
Senate Finance Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 42, An Act Relating to the Retirement
Incentive Program.

Senate Bill 42, relating to the Retirement Incentive Program is currently in the Senate Finance Committee.

I would like to remedy an inequitable situation which arose as the result of the original Retirement Incentive Program. A handful of teachers who had service time with the Bureau of Indian Affairs as teachers in Alaska were not eligible to participate in the Incentive because of an amendment to the original legislation which excluded the use of BIA or outside service credit for the purposes of qualifying for the Incentive. So, even though these teachers taught in Alaskan schools which were operated by the BIA until the early 1970's, they did not qualify to participate in the Incentive.

Additionally, allowing outside service credit to be used for the purposes of eligibility for the Incentive would offer retirement to long term, highly paid employees the RIP was designed to target. In particular, a small number of employees in the Department of Education were unable to participate due to the exclusion of outside service credit.

The blank CS attached would open a short window period between enactment of the bill and August 1, 1988, exclusively for the teachers discussed above.

Please consider scheduling SB 42 for a Finance hearing at your earliest convenience.

Attachment

Senator Duncan's Blank CSSB 42
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

February 22, 1988

IV Analysis: This bill would expand the eligible service categories for qualifying for the Retirement Incentive Program to include BIA and outside service in the Teachers' Retirement System (TRS). Members could use this service to satisfy minimum service requirements under the TRS. Those who had not previously been eligible to retire would now have until June 30, 1988 to apply for retirement and August 1, 1988 to be appointed to retirement.

The administrative cost to the division associated with this effort would be funded through an increase in administrative fees to the employers.

We anticipate that: as many as 200 previously ineligible members would now become eligible; many members who were eligible and retired under one provision, the 20 year provision, would now become eligible under another more favorable provision and would have to have their benefits recalculated.

We anticipate the need for one Retirement Specialist III and two Retirement Technician I/II to perform the necessary effort. If this bill passed by May 1988, we would need support for June 1988 for FY 88 and for the first three months of FY 89.

We estimate that approximately 75% of this effort will be needed because of allowing the outside service credit to be used. Removing that type of service would reduce the fiscal impact by about 75%.

DRAFT

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Public Employees Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

April 23, 1987

The Honorable Tim Kelly
Chairman, Labor & Commerce Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Re: Committee Substitute for Senate Bill 42 (State Affairs)

In accordance with AS 24.08.036, I am providing the analysis below on CSSB 42 (SA). The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

The Retirement Incentive Program Act requires state agencies and participating employers and employees to reimburse the PERS or TRS for the cost of participation in the program; it also requires state agencies to show savings in order to participate in the program. As the amendments in this bill make no changes to those requirements, there should be no long-term and short-term costs to the state. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



Robert F. Stalnaker
Deputy Director

RFS/cam/7

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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JUNEAU, ALASKA 99811-0203
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PHONE (907) 277-7504

Public Employees' Retirement System
Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

January 26, 1987

The Honorable Mitch Abood
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Re: Senate Bill 42

In accordance with AS 24.08.036, I am providing the analysis below on Senate Bill 42. The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

The Retirement Incentive Program Act requires state agencies and participating employers and employees to reimburse the PERS or TRS for the cost of participation in the program, it also requires state agencies to show savings in order to participate in the program. As the amendments in this bill make no changes to those requirements, there should be no long-term or short-term costs to the state. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,


J.K. Humphreys
Director

JKH/JAL/cam/7

POSITION PAPER

CSSB 42 (State Affairs)

This bill would extend the window of eligibility an additional three months for the Retirement Incentive Program (RIP) for members of the Teachers' Retirement System (TRS) not employed by the state; allow members of the TRS to attain eligibility for service retirement by combining credit under the RIP with non-membership service in addition to membership service; and allows appropriations for the RIP to be included in the Working Reserve account.

The extension of the RIP for teachers not employed by the state has been argued to provide the school districts with more flexibility in staffing for this upcoming school year. The inclusion of non-membership service as qualifying for the RIP will treat all teachers more equitably as a group, by allowing those teachers who could retire with 25 years of combined service to also take advantage of the RIP. The final provision, concerning inclusion of RIP appropriations in the Working Reserve account, will help state agencies to pay off their RIP liabilities more quickly, thereby not imposing upon following fiscal years.

The department supports this bill for the reasons stated above.

for Robert L. Statnaker

Director of Division of Retirement & Benefits

4-23-87
Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

4/24/87
Date

POSITION PAPER

SB 42

This bill would extend the window of eligibility an additional year for the Retirement Incentive Program (RIP); allow members of the Teachers' Retirement System (TRS) to attain eligibility for service retirement by combining credit under the RIP with non-membership service in addition to membership service; and allow members of the TRS who retire under the RIP to return to employment as members of the Public Employees' Retirement System (PERS) without losing the RIP credit and with no indebtedness to the system.

Extending the eligibility period for the RIP, in addition to increasing the number of potential eligibles, would tend to defeat the purpose of the program by allowing those members who have already been designated as eligible to participate in the program to delay their retirement. Costs would be increased for many employers who have already entered into agreements based on existing estimates. The success or failure of this program cannot be assessed until the eligibility period has expired and all eligibles who are going to retire have done so. Only then should consideration be given to continuing the program by opening a second window.

The removal of the penalty for returning to public employment is contrary to the basic purpose of the program as we understand it. If we are going to give employees additional incentives to retire, then it seems that there should be some form of disincentive to returning to public employment. Crossover employment by retirees between the PERS and TRS tends to keep the demand for the dwindling number of public jobs high.

The Department opposes this bill for the reasons stated above.

John A. Logan

Director of Division of Retirement & Benefits

1-27-87

Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

1/27/87

Date