

SB

42

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

SENATE
Bill Version: CSSB 42 (SA)
Publish Date: 4/29/87

REQUEST

Revision Date: _____ Agency Affected: Administration
Title: An Act relating to the BRU: Retirement and Benefits
retirement incentive program.
Sponsor: Duncan Components: Retirement Incentive Program (RIP)
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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:

Prepared By: *R. F. Stalnak* Phone: (907) 465-4470
Division: Retirement and Benefits Date: April 23, 1987
Approved by Commissioner: Garrey Peska Date: 4/28/87
Agency: Department of Administration

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CS SB 42 54
Publish Date: 4-23-87

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:

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:

Prepared By: J. K. Humphreys *John A. Lopez* 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

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 128	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)

FY 88

Page 3 of 4
Revised Date

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Mitch Abood
Alaska State Senate

ATTN: Carol Horos

FROM: Paula d. Scavera 
Researcher

DATE: March 20, 1987

I have received information from the University concerning University employees that have retired under the Retirement Incentive Program and have compiled this information with the other departments.

Attached are the updates for the two charts with the information from the University included.

STATUS OF POSITIONS VACATED BY RIP

AGENCY	*DELETED	VACANT	FILLED AT HIGHER RANGE	FILLED AT HIGHER STEP	FILLED AT LOWER RANGE	FILLED AT LOWER STEP	CHANGED FROM FULLTIME TO PARTTIME	FILLED AT LOWER MONTHLY SALARY	FILLED AT EQUAL RANGE \STEP	TOTAL

Governor	2		**2				1			5
Revenue		4		1	1	4		1		11
M. Affairs	1				1					2
Correc.		2			4	7				13
CRA		1							1	2
LEG.AFF.	3	1								4
DEC		1				1			1	3
LAW	2	1								3
DOT	9	69	1	3	3	44			13	142
DNR	15	2				6			3	26
COMM.	4	3			1	1			2	11
LEG.Audit	1									1
Labor	2	7		1		4			1	15
ADMIN	5	5			7	10	2			29
EDUC	6	6	1		1	3				17
P.Safety	2	26			14					42
HESS	3	30		2	6	31			1	73
Fish&Game	11	7	2		3	8			2	33
UNIV.	11	18			17					46
TOTALS	77	183	6	7	58	119	3	1	24	468

*Deleted in FY 87 or FY 88 Budget

** 1 of these positions is now vacant

EXEMPT EMPLOYEES RETIRED UNDER RIP

Agency	Commissioner	Deputy Commissioner	Director	Other	TOTAL
Governor				5	5
Revenue				1	1
Education			1		1
DOT		1	3		4
Corrections			1		1
CRA	1				1
Public Safety	1		3		4
L . Affairs				4	4
Leg. Audit				1	1
Fish & Game			1	2	3
DNR			3		3
Commerce				4	4
DEC			1		1
Admin			3	1	4
HESS				1	1
UNIV.				25	25
TOTALS	2	1	16	44	63

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Mitch Abood
Alaska State Senate

ATTN: Carol Horos

FROM: Paula d. Scavera 
Researcher

DATE: March 13, 1987

RE: Retirement Incentive Program

Attached are my findings on the people who have retired under the Retirement Incentive Program. I have also included comments from various personnel officers on how RIP is working or not working in their departments and school districts.

I was not able to include the University retirees in my research, because my letter of February 19, 1987 (copy attached) was never answered, nor were any of my phone calls.

If you have any questions, please contact me.

Attachment:

RETIREMENT INCENTIVE PROGRAM (RIP)

The benefits and costs of the Early Retirement Incentive Program can be looked at from several angles as different departments had different philosophies on what the objectives were for this particular program. One school district has a formula that if a persons age and years of service equaled 70, then you qualify. Using this formula the school district immediately is able to show whether there is a savings on someone who fills that position. No other department or school district has a similar approach on who qualifies for RIP and who doesn't. I did not come across any other formulas.

The school districts and state departments also have different unions and personel rules. In general, school districts have more flexibility by filling positions at a lower pay scale. When a teacher with many years of service at the highest pay scale retires, the school district can hire a teacher right out of college at the lowest pay scale showing significant savings. State employee union and personel rules dictate that when a position is open in state government, the position is available to other state employees regardless of years of scrvicce. The position can be filled at a lower, equal, or even higher pay step, resulting in less cost savings, if any at all.

Chart 1 shows that there are 165 vacancies within the retiree positions. These positions are vacant for various reasons which include:

1. To help relieve the "budget crisis".
2. To help pay for a position somewhere else that was filled at a higher range or step.
3. The position may be deleted or,
4. Position not filled yet, recruitment in progress.

There are as many state personnel officers opposed to extending the program as there are in favor of extending the program. Some personnel officers indicate that if the program is extended the "old timers will stay till the very end, and we need them to leave now for the savings".

Chart 2 shows exempt positions that retired under the Retirement Incentive Program.

The "Other" column includes exempt positions with commissions and corporations that are contained within these departments.

Those departments not listed did not have any exempt employee that retired under RIP. I might add that one department's personnel officer had the understanding that exempt employees were not eligible for the RIP program.

Chart 3 is a list of the state employees that retired under RIP and the department's cost was more than \$ 50,000.

School district personnel officers made the most comments on whether or not RIP was working. They pointed out that there is bigger savings in their Teacher Retirement/RIP as opposed to their Public Employee/RIP.

I talked to nine school districts with the largest number of retired teachers. They all agreed that there are substantial savings as they could hire teachers at the lowest pay scale to fill the highest pay scale retirees because of the flexibility of the hiring regulations. Two of the personnel officers were adamant that RIP not be extended until next year or the year after. The school district finds it necessary to get rid of their highest paid teachers now, since they desperately need the savings. In fact one school district is paying a monetary bonus if a teacher will sign up for RIP before the end of this month (the bonus is based at \$50 per year of service and ^{2 1/2%} 2% of the teacher's salary).

Since the Anchorage School District has not performed any analysis or tracking of their RIP positions, Chart 4 does not include the Anchorage School District.

STATUS OF POSITIONS VACATED BY RIP

AGENCY	*DELETED	VACANT	FILLED AT HIGHER RANGE	FILLED AT HIGHER STEP	FILLED AT LOWER RANGE	FILLED AT LOWER STEP	CHANGED FROM FULLTIME TO PARTTIME	FILLED AT LOWER MONTHLY SALARY	FILLED AT EQUAL RANGE \STEP	TOTAL

Governor	2		**2				1			5
Revenue		4		1	1	4		1		11
M Affair	1				1					2
Correc.		2			4	7				13
CRA		1							1	2
LEG.AFF.	3	1								4
DEC		1				1			1	3
LAW	2	1								3
DOT	9	69	1	3	3	44			13	142
DNR	15	2				6			3	26
COMM.	4	3			1	1			2	11
LEG.Audit	1									1
Labor	2	7		1		4			1	15
ADMIN	5	5			7	10	2			29
EDUC	6	6	1		1	3				17
P.Safety	2	26			14					42
HESS	3	30		2	6	31			1	73
Fish&Game	11	7	2		3	8			2	33
TOTALS	66	165	6	7	41	119	3	1	24	432

*Deleted in FY 87 or FY 88 Budget
 ** 1 of these positions is now vacant

EXEMPT EMPLOYEES RETIRED UNDER RIP

Agency	Commissioner	Deputy Commissioner	Director	Other	TOTAL
Governor				5	5
Revenue				1	1
Education			1		1
DOT		1	3		4
Corrections			1		1
CRA	1				1
Public Safety	1		3		4
L . Affairs				4	4
Leg. Audit				1	1
Fish & Game			1	2	3
DNR			3		3
Commerce				4	4
DEC			1		1
Admin			3	1	4
HESS				1	1
TOTALS	2	1	16	19	38

EMPLOYEES RETIRED UNDER RIP
THROUGH FEBRUARY 1, 1987
WITH EMPLOYER COST HIGHER THAN \$50,000

AGENCY	NAME	EST COST
Department of Administration		
	Krefting, Carl T.	\$ 64,545
	Wheeler, Micheal H.	78,707
Department of Revenue		
	Kimlinger, Ralph W.	62,592
Department of Health and Social Services		
	Smith, Eugene A.	59,704
	McCombs, Jack G.	53,005
	Eldemar, Mary	64,625
	Jenkins, Peter	54,872
Department of Military Affairs		
	Hoyt, John V.	71,468
Department of Natural Resources		
	Gallamore, Paul	56,185
Department of Fish and Game		
	Pegau, Robert E.	56,995
	Eaton, Martin Frank	57,170
	Gwartney, Louis A.	52,600
	Moberly, Stanley A.	73,559
Department of Public Safety		
	Preston, Charles	55,001
	Johnston,	54,119
	Lucking, John	89,433
	Rieth, Lewis	65,793
	Koziczkowski, Stanley	57,513
	Henslee, Lawrence	63,988
	Miller, Charles E.	55,180
	Detemple, Joseph	66,297
	Short, Floyd	52,281
	Brown, Robert	55,264

Troutman, Mark	\$ 55,134
Kolivosky, Michael	50,987
Barnard, Samuel	90,337
Cole, George B.	57,597

Department of Transportation

Harrington, Basil R.	58,358
Jennings, Kenneth	55,769
Johnson, Donald	54,928
Dittman, William S.	79,947
Ross, Doyle W.	84,276
Whitehead, Jack G.	58,855
Wiebe, Ray	54,773
Paul, Eldred	51,567
Cameron, Harold A.	86,455
Vanness, Michael C.	51,907
Koebelin, Howard	60,349
Benham, Loran	51,369
Johnson, Melvin	65,367
Bellville, Maurice G.	71,265
Brown, Wilson E. Jr.	53,374
Sparks, Warren S.	80,653
Davis, Paul R.	52,819
Banks, Robert F.	92,080
Gill, Larry S.	78,378

UNIVERSITY PERS

Brooks, Glenn P.	52,807
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STATUS OF TEACHING POSITIONS VACATED BY RIP

SCHOOL DISTRICT	DELETED POSITIONS	FILLED AT HIGHER PAY SCALE	FILLED AT LOWER PAY SCALE	FILLED AT EQUAL PAY SCALE	TOTAL

Fairbanks	1		15		16
Kodiak		1	3		4
Nenana	1		2	1	4
Mat-Su	6		1	2	9
S ka			1		1
Kenai	7		7		14
Cooper River	2		4	1	7
Juneau			3		3
TOTALS	17	1	36	4	58

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

February 20, 1987

Wendy Redman, Acting Director
Human Resource Development
University of Alaska
1 Bunnell Building
Fairbanks, AK 99775

Dear Ms. Redman;

The Senate Advisory Council has been requested to research the Early Retirement Incentive Program. Specifically what happened to the position that the retiree held? Was the position filled by an individual at a lower or equal pay scale? Or was the position filled by someone at a higher pay scale and savings taken from a position elsewhere in the department?

Enclosed you will find a list of the people in your department who retired under the Early Retirement Incentive Program. Your timely response in answering the above questions concerning the positions and people listed would be greatly appreciated.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Paula D. Scavera".

Paula D. Scavera
Researcher

PDS:jts

Enclosure

DIVISION OF RETIREMENT AND BENEFITS
 UNIVERSITY OF ALASKA PERS AND TRS
 EMPLOYEES RETIRED UNDER RIF
 THROUGH FEBRUARY 1, 1987

UNIVERSITY PERS

SHUE, JANE	86-11	RP 13-00-01	4124
DOWDING, FIELDER G	86-11	RP 13-00-01	4241
CROWE, RONALD G.	86-11	RP 13-00-01	20774
TAYLOR, YOUNG S	86-11	RP 13-00-01	10881
LANGFELDT-HAALAND, S	86-11	RP 13-00-01	19470
WATSON, JEANNE A	86-11	RP 13-00-01	11633
LAMBERT, MARGARET M	86-11	RP 13-00-01	13037
HENDRICKSON, JAMES A	86-11	RP 13-00-01	29293
NETTLE, ROBERT W	86-11	RP 13-00-01	18507
MANSELL, CLARKE S	86-11	RP 13-00-01	23977
OUTCALT, DAVID L	86-11	RP 13-00-01	11420
SMALL, GEORGE E	86-11	RP 13-00-01	13903
ALLISON, CAROL W	86-11	RP 13-00-01	20914
ANDERSON, JOY M	86-11	RP 13-00-01	22825
CHALDER, CHRISTINE A	86-11	RP 13-00-01	4190
HONG, YANG M	86-11	RP 13-00-01	4591
GRANT, JULIUS	86-12	RP 13-00-01	23735
PFISTERER, FRITZ	86-12	RP 13-00-01	7735
MENDENHALL, KEITH J	86-12	RP 13-00-01	16455
SHILLING, ANNA F	86-12	RP 13-00-01	45767
NELSON, JOAN	86-12	RP 13-00-01	17662
BLAHUTA, LUDVIK A	86-12	RP 13-00-01	25278
KIRKMAN, BURREL G	86-12	RP 13-00-01	28255
LANDERS, JAMES E	87-01	RP 13-00-01	19016
DAVIS, CHARLES	87-01	RP 13-00-01	13049
ATKINS, WILBUR E	87-01	RP 13-00-01	21584
RIEWE, DOLLY V	87-01	RP 13-00-01	20689
LYTLE, RICHARD F	87-01	RP 13-00-01	24526
BROOKS, GLENN F	87-01	P 13-00-01	52807
OWENS, LUKE	87-02	P 13-00-01	10212
SPOONER, MARLENE W	87-02	P 13-00-01	27882
TOTALS 31 RETIREES			588,392

UNIVERSITY TRS

DE STEFANO, PETER	86-11	RT 33-00-01	17182
MCLAUGHLIN, LAUREL	87-01	T 33-00-01	37256
MOORE, ANNABELLE F	87-01	RT 33-00-01	21728
FULLER, WILLIAM B	87-01	RT 33-00-01	19024
FENNERAKER, WILLIAM	87-01	T 33-00-01	21551
LOGAN, FORDYCE B JR	87-01	RT 33-00-01	17221
SMITH, JAMES A	87-01	RT 33-00-01	29466
SMITH, SHIRLEY A	87-01	RT 33-00-01	22749

STETSON, MARGUERITE 87-02 T 33-00-01 26923

TOTALS 15 RETIREES 355,550

BY DAVE STOUT 2/13/87

DOA Budget
Subcommittee
Marsha Hubbard

February 11, 1987

RETIREMENT INCENTIVE PROGRAM

It is unfortunate that this program wasn't on the books in fiscal year 1986 for us to evaluate now. The budget authorized by the Legislature during the 1985 session was the budget the departments lived with throughout that year.

If the program had been in operation that year, I believe it would have shown substantial dollar savings and those savings would have been easy to identify. As an employee retired under the program, the savings from deleting that position (for example) could have been paid directly to the retirement system.

In fact, though, the program was effective at the beginning of fiscal year 1987. When the program was implemented, departments calculated projected three-year savings totalling \$18.9 million.

At almost the same time those savings were calculated, the budget was restricted by 15% due to the drop in oil revenue. The result of that action was that the savings being generated by deleted positions or positions being paid at lower steps have disappeared into the much larger 15% restriction.

The budgets have been cut dramatically and that was accomplished in part because people have elected early retirement.

The operating departments face a problem, though. Since the budgets have been restricted, they can't get at the portion of any savings generated by early retirements to pay in to the retirement funds. The payments for three years of retirees' and the state's contributions must come out of the budgets in addition to the 15% restrictions.

One of the purposes of this program stated in the law is to "reduce the hardship of layoffs." So far this year, 430 employees have elected to retire under the Retirement Incentive Program. If those people had not elected to retire, they or someone else would most certainly have been laid off to meet the budget restrictions.

A liberal interpretation of the law led the previous administration to allow formation of units consisting of people whose retirement generated net costs as well as those where net savings are experienced. As long as the net balance for the total unit generated a savings figure, everyone in the unit was certified eligible for early retirement.

February 11, 1987

If this program was to be implemented again, it should be required that real dollar savings be shown for each individual retiree or they should not be eligible.

Many of those eligible have scheduled retirement dates later this fiscal year and early next fiscal year and the Department of Law advises that those certified as eligible have a contractual right to retire under the program up to the statutorily set expiration date (October 1, 1987 for Executive Branch employees).

Chapter 26

AN ACT

Creating a retirement incentive program for members of the Public Employees' Retirement System and the Teachers' Retirement System; and providing for an effective date.

* Section 1. PURPOSE. Since it is necessary for state agencies and may be necessary for other employers who participate in the state retirement systems to reduce their personal services costs because of declining state revenue, a program encouraging employees to retire voluntarily may reduce the hardship of layoffs. This program is intended to realize sufficient economies to offset the cost of administration and benefits to state agencies and other employers resulting from the award of retirement credits and to result in a net reduction in personal services costs to the state or other employer during a period of declining revenue.

* Sec. 2. STATE EMPLOYEES. (a) Before a state agency lays off employees, the executive head of the agency shall consider the potential savings in personal services costs from the agency's participation in the retirement incentive program. The agency head may designate organizational units composed of members of the Public Employees' Retirement System or the Teachers' Retirement System who are eligible to participate in the retirement incentive program. The administrator shall approve a designated organizational unit if the Office of Management and Budget certifies that participation in the program by the unit will result in a savings to the agency in personal services costs and that the designation only includes

Chapter 26

representatives from job classifications whose inclusion contributes to the overall cost savings.

(b) A vested member who is a state employee in the Public Employees' Retirement System and who is in a designated organizational unit on the date the agency head designates the unit and who has been continuously employed by the state since January 1, 1986, is eligible to participate in the retirement incentive program. A vested member who is a state employee in the Teachers' Retirement System and who is in a designated organizational unit on the date the agency head designates the unit and who has been continuously employed by the state since January 1, 1986, is eligible to participate in the retirement incentive program.

(c) Notwithstanding (b) of this section and sec. 5(e) of this Act, a member who was laid off from state employment after December 31, 1985, and who meets the other requirements of this Act is eligible to participate in the program even if the member has not been continuously employed by the state since January 1, 1986.

* Sec. 3. OTHER EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. The governing body of a municipality, other political subdivision of the state, or public organization that has elected to participate in the Public Employees' Retirement System under AS 39.35.550 - 39.35.650 may adopt a resolution designating organizational units in the municipality, political subdivision, or organization and establishing requirements for employees who are eligible to participate in the retirement incentive program. The administrator shall approve the designation after receiving a certified copy of the resolution if the employer meets the requirements of this Act. A vested member of the Public Employees' Retirement System who meets the requirements established by the resolution is eligible to participate in the retirement incentive program.

* Sec. 4. OTHER EMPLOYEES IN THE TEACHERS' RETIREMENT SYSTEM. A school

Chapter 26

1 12 and three-quarters percent for other members, of the member's actual
 2 annual compensation, or the calculated annual compensation for a member who
 3 works fewer than 12 months, for the calendar year in which the member
 4 terminates employment to participate in the program. For a member in the
 5 Teachers' Retirement System, the amount of indebtedness is 21 percent of
 6 the member's actual compensation for the school year, or the calculated
 7 school year compensation for a member who works less than the entire school
 8 year, for the school year in which the member terminates employment to
 9 participate in the program. An outstanding indebtedness at the time a partici-
 10 pant is appointed to retirement shall necessitate an actuarial adjust-
 11 ment to the benefits payable.

12 (e) A member who wishes to participate shall apply on a form provided
 13 by the administrator. A member may not apply for participation in the
 14 retirement incentive program unless the member is employed in a position in
 15 a designated organizational unit. A state employee other than an employee
 16 of the University of Alaska, or a member of the Teachers' Retirement System
 17 other than an employee of the University of Alaska, may apply for partici-
 18 pation in the program until June 30, 1987. An employee of the University
 19 of Alaska may apply for participation in the program between October 1,
 20 1986, and September 30, 1987. Other members of the Public Employees'
 21 Retirement System may apply for participation in the program between
 22 January 1, 1987, and December 31, 1987.

23 (f) Notwithstanding other provision of law, a vested member who is a
 24 state employee may receive credit for municipal employment before the
 25 municipality became an employer under the system for purposes of determin-
 26 ing eligibility for retirement under AS 14.25.110 or AS 39.35.370. The
 27 member may not receive credit under this subsection for those years for
 28 purposes of determining benefits. In order for an employee to receive
 29 credit under this subsection, the state agency must show that the

Chapter 26

1 employee's participation in the program will contribute to the overall cost
 2 savings of the agency.

3 (g) To recover a delinquency owed by an employer other than the state
 4 under an agreement entered under (e)(2) of this section, the Department of
 5 Administration may

6 (1) bring an action against the employer; or

7 (2) direct that the amount of the delinquency or a lesser amount
 8 be withheld from any money payable to the employer by a state department or
 9 agency and that the amount withheld be credited to the delinquency.

10 * Sec. 6. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an
 11 organizational unit for participation in the retirement incentive program,
 12 the executive head of a state agency shall provide the Office of Management
 13 and Budget with information that describes with particularity the expected
 14 effect of participation in the program on the agency's personal services
 15 cost and operation by employees in the unit.

16 (b) A state agency that is participating in the retirement incentive
 17 program shall report as required by the Office of Management and Budget on
 18 the cost of each member's participation and the effect on the agency's
 19 personal services cost and operation.

20 (c) The Office of Management and Budget shall report to the legisla-
 21 ture in January 1987 and 1988 on the effect of the retirement incentive
 22 program on state operation and personal services costs.

23 * Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
 24 tirement incentive program is reemployed as a member of the Public Em-
 25 ployees' Retirement System under AS 39.35 or the Teachers' Retirement
 26 System under AS 14.25 after appointment to retirement under the program,
 27 the participant loses the incentive credit received under sec. 5 (c) of
 28 this Act and is indebted to the system. The amount of the indebtedness is
 29 equal to 110 percent of the amount the participant received as a result of

Chapter 26

1 participation in the program for which the participant was not otherwise
 2 entitled, including the cost of health insurance. The participant is
 3 entitled to a credit to be applied against the reemployment indebtedness in
 4 the amount the participant has paid under sec. 5 (d) of this Act. Interest
 5 accrues on the indebtedness at the rate established by regulation from the
 6 date of reemployment until the member is appointed to retirement and ac-
 7 cepts an actuarial adjustment to the member's future benefits or until the
 8 amount is paid in full.

9 * Sec. 8. DEFINITIONS. The definitions set out in AS 14.25.220 apply
 10 to this Act for members of the Teachers' Retirement System. The defi-
 11 nitions set out in AS 39.35.680 apply to this Act for members of the Public
 12 Employees' Retirement System.

13 * Sec. 9. A member who is eligible under secs. 2 - 5 of this Act and
 14 who has submitted a timely application for participation in the retirement
 15 incentive program may be considered for participation in the program not-
 16 withstanding sec. 11 of this Act.

17 * Sec. 10. An employee does not have a vested or contractual right to
 18 any benefit under this Act until an agreement is executed with the adminis-
 19 trator that permits the benefits to be offered to an organizational unit of
 20 which the employee is a member. The legislature reserves the right to
 21 change any aspect of the incentive program as it relates to members of
 22 organizational units for which participation agreements are executed by the
 23 administrator after the effective date of the changes.

24 * Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1988.

25 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
 26 10.070(c).

Eff. 5/16/86

Chapter 27

AN ACT

Relating to arrest by a peace officer without a warrant
 and service of process in cases of domestic violence.

* Section 1. AS 12.25.030(b) is amended to read:

(b) In addition to the authority granted under (a) of this
 section, a peace officer without a warrant may arrest a person when
 the peace officer has reasonable cause for believing that the person
 has committed a crime under AS 11.41, AS 11.46.330, or AS 11.61.120,
or has violated an ordinance with elements substantially similar to
the elements of a crime under AS 11.41, AS 11.46.330, or AS 11.61.120,
 when the victim is a spouse or former spouse of the person who commit-
 ted the crime; a parent, grandparent, child, or grandchild of the
 person who committed the crime; a member of the social unit comprised
 of those living together in the same dwelling as the person who com-
 mitted the crime; or another person who is not a spouse or former
 spouse of the person who committed the crime but who previously lived
 in a spousal relationship with the person who committed the crime.

12.25.030(b)

* Sec. 2. AS 22.20.110 is amended to read:

Sec. 22.20.110. DUTY OF THE COMMISSIONER IN THE COURT OF AP-
 PEALS, THE SUPERIOR COURT AND DISTRICT COURTS. When required by the
 supreme court, and except as otherwise provided in AS 25.35.040, the
 commissioner shall serve and execute all process issued by the court
 of appeals, the superior court, and the district courts, {,} attend to

22.20.110

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 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 & PCM 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: *R. F. Stalnaker*
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):

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

Rev. 9/16/86

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