

SB

42

SIDE BY SIDE COMPARISON
SENATE BILL 42

SENATE BILL 42

Title change:
An Act relating to the early retirement program;
and providing for an effective date

Page 1, line 15
October 1, 1988

Page 1, line 16-18
...of the state other than the University of Alaska,
or a member of the Teachers' Retirement System other
than an employee of the University of Alaska;

Page 1, line 19
January 1, 1989

Page 1, line 21
April 1, 1989

Page 2, line 28-Page 3, line 1
...or a member of the Teachers' Retirement System other
than an employee of the University of Alaska.

Page 3, line 1-2
June 30, 1988

COMMITTEE SUBSTITUTE SB 42

Title change:
An Act relating to the retirement incentive
program; use of the working reserve account;
and providing for an effective date.

Page 1, line 16
October 1, 1987

Page 1, line 17-19
the state other than the University of Alaska
[, OR A MEMBER OF THE TEACHERS' RETIREMENT
SYSTEM OTHER THAN AN EMPLOYEE OF THE UNIVERSITY
OF ALASKA;]

Page 1, line 20
January 1, 1988

Page 1, line 21
...or a member of the Teachers' Retirement System
not employed by the state;

Page 1, line 23
April 1, 1988

Page 3, line 1-3
...[, OR A MEMBER OF THE TEACHERS' RETIREMENT
SYSTEM OTHER THAN AN EMPLOYEE OF THE UNIVERSITY
OF ALASKA]

Page 3, line 4-6
June 30, 1987. A member of the Teachers Retirement
System other than an employee of the

SENATE BILL 42

COMMITTEE SUBSTITUTE SB 42

University of Alaska or of the state may apply for participation in the program until September 30, 1987

Page 3, line 3-4
...October 1, 1986, and September 30, 1988

Page 3, line 8
...October 1, 1986 and September 30, 1987

Page 3, line 6
...January 1, 1987, and December 31, 1988

Page 3, line 10
...January 1, 1987 and December 31, 1987

Page 3, lines 7-11
Sec. 4. Section 6(c), ch. 26, SLA 1986, is amended to read:
(c) The Office of Management and Budget shall report to the legislature in January 1987, [AND] 1988, and 1989 on the effect of the retirement incentive program on state operation and personal services costs.

Page 4, lines 11-13
Sec. 7. Section 11, ch. 26, SLA 1986, is amended to read:
Sec. 11. Sections 1-6 of this Act are repealed July 1, 1989 [1988]

Page 4, lines 10-23
Sec. 6. AS 37.05.152 (a) is amended to read:
(a) There is established in the general fund a working reserve account. The working reserve account consists of amounts appropriated to state agencies for...

(5) payment of amounts owed to the Public Employee Retirement System (AS 39.35) and the Teachers' Retirement System (AS 14.25) under the retirement incentive program (ch. 126, SLA 1986, as amended).

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

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

28 * Sec. 5. Section 7, ch. 26, SLA 1986, is amended by adding a new
29 subsection to read:

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

10 * Sec. 6. AS 37.05.152(a) is amended to read:

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

- 14 (1) cash payment of accrued leave;
15 (2) cash payment of terminal leave;
16 (3) payment of the employer's contribution for unemployment
17 benefits of former employees; [AND]
18 (4) payment of claims for workers' compensation and general
19 liability;

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

24 * Sec. 7. Section 7, ch. 26, SLA 1986, as amended by secs. 4 and 5 of
25 this Act, applies retroactively to May 16, 1986. With respect to a member
26 of the Teachers' Retirement System who retired under the incentive program
27 established by ch. 26, SLA 1986, and accepted employment from an employer
28 covered by the Public Employees' Retirement System before the effective
29 date of this Act, the division of retirement and benefits shall

1 (1) restore any incentive credit lost under sec. 7, ch. 26, SLA
2 1986, before it was amended by this Act;

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

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

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

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

11 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

Senate State Affairs
March 16, 1987
1:30 pm.

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO.

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 use of the working reserve
7 account for 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. AS 37.05.152(a) is amended to read:

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

14 (1) cash payment of accrued leave;

15 (2) cash payment of terminal leave;

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

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

20 (5) payment of amounts owed to the public employees' re-
21 tirement system and the teachers' retirement system under the retire-
22 ment incentive program.

23 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
24
25
26

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 *PS*
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.

RECEIVED
MAR 23 1987

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
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
Leg. 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

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

Senate State Affairs
January 28, 1987

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 23, 1987

SUBJECT: Sectional analysis of SB 42
(Early retirement program)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of SB 42, relating to the early retirement program.

Title. Due to an oversight, the title refers to the "early retirement program" instead of the "retirement incentive program."

Section 1 extends the application period for the retirement incentive program by one year for each category.

Section 2 permits members of the Teachers' Retirement System to use credited service for territorial service employment, Alaska BIA service, and outside service to satisfy the qualifications for the retirement incentive program. Members of the Public Employees' Retirement System are not permitted to use other kinds of service.

Section 3 extends the period within which application forms may be received to conform to the changes in Sec. 1.

Section 4 requires the Office of Management and Budget to report on the program in 1989 as well as in the prior two years.

Sections 5 and 6 permit a member of the Teachers' Retirement System who retires under the incentive program to work for an employer covered by the Public Employees' Retirement System without having to pay the penalty or the value of the incentives received from TRS and without having to give up the TRS monthly benefits. The bill continues to penalize

all PERS retirees who are reemployed by either a PERS or a TRS employer as well as TRS retirees who accept reemployment with a TRS employer.

These differences in treatment raise constitutional questions based on the state's equal protection clause, which requires that a classification that creates different treatment for persons be reasonable, not arbitrary, and be based on a difference that bears a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced are treated alike. Isakson v. Rickey, 550 P.2d 568 (Alaska 1976).

For this provision to withstand a constitutional challenge, there would need to be information that justified treating TRS retirees differently from PERS retirees and also that justified treating TRS retirees finding reemployment with a PERS employer differently from those reemployed by a TRS employer. The justification would need to show that the different treatment was related to the purpose of the legislation.

Section 7 extends the program one year.

Section 8 makes section 5 retroactive. It would be appropriate to make section 6 retroactive as well.

Section 9 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC: csh
c7/024

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)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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: 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: 1/22/87
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.

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

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

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

Alaska State Legislature

Senate Advisory Council



PO. 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 service. 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 $2\frac{1}{2}\%$ of the teacher's salary).
(two + 1/2 percent)

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		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
Leg. 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	65,357
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
------------------	--------

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
Sitka			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, appearing to read "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	RF 13-00-01	4124
DOWDING, FIELDER G	86-11	RF 13-00-01	4241
CROWE, RONALD G.	86-11	RF 13-00-01	20774
TAYLOR, YOUNG S	86-11	RF 13-00-01	10881
LANGFELDT-HAALAND, S	86-11	RF 13-00-01	19470
WATSON, JEANNE A	86-11	RF 13-00-01	11633
LAMBERT, MARGARET M	86-11	RF 13-00-01	13037
HENDRICKSON, JAMES A	86-11	RF 13-00-01	29293
NETTLE, ROBERT W	86-11	RF 13-00-01	18507
MANSELL, CLARKE S	86-11	RF 13-00-01	23977
OUTCALT, DAVID L	86-11	RF 13-00-01	11420
SMALL, GEORGE E	86-11	RF 13-00-01	13903
ALLISON, CAROL W	86-11	RF 13-00-01	20914
ANDERSON, JOY M	86-11	RF 13-00-01	22825
CHALDER, CHRISTINE A	86-11	RF 13-00-01	4190
HONG, YANG M	86-11	RF 13-00-01	4591
GRANT, JULIUS	86-12	RF 13-00-01	23735
PFISTERER, FRITZ	86-12	RF 13-00-01	7735
MENDENHALL, KEITH J	86-12	RF 13-00-01	16455
SHILLING, ANNA F	86-12	RF 13-00-01	45767
NELSON, JOAN	86-12	RF 13-00-01	17662
BLAHUTA, LUDVIK A	86-12	RF 13-00-01	25278
KIRKMAN, BURREL G	86-12	RF 13-00-01	28255
LANDERS, JAMES E	87-01	RF 13-00-01	19016
DAVIS, CHARLES	87-01	RF 13-00-01	13049
ATKINS, WILBUR E	87-01	RF 13-00-01	21584
RIEWE, DOLLY V	87-01	RF 13-00-01	20689
LYTLE, RICHARD F	87-01	RF 13-00-01	24526
BROOKS, GLENN F	87-01	F 13-00-01	52007
OWENS, LUKE	87-02	F 13-00-01	10212
SPOONER, MARLENE W	87-02	F 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, FURDYCE B JR	87-01	RT 33-00-01	17921
SMITH, JAMES A	87-01	RT 33-00-01	29466
PHELPS, SHIRLEY A	87-01	RT 33-00-01	29368

STETSON, MARGUERITE	87-02	T 33-00-01	26923
TOTALS 15 RETIREES		.	355,550

BY DAVE STOUT 2/13/87

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. Box Z
Juneau, AK 99811

PHONE 465-4045

February 24, 1987

Paula D. Scavera, Researcher
Senate Advisory Council
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

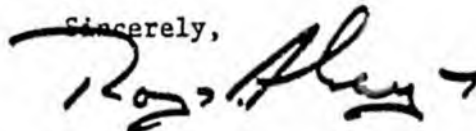
Dear Ms. Scavera:

Since the beginning of the Retirement Incentive Program (RIP) this department has kept a running total of the approximate salary savings, less benefits, of all positions vacated by RIP.

I have attached a copy of the January 1987 RIP report for your information. The report shows whether a RIP position was filled, left vacant, reclassified or deleted and the approximate savings of those actions.

If you have any questions or need additional explanation of the RIP form please call me at 465-4045.

Sincerely,



Roger A. Thayer
Personnel Officer

Refilled - 64
 Left Vacant - 69
 Deleted - 9



Approximate savings to date - \$1,371,372
 Approximate RIP cost to Department - \$4,003,828

RIP POSITIONS

January - 1987
 Month

Total - 142

Region and Division		Name	Range Step	Title	ACTIONS						
					Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
NR	M&O	Springer, H. *	26F	Division Director	5-30			-0-			X
NR	M&O	Morrow, J. *	26F	Division Director	6-30			-0-			X
NR	M&O	Kopp, W. *	21E	Trans Maint Lead II	6-30	7-01	51B	\$2,044			
NR	M&O	Searles, H. *	20D	Bldg Maint Spec III	6-30			\$32,823	X		
NR	M&O	Bariett, F. *	22D	Build Maint Mngr	6-30			-0-			X
NR	FIA	Harrington, B. *	13K	Airport Saft Off II	6-30	9-16	12A	\$15,778			
CR	AIA	Oldford, W. *	23F	Assistant Director	6-27	10-06	23E	\$11,347			
CR	AIA	Lightsey, L. *	18F	Airport Saft Off V	6-27	6-25	18F	-0-			
CR	DEPCOM	Boe, V. *	10J	Acct. Clerk III	6-30			-0-			X
CR	DEPCOM	Hampton, J.	20E	Pub. Fac. Planner	6-30			-0-			X
CR	D&C	Ellis, D. *	18L	Engr. Asst. III	6-30			\$28,518	X		
MHS	OPER	Saba, J. *	23E	Pass. Serv. Mngr.	6-25	6-16	23B	\$3,353			
HQ	COMM	Leshner, R. *	21F	Int. Auditor IV	6-30			\$31,780	X		
SER	DEPCOM	Shaw, V. *	14F	Acct. Tech. II	6-30			-0-			X
SER	D&C	Long, N. *	20F	Assoc. Const. Mngr.	6-30			\$29,568	X		
SER	D&C	Kack, S. *	18K	R.O.W. Agent III	6-30	11-20	16B	\$19,266		X	
SER	M&O	Whitten, R. *	20K	Trans Maint Supt	6-30			-0-			X

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
////////////////		////////////////	////	////////////////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
NR	D&C	Dittman, W. •	16L	Engr. Asst. II	7-15			\$26,481	X		
NR	M&O	Johnson, R. •	20K	Trans Maint Supt II	7-31	7-01	20D	(\$41)			
NR	M&O	Kemmer, D. •	53E	Head Mech Wg III	7-31	9-16	53B	\$5,298			
NR	D&C	Leslie, K. •	19K	Civil Engineer I	7-31	9-08	19J	\$5,695			
NR	D&C	Oligney, R. •	24F	Civil Engineer IV	7-31			\$38,550	X		
NR	M&O	Strohmaier, D. •	20K	Civil Engineer II	7-31	9-24	20J	\$6,139			
NR	M&O	Vesper, W. •	53E	Mech Leadman Wg III	7-31	9-16	53R	\$5,300			
HQ	COMM	Whitehead, J. •	21L	Internal Auditor IV	7-31			\$34,464	X		
SR	D&C	Beck, R. •	23K	Reg. Design Chief	7-15			\$36,147	X		
CR	M&O	Blatchford, P. •	53E	Equip Oper Wg III	7-31			\$19,413	X		
CR	AIA	Brink, J. •	54C	Maint Worker II	7-31	10-20	54A	\$10,587			
CR	AIA	Burrell, A. •	56E	Labor Foreman Wg VI	7-31			\$16,266	X		
CR	AIA	Helbig, R. •	54E	Maint Worker II	7-31	10-20	54A	\$10,887			
CR	M&O	Johnson, D. •	53E	Equip Oper Wg III	7-31			\$19,416	X		
HQ	E&O	Ross, D. •	24L	Civil Engineer IV	7-31	10-01	24J	\$14,096			
CR	M&O	Schmitt, W. •	53D	Equip Oper Wg III	7-31			\$19,314	X		
CR	AIA	Schooler, L. •	52C	Maint Mech Wg II	7-31	9-01	52E	(\$245)			

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
//////		//////	//////	//////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
CR	D&C	Clark, G.	18L	Engr. Asst. III	7-31			\$24,444	X		
CR	D&C	McCoy, E. •	54B	H.E.T. Wg IV	7 31	01-23-87	54B	-0-			
CR	AIA	(was on layoff) Twitchell, E. •	54C	Maint Worker II	7-31	11-03	54B	\$9,006			
AMHS	Ops	Clark, C. •	14J	Ferry Serv Mngr II	7-15			\$16,367	X		
CR	D&C	Mills, R. •	16K	Engr. Asst. II	7-31			\$20,706	X		
CR	Plng	Gamble, S. •	08K	Clerk Typist III	7-31	8-11	08B	\$1,992			
SE	M&O	Jennings, K. •	50E	Trans Main Lead III	7-31	10-01	50C	\$7,842			
CR	M&O	Kooreny, E. •	19K	Bldg Mgmt Spec II	7-31			\$25,506	X		
CR	Admin	Rosevink, L. •	09K	Accounting Clerk II	7-31			-0-			X
SE	D&C	Deland, F. •	19K	Civil Engineer I	7-31	8-01	19D	\$3,156			
NR	M&O	Sipary, A. •	53D	Mech Leadman WgIII	7-31			\$19,314	X		
CR	DEPCOM	Rice, D. •	12L	Personnel Assistant	8-31	9-02	12A	\$3,165			
CR	M&O	Adkins, E. •	08F	Clerk Typist III	8-22	10-16	08C	\$3,406			
CR	DEPCOM	Smith, M. •	14J	Accounting Tech. II	8-31			\$14,475	X		
CR	D&C	Abbury, W. •	22E	Civil Engr. III	8-31	5-12	22D	(\$13,024)			
NR	M&O	Osborne, H. •	53D	Equip Opr WG III	8-29	9-01	53B	-0-			
NR	FIA	(was on layoff) Albright, E. •	18D	ASU V	8-29	9-01	18F	(\$1,350)			

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
//////////		//////////	//////	//////////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
CR	M&O	VanNess, M. *	18F	Regional Safety & Airport Sec. Off.	8-29			-0-			X
NR	M&O	Bowdre, T. *	52E	Trans Maint Lead I	8-29	8-29	52E	-0-			
NR	D&C	Cameron, H. *	23K	R.O.W. Agent VI	8-29			\$32,125	X		
NR	M&O	Bentz, B. *	52B	Trans Maint Lead I	8-29	10-13	52B	\$3,336			
NR	M&O	Walker, E. *	59E	Janitor WG IX	8-30			\$11,460	X		
MIS	ADMIN	O'Connor, J. *	16J	Accounting Supv. II	8-15			\$18,497	X		
CR	M&O	Baker, B. *	53E	Equip Opr WG III	8-07			\$16,179	X		
CR	AIA	Martin, P. *	52E	Electrician WG II	8-31	10-09	52A	\$9,015			
SER	DEPCOM	Houston, S. *	18M	Supply Officer III	8-31	11-03	18D	\$10,821			
IIQ	Info Syst	Liddell, E. *	19D	Anal/Programmer IV	8-31			\$18,490	X		
NR	DEPCOM	LaRue, R. *	19K	Admin Officer II	8-29			\$27,845	X		
NR	DEPCOM	Drenski, G. *	16K	Supply Officer II	8-29			\$20,370	X		
CR	DEPCOM	Rodgers, P. *	20J	Accounting Supv IV	8-31			\$21,910	X		
IIQ	Info Syst	Staso, M. *	26D	Division Director	8-31	02-12-87	24A	\$28,865			
NR	D&C	Beard, B. *	16J	R.O.W. Agent II	8-22	10-08	16A	\$6,608			
NR	M&O	Wiebe, R. *	51E	Trans Maint Lead I	8-28	9-01	51E	-0-			
NR	M&O	Paul, E. *	53E	Equip Opr WG III	8-29			\$16,180	X		

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
//////////		//////////	//////	//////////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
CR	M&O	Pollard, C. •	52E	Trans Maint Lead I	8-31			\$17,175	X		
HQ	Engr & Ops	Halsted, D. •	24L	Civil Engineer IV	8-29	12-01	24J	\$19,432			
MHS	ADMIN	Lafavour, K. •	16L	Personnel Officer I	8-29	8-01	16F	\$3,290			
HQ	Plann	Karella, C. •	22L	Design Manager II	8-31			\$26,790	X		
SER	M&O	Taylor, E. •	08K	Clerk III	8-29			\$10,050	X		
CR	M&O	Young, C. •	53B	HD Mech WG III	8-15			\$17,249	X		
CR	M&O	Twait, R. •	53E	Equip. Opr. WG III	9-30			\$12,944	X		
CR	D&C	Ackerman, R. •	12C	R.O.W. Assistant	9-30			\$8,820	X		
CR	M&O	Johnson, M. •	50E	Tran Maint Lead III	9-30	11-01	50E	-0-			
CR	M&O	Hawkins, H. •	53E	Equip. Opr. WG III	9-30			\$12,944	X		
CR	M&O	Thornburg, H. •	51E	Bldg Maint For WG I	9-30			\$14,512	X		
CR	M&O	Carlson, P. •	55B	Engr Tech WG V	9-30			\$11,108	X		
CR	M&O	Hostetter, R. •	52E	Trans Maint Lead I	9-30			\$13,740	X		
CR	M&O	Long, C. •	53E	Equip. Opr. WG III	9-30			\$12,944	X		
CR	AIA	Harrison, A. •	54D	Maint. Worker II	9-19	12-01	54B	\$6,216			
SER	M&O	Robson, K. •	53E	Equip. Opr. WG III	9-30			\$12,944	X		
CR	AIA	McCurley, F. •	14F	Air. Safety Off III	9-30	10-31	14E	\$3,420			

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
////////////////////		////////////////////	////////	////////////////////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
MIIS	Admin	Farrar, V. •	16F	Supply Officer II	9-15	10-29	16C	\$5,064			
MIIS	Res.	Delfierro, L. •	08F	Clerk III	9-26	10-13	08F	\$839			
NR	M&O	Benham, L. •	52E	Trans Maint Lead I	9-30	10-01	52B	\$396			
NR	M&O	Dumas, R. •	53E	Equip. Opr. WG III	9-30	10-01	53B	\$396			
NR	M&O	Bonnau, I. •	53E	Maint. Worker II	9-30			\$12,172	X		
NR	M&O	Folger, J. •	53E	Trans Maint Lead I	9-30			\$13,740	X		
NR	M&O	Scott, D. •	52C	Trans Maint Lead I	9-30	11-01	52B	\$3,536			
NR	M&O	Jackson, H. •	56B	Storekeeper WG VI	9-30	11-16	56B	\$3,918			
NR	D&C	Bellville, M. •	20J	Asst Const Engr IV	9-30	11-01	20J	\$4,996			
NR	D&C	Weiler, T. •	16M	Engr. Assistant II	9-30			\$16,896	X		
NR	D&C	Souders, D.	18E	Engr. Assistant III	9-30			\$16,896	X		
NR	FIA	Winters, J. •	53C	Equip. Opr. WG III	9-30	6-16	53A	(\$4,267)			
NR	Admin	Ticer, A. •	54B	Mechanic WG IV	9-30	10-01	54B	-0-			
NR	FIA	Ray, T.	58B	Cust. Worker VIII	9-30	10-01	58D	(\$332)			
NR	M&O	Talvi, R. •	51E	Trans Maint Lead II	9-30			\$14,512	X		
NR	Admin	Moore, H. •	53B	Equip. Opr. WG III	9-30	10-01	53B	-0-			
NR	D&C	Koebelin, H. •	53E	Equip. Opr. WG III	9-30	10-01	53B	\$396			

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
////////////////////		////////////////////	////	////////////////////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
NR	M&O	Symons, R. *	52E	Trans Maint Lead I	9-30	10-01	52B	\$396			
NR	M&O	Carr, R. *	50E	Tran Maint Lead III	9-30			\$15,284	X		
NR	M&O	Johnson, D. *	53E	Trades Leadman	9-30	10-27	53A	\$4,544			
NR	M&O	Penrose, E. *	59E	Janitor WG IX	9-30			\$10,568	X		
CR	AIA	Cavanaugh, C. *	08K	Clerk III	9-30	01-05-87	08A	\$4,778			
CR	M&O	Francis, W. *	53D	Equip. Opr. WG III	9-30			\$12,876	X		
CR	D&C	Miller, J. *	17K	Grants Admin.	9-30			\$14,792	X		
CR	M&O	Smith, D. *	53B	Equip. Opr. WG III	9-30			\$12,548	X		
CR	M&O	Whitmill, E. *	53D	Equip. Opr. WG III	9-30			\$12,876	X		
NR	Admin	Sullivan, R.	53E	HD Mech. WG III	9-30	10-13	53A	\$3,784			
NR	D&C	Lundquist, R. *	55B	H.E.T. WG V	9-30			\$11,108	X		
CR	Admin	Isgrigg, S. *	14E	Personnel Asst. II	9-30			\$10,860	X		
CR	M&O	Leese, R. *	18J	Regional Safety & Airport Sec. Off.	9-30			\$15,248	X		
NR	M&O	Bowen, E. *	53E	Equip. Opr. WG III	9-30	11-18	54A	\$5,184			
SER	M&O	Suiter, M. *	52E	Maint. Mech. WG II	9-30	10-01	52B	\$396			
SER	D&C	Brown, W. *	20K	Engr. Geol. III	9-30	12-08	20A	\$14,492			
SER	M&O	Nelson, J. *	52E	Trans Maint Lead I	9-30	10-27	52A	\$5,340			

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Range Step	Title	ACTIONS						
					Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
SER	M&O	Rose, R.	53D	Equip. Opr. WG III	9-30			\$12,876	X		
SER	M&O	Hammonds, D.	51E	Bldg Maint Foreman	9-30			\$14,512	X		
MIS	Res	Neimeyer, R.	12E	Ferry Term. Asst.	9-30	10-20	12A	\$2,899			
NR	M&O	Simon, A.	53B	Equip. Opr. WG III	9-30			\$12,548	X		
NR	D&C	Lindsey, J.	18F	Engr. Asst. III	9-30			\$17,741	X		
NR	M&O	Ahnangnatoguk, I.	53E	Equip. Opr. WG III	9-30			\$12,944	X		
NR	Admin	Walsh, D.	53E	Equip. Opr. WG III	9-30			\$12,221	X		
CR	M&O	Corson, L.	57C	Stockhandler WG VII	10-31	11-17	57B	\$2,628			
CR	D&C	Starzer, R.	18F	Engr. Asst. III	10-31			\$11,094	X		
HQ	DEPCOM	Sparks, W.	28E	Deputy Comm.	11-28			\$5,798	X		
HQ	Info Syst	Inman, G.	19B	Analyst Progm. IV	12-31	01-26-87	19B	\$3,451			
CR	D&C	Banks, R.	18K	Engr. Asst. III	12-31			\$3,954	X		
CR	D&C	Garrett, W.	19L	Civil Engineer I	12-31			\$4,356	X		
CR	D&C	Gill, L.	20L	Civil Engineer II	12-15			\$7,033	X		
CR	Admin	Feero, E.	16E	Leasing Off. II	12-31	01-27-87	16E	\$3,113			
CR	AIA	Neils, E.	13K	Airport Saft Off II	12-31			\$3,084	X		
CR	D&C	Duvia, P.	16L	Engr. Asst. II	12-31			\$3,564	X		

RIP POSITIONS

January - 1987
Month

Region and Division		Name	Pange Step	Title	ACTIONS						
//////		//////	//////	//////	Date Retired	Refilled (Date)	Step	Savings	Left Vacant	Reclassified	Deleted
SER	M&O	Ward	08F	Clerk III	12-31	01-05-87	08B	\$225			
CR	DEPCOM	Weiler, E.	17L	Planner III	12-31			\$4,038	X		
MIS	Ops	Stetson, H.	23K	Port Captain	12-31	05-16	23A	(\$35,056)			
CR	DEPCOM	Hyde, D.	13F	Supply Officer I	12-31	01-13-87	13A	\$1,507			
CR	M&O	Haight, G.	20K	Tran Maint Supt II	01-31				X		
CR	M&O	Wilson, G.	54B	Equip Opr WG IV	01-31				X		

STATE OF ALASKA

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

POUCH N
JUNEAU, ALASKA 99811
PHONE: 465-4322

Rustin

March 12, 1987

The Honorable Tim Duncan
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

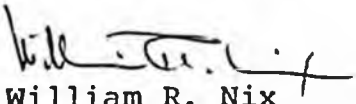
This is in response to your letter dated February 23, 1987.

The Department of Public Safety supports the Retirement Incentive Program because it generates long-term savings, minimizes the agony of having to lay off a large number of dedicated employees due to budget problems and affords us an opportunity to reorganize especially the two major Divisions (Alaska State Troopers and Fish and Wildlife Protection) in order to make them compatible, sound, lean and efficient given the tight budget numbers.

No statement contrary to the above facts have been or will be made by my staff. My staff attempts to be kept up-to-date with new guidelines, however, no new written guidelines have been received so far. It is my understanding that new guidelines can't affect eligible employees currently in designated organizational units.

The enclosures may be of interest to you.

Sincerely,


William R. Nix
Acting Commissioner

Enclosures

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE: (907) 465-2700

February 26, 1987

The Honorable Jim Duncan
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Thank you for your inquiry to Commissioner Sampson regarding the Retirement Incentive Program (RIP) in the Department of Labor.

I am pleased to tell you that the Department of Labor has established the entire department as a single organizational unit for the purposes of the RIP. This means that all employees who qualify for the program are eligible to exercise their option to retire. There are no exceptions.

We have been in communication with the Division of Retirement and Benefits and have found that the new rules will not affect the Department of Labor. We are in the process of communicating this fact to all our employees.

I would also like to point out that 15 employees have already notified us of their intention to retire, with a net savings over the next four years of \$439,583. It may be that we will realize further savings if more people elect to retire before the June 30, 1987 deadline.

If we can be of further assistance, please do not hesitate to call on us.

Sincerely,



Robert M. Erickson
Deputy Commissioner


cc: Jim Sampson, Commissioner

STEVE COWPER, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 3-2000
JUNEAU, ALASKA 99802
PHONE: (907) 465-4100



March 3, 1987

The Honorable Jim Duncan
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Duncan:

In your letter of February 23, you expressed concern about Executive branch perceptions of the Retirement Incentive Program (RIP). The program has been very positive in our department. I do not believe that directors in this department are among those saying that the program has cost them money. Following is a discussion of how the program has been handled within the Department of Fish and Game.

Our first step was to contact all those employees who met the minimum requirements and ask if they were interested in participating in that program. Our second step was to determine what organizational, job classification criteria we would use based on guidelines from the Division of Retirement and Benefits. We determined that the organization level would be the Department of Fish and Game. Job classification categories would be Clerical and Administrative, Biological Sciences, Engineering and Local Trades and Crafts. The final step was to determine the cost savings to the state.

In order for an employee to be eligible to retire under RIP, he or she had to meet the minimum qualifications and be in an organization and category that offered a cost savings to the state. To determine savings, we calculated potential costs of current employees and possible replacement employees to determine any savings by individual positions. Two sets of calculations were created. One, if the current employee remained in place, a cost for the next three years including any merit increases. If the position was one that we planned to eliminate (layoff), then that cost was zero. Second, the cost for a replacement employee, typically at a lower step and possibly a different classification, plus the department charge for RIP.

The total for the second calculation was subtracted from the first calculation. If the result was a positive number it was

March 3, 1987

a savings to the state, if a negative number, no benefit to the state. Individual calculations for employees were sorted into the appropriate job classification categories and added together to reach a final total for the category.

Overall, in each of the four categories, the department projected a savings. By category, the projected savings are as follows:

Biological Sciences	\$798,300
General Administrative	\$ 39,400
Labor Trades and Crafts	\$ 200
Engineering	\$ 39,700

Based on these projected savings, the Division of Retirement and Benefits and the Office of Management and Budget certified the four job classification categories as eligible for retirement under RIP for the Department of Fish and Game. This means that any employee who meets the minimum qualifications is eligible to retire under RIP.

Since our initial calculations, some employees have changed their decision. That is, employees who did not plan to participate, now do plan to retire and others who first indicated interest have now decided not to retire.

Enclosed is a breakdown by location of employees who have retired and those who anticipate retiring. This list also includes savings and projected savings.

Also enclosed is a copy of budget form C4 #2460 for each division. The C4 for Game Division has been changed since the original submission. The correct total obligation for FY 88 for the department is now \$227,400.

I hope this answers your questions, but I will be happy to provide any additional information you may require.

Sincerely,



Don W. Collinsworth
Commissioner

Enclosures

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

March 4, 1987

Rayama
STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

The Honorable Jim Duncan
Senator
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Duncan:

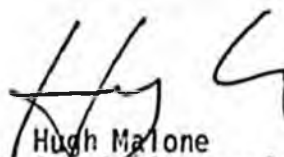
I certainly share your support for the Retirement Incentive Program (R.I.P.). It has benefited many of our employees as well as having benefited the Department in the savings that we have incurred.

In the Department of Revenue each director is responsible for R.I.P. in their division, and as such must prepare a detailed cost savings each time they recommend one of their employees to retire under the Retirement Incentive Program. As a result, the directors in the Department of Revenue are completely aware of the savings to their division and their Department.

It was our understanding that new, more strict guidelines for establishing organizational units would be issued on March 1. In conversing with the Office of Management and Budget I find that we will not be receiving new written guidelines, but rather that more attention will be given to existing guidelines. Our personnel office is well versed on the process and can be relied upon to provide accurate information to Revenue employees.

I assure you that we will continue to keep our directors and managers informed about the Retirement Incentive Program.

Sincerely,



Hugh Malone
Commissioner of Revenue

HM:EJ:ms
87-39

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
P.O. BOX 0, JUNEAU, ALASKA 99811-1800

465-2600

March 10, 1987

The Honorable Jim Duncan
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Duncan:

Thank you for your letter of February 23, 1987 regarding the Retirement Incentive Program (RIP).

The Department of Environmental Conservation is keenly aware of the benefits and savings with regard to the RIP. The Division of Retirement and Benefits has identified those RIP eligible employees within the Department, and if they all choose to participate, estimated savings through FY 91 would be \$309,305. These calculations were provided to the Office of Management and Budget (OMB) in our initial application to establish the RIP Unit on June 26, 1986. To date, only three employees within the Department have taken advantage of the program's benefits, for a savings of approximately \$30,000.

If I may provide any additional information regarding the Department's RIP, please contact me at your convenience.

Sincerely,



Dennis D. Kelso
Commissioner

STEVE COWPER, GOVERNOR

DEPARTMENT OF LAW

ADMINISTRATIVE SERVICES DIVISION

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3672

March 13, 1987

Roxanne Stewart, Administrative Assistant
Office of Senator Jim Duncan
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Roxanne:

This is to confirm our discussion of March 12, regarding savings accruing to the Department of Law as a result of the retirement incentive program. Thus far, three employees within the department have taken advantage of the program. The actual cash savings for FY 87 will be \$105,500.00. Because two of the positions involved have been eliminated there is a theoretical savings of \$553,000.00 over the four year period that is projected in the formula savings analysis that we provided to the Office of Management and Budget and the Division of Retirement and Benefits. In view of our budget reductions, which greatly exceeded these assumed savings, the actual dollar savings realized in FY 87 are probably a better measure of the program's effectiveness. Senator Duncan's proposal to authorize the use of lapse funds to pay employer costs in a succeeding fiscal year would be very helpful in administering this program. Please let me know if I can be of further assistance.

Cordially,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By:

Dick

Richard I. Pegues, Director
Administrative Services
Division

GES:RIP:mec

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).

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

POUCH C (MS 0200)
JUNEAU, ALASKA 99811
PHONE: (907) 465-2200



March 12, 1987

The Honorable Jim Duncan
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

Please excuse my tardiness in responding to your letter of February 24, 1987 regarding the Retirement Incentive Program and Senate Bill 42.

You asked me to develop a position paper indicating points that the Administration can support.

Following are my comments.

RIP FUNDING:

The payment of the additional retirement costs for the RIP has been one of the major causes for concern with the program for State employees. There are several funding alternatives recently discussed that would resolve the funding problems with the use of lapsed funds being at the top of the list. Certainly, the Administration would support legislation to allow the use of lapsed funds through the working reserve account to pay the employer RIP costs.

OUTSIDE TEACHING SERVICE:

The provision to allow teachers to use outside teaching service to qualify for the RIP makes sense. Most (if not all) school districts establish their pay scales for teachers based on educational achievement and on total years of teaching service -- teaching both in Alaska as well as out of Alaska. The purpose of the program is to entice teachers at the top of the pay scale to retire now to allow hiring replacements at entry levels or to leave positions vacant as necessary. The proposed amendment would increase the number of higher paid teachers eligible to retire, therefore allowing the school districts more latitude in the use of the program. We would certainly support such an amendment. The districts have problems with layoffs of tenured teachers and this might help.

The Honorable Jim Duncan

-1.1-

March 12, 1987

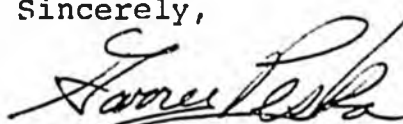
PERIODIC FUTURE WINDOW OPENINGS:

In my opinion, we should allow the current RIP provisions for state employees to expire as scheduled.

If we passed legislation now that provides for another opening in the future, I believe many employees would choose not to exercise their option under the current program. If the employees know they will be eligible again next year, they will logically try to stay on the payroll till then to maximize their credited service. Most state employees must exercise their retirement option under the program no later than 10/1/87. Many of those employees have signed up to retire on 10/1/87. They are obviously waiting to see if the program will be extended.

As you know, the current program will have been in effect during part of FY'86, all of FY'87, and part of FY'88 before it expires. I believe that is a long enough time period for an incentive program such as this.

Sincerely,



Garrey Peska
Commissioner

GP/lb

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

POUCH C
JUNEAU, ALASKA 99811
PHONE:

DIVISION OF ADMINISTRATIVE SERVICES

March 26, 1987

RECEIVED
MAR 27 1987

C
Representative bill

Honorable Bill Hudson
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Hudson:

At the last meeting of the joint finance subcommittee for the Department of Administration you requested information on how the Division of Retirement and Benefits calculates the average monthly salary used in the computation of a retirement benefit for a member of the Public Employees' Retirement System (PERS).

The statute that governs how the average salary is calculated is AS39.35.680 (4), copy attached. Basically the statute says that the average monthly salary is obtained by adding the high three consecutive years salaries and dividing that by the total number of months worked during that same three year period. The employee must work at least 115 days in the last calendar year in order to use that salary. An example of this calculation would be illustrated as follows:

<u>YEAR</u>	<u>SALARY</u>	<u>MONTHS</u>	
1984	\$18,000.00	6	
1985	\$38,400.00	12	
1986	\$41,400.00	11.5	
	\$97,800.00	÷	29.5 = \$3,315.25

So we could say that an employee only receives credit for the salary earned during a given reporting period to arrive at the average monthly salary used in the calculation of a retirement benefit. In the case of the Retirement Incentive Program (RIP), the three years granted under the temporary legislation affect only the calculation of credited service and not the calculation of high three consecutive years' salaries.

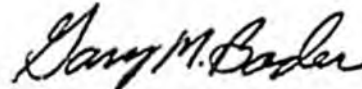
Honorable Bill Hudson

-2-

March 25, 1987

If you should have further questions, please feel free to call me.

Sincerely,



Gary M. Bader
Director

0325-02/1D2

Attachment

cc: Honorable Mitchell Abood
Alaska State Legislature
Pouch V
Juneau, AK 99811

Honorable Rick Uehling
Alaska State Legislature
Pouch V
Juneau, AK 99811

Honorable H.A. "Red" Boucher
Alaska State Legislature
Pouch V
Juneau, AK 99811

Honorable Mike Davis
Alaska State Legislature
Pouch V
Juneau, AK 99811

Honorable Fred Zharoff
Alaska State Legislature
Pouch V
Juneau, AK 99811

small indebtedness and under this subsection. 1976; am § 2 ch 15 SLA

22-23, 25-27, 42-45, and 50 apply only to members first hired under the Public Employees' Retirement System after June 30, 1986."

effective January 1, 1987]. The following persons are eligible for major medical insurance coverage under this section:

(1) a person who is younger than 65 years of age and is not receiving a monthly benefit from the system;

(2) a person who is at least 60 years of age but is younger than 65 years of age and is not receiving a monthly benefit from the system;

(3) a person who is at least 60 years of age but is younger than 65 years of age and is not receiving a monthly benefit from the system; and

(4) a person who is at least 60 years of age but is younger than 65 years of age and is not receiving a monthly benefit from the system; and

(5) a person who is at least 60 years of age but is younger than 65 years of age and is not receiving a monthly benefit from the system; and

(6) a person who is at least 60 years of age but is younger than 65 years of age and is not receiving a monthly benefit from the system; and

(7) a person who is at least 60 years of age but is younger than 65 years of age and is not receiving a monthly benefit from the system; and

(2) pays the premium established by the administrator for the coverage. (§ 2 ch 200 SLA 1975; am § 62 ch 137 SLA 1982; am §§ 44, 45 ch 82 SLA 1986; am 48, 49 ch 117 SLA 1986)

Revisor's notes. — Subsection (d) was enacted as (c) of this section. Renumbered in 1986. Minor word changes were made in 1986 to reconcile amendments to the section made by chapters 82 and 117, SLA 1986.

Effect of amendments. — The first 1986 amendment, effective July 1, 1986, inserted "If a benefit recipient elects major medical insurance coverage under this section" in the introductory language in subsection (a); in subsection (b), substituted "that benefits" for "as retirement benefits" and "member or survivor" for "retired employee or survivor" in the first sentence and made other minor changes; and added subsection (c).

The second 1986 amendment, effective January 1, 1987, added "Except as provided in (d) of this section" at the beginning of subsections (a) and (b), added subsection (d), and made minor grammatical changes.

Editor's notes. — Until January 1, 1987, this section reads as follows, effective July 1, 1986: "Sec. 39.35.535. Medical Benefits. (a) If a benefit recipient elects major medical insurance coverage under this section, the following persons are entitled to coverage:

- "(1) a person receiving a monthly benefit from the system;
- "(2) the spouse of a person receiving a monthly benefit from the system;
- "(3) a natural or adopted child of a person receiving a monthly benefit from the

system, if the child is a dependent child as defined in AS 39.35.680.

"(b) After an election of coverage under this section, major medical insurance coverage takes effect on the same date that benefits begin, and stops when the member or survivor is no longer eligible to receive a monthly benefit. The coverage for persons age 65 or older is the same coverage available for a person under 65. The benefits payable to persons age 65 or older supplement any benefits provided under the federal old age, survivors and disability insurance program.

"(c) A benefit recipient may elect major medical insurance coverage in accordance with regulations and under the following conditions:

- "(1) a person who is younger than 60 years of age must pay an amount equal to the full monthly group premium for retiree major medical insurance coverage;
- "(2) a person who is at least 60 years of age but is younger than 65 years of age must pay an amount equal to one-half of the full monthly group premium for retiree major medical insurance coverage;
- "(3) a disabled member or a person 65 years of age or older is not required to make premium payments."

Section 57, ch. 82, SLA 1986, effective July 1, 1986, provides: "Sections 16, 22-23, 25-27, 42-45, and 50 of this Act apply only to members first hired under the Public Employees' Retirement System after June 30, 1986."

Article 8. General Provisions.

Section 675. Inclusion of cost-of-living differentials in compensation and benefits

Section 680. Definitions

Sec. 39.35.675. Inclusion of cost-of-living differentials in compensation and benefits [Effective January 1, 1987]. (a) An employee shall make contributions to the system based on compensation including a cost-of-living differential.

(b) The amount of a cost-of-living differential may not be included in the employee's compensation for purposes of calculating benefits paid under this chapter unless the employee has received a cost-of-living differential in a comparable amount or of at least that many steps for at least 50 percent of the employee's credited service.

(c) When an employee receives a benefit, and if the employee's compensation for purposes of calculating the benefit does not include a cost-of-living differential, then the administrator shall refund to the employee the amount of contributions the employee made based on the differential.

(d) In this section "cost-of-living differential" means an adjustment to salary based on the cost of living in the geographic region where the employee works and includes a pay step differential under AS 39.27.020. (§ 46 ch 82 SLA 1986)

Effective dates. — Section 61, ch. 82, SLA 1986, provides that this section applies "only to members first hired under January 1, 1987. the Public Employees' Retirement System

Editor's notes. — Section 58, ch. 82, after December 31, 1986."

Sec. 39.35.680. Definitions. In this chapter, unless the context otherwise requires,

(1) "active member" means an employee who is employed by an employer, is receiving compensation for seasonal, permanent full-time, or permanent part-time services, and is making contributions to the system;

(2) "actuarial adjustment" means equality in value of the aggregate expected payments under two different forms of pension payments, considering expected mortality and interest earnings on the basis of tables adopted from time to time by the board;

(3) "administrator" means the person appointed by the commissioner of administration under AS 39.35.050;

(4) "average monthly compensation" means the result obtained by dividing the compensation earned by an employee during a considered period by the number of months, including fractional months, for which compensation was earned; the considered period consists of the three consecutive payroll years during the period of credited service that yields the highest average, or if the employee does not have three consecutive payroll years, the employee's period of credited service; an employee must have at least 115 days of credited service in the last payroll year in order for that year to be used as part of the three consecutive payroll years;

(5) "beneficiary" means a person designated by an employee to receive benefits that may be due from the system upon the employee's death;

(6) "board" means the Public Employees Retirement Board;

(7) "calendar year" means the period beginning on January 1 and ending on December 31;

(8) [Effective January 1, 1987] "compensation" means the total remuneration earned by an employee for personal services rendered to an employer, including employee contributions under AS 39.35.160,

if the employee's com-
it does not include a
or shall refund to the
oyee made based on

means an adjustment
hic region where the
iferential under AS

vides that this section
members first hired under
oyees' Retirement System
31, 1986."

unless the context

is employed by an
al, permanent full-
ing contributions to

lue of the aggregate
pension payments,
ngs on the basis of

d by the commis-

result obtained by
luring a considered
tional months, for
riod consists of the
of credited service
oes not have three
red.ted service; an
service in the last
part of the three

n employee to re-
n the employee's

ment Board;
n January 1 and

means the total
vices rendered to
er AS 39.35.160.

cost-of-living differentials only as provided in AS 39.35.675, payments for leave that is actually used by the employee, the amount by which the employee's wages are reduced under AS 39.30.150(c), and any amount deferred under an employer-sponsored deferred compensation plan, but does not include retirement benefits, severance pay or other separation bonuses, welfare benefits, per diem, expense allowances, workers' compensation payments or payments for leave not used by the employee whether those leave payments are scheduled payments, lump-sum payments, donations, or cash-ins;

(9) "credited service" means the number of years, including fractional years, recognized for computing benefits that may be due from the system;

(10) "deferred vested member" means an inactive member who meets the five-year credited service requirement to qualify for a retirement benefit;

(11) "dependent child" means an unmarried child of an employee, including one adopted, who is dependent upon the employee for support and who is either (A) under 19 years old or (B) under 23 years old and registered at and attending on a full-time basis an accredited educational or technical institution recognized by the Department of Education; age restrictions set out in this paragraph do not apply to a child who is totally and permanently disabled;

(12) "disabled member" means an employee who is terminated, who has not received a refund from the system and is receiving a disability benefit from the system;

(13) "early retirement" means retirement for a member who is not eligible for normal retirement and who is at least 55 years old and is eligible to receive benefits under AS 39.35.370(b) or under A. 39.35.385(b) or (D);

(14) "elected official" means a person whose compensation results from personal services rendered to an employer as an elected representative;

(15) "employee contribution account" means the total maintained by the system of the employee's mandatory contributions, voluntary contributions, indebtedness principal, and interest contributions, interest credited to each of those accounts, and adjustments to the accounts in accordance with AS 39.35.100;

(16) "employee savings account" means the account maintained by the system to record the voluntary contributions of each employee, including interest and adjustments to the account in accordance with AS 39.35.100;

(17) "employer" means the State of Alaska or a political subdivision or public organization of the state that participates in the system;

(18) "fiscal year" means the period beginning on July 1 and ending on June 30 of the following calendar year;

(19) "former member" means an employee who is terminated and who has received a total refund of the balance of the employee contribution account, or who has requested in writing a refund of the balance in the employee contribution account, or who is eligible for a refund under AS 39.35.200(b);

(20) "inactive member" means an employee who is terminated and who has not received a refund from the system or an employee on leave-without-pay status or layoff status;

(21) "member" or "employee"

(A) means a person eligible to participate in the system and who is covered by the system;

(B) includes

(i) active member;

(ii) inactive member;

(iii) vested member;

(iv) deferred vested member;

(v) non-vested member;

(vi) disabled member;

(vii) retired member;

(C) does not include

(i) former members;

(ii) persons compensated on a contractual or fee basis;

(iii) casual or emergency workers or nonpermanent employees as defined in AS 39.25.200;

(iv) persons covered by the Alaska Teachers' Retirement System;

(v) employees of the division of marine transportation engaged in operating the state ferry system who are covered by a union or group retirement system to which the state makes contributions;

(vi) justices of the supreme court or judges of the court of appeals or of the superior or district courts of Alaska;

(vii) the administrative director of courts appointed under art. IV, sec. 16 of the state constitution unless the director becomes a member under AS 39.35.158; and

(viii) members of the elected public officers' retirement system (former AS 39.37);

(D) may include employees of the division of marine transportation excluded under (C)(v) of this paragraph provided that

(i) the State of Alaska formally agrees to their inclusion through the process of collective bargaining; and

(ii) no collective bargaining agreement has the effect of obligating contributions made by the state under AS 39.30.150 in the event the state resumes participation in the federal social security system;

(22) "military service" means active duty service in the armed forces of the United States;

(23) "nonoccupational disability" means a physical or mental condition that, in the judgment of the administrator, presumably perma-

nently prevents an employee from satisfactorily performing the employee's usual duties for an employer or the duties of another position or job that an employer makes available and for which the employee is qualified by training or education, not including a condition resulting from a cause that the board, in its regulations has excluded;

(24) "non-vested member" means an active or inactive member who does not meet the five-year credited service requirement to qualify for a retirement benefit;

(25) "normal retirement" means retirement for a member who is eligible to receive benefits under AS 39.35.370(a) or under 39.35.385(a) or (f);

(26) "occupational disability" means a physical or mental condition that, in the judgment of the administrator, presumably permanently prevents an employee from satisfactorily performing the employee's usual duties for an employer or the duties of another comparable position or job that an employer makes available and for which the employee is qualified by training or education; however, the proximate cause of the condition must be a bodily injury sustained, or a hazard undergone, while in the performance and within the scope of the employee's duties and not the proximate result of the wilful negligence of the employee;

(27) "payroll year" means the period that includes the first pay period ending in January of a year through the last pay period ending in December of that year;

(28) "peace officer" or "fireman" means an employee occupying a position as a peace officer, chief of police, correctional officer, correctional superintendent, fireman, or fire chief;

(29) "pension fund" means all assets held in the name of the system;

(30) "permanent full-time" means an employee who is occupying a permanent position which regularly requires working 30 or more hours a week;

(31) "permanent part-time" means an employee who is occupying a permanent position that regularly requires working at least 15 hours but less than 30 hours a week;

(32) "prescribed rate of interest" means the rate of interest used for computing employer contributions, for preparing actuarial tables used by the system and for crediting interest to employee contributions and savings accounts, and for charging interest on employee indebtedness accounts;

(33) "public organization" means an organization or entity

(A) created by the constitution or laws of the state for the purpose of administering state programs;

(B) whose officers and employees are paid by a method other than by the state payroll prepared by the Department of Administration; and

(C) whose employees are not required by law to participate in the system;

(34) [Effective January 1, 1987] "qualified domestic relations order" means a divorce or dissolution judgment under AS 25.24, including an order approving a property settlement, that

(A) creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to an employee;

(B) sets out the name and last known mailing address, if any, of the employee and of each alternate payee covered by the order;

(C) sets out the amount or percentage of the employee's benefit, or of any survivor's benefit, to be paid to the alternate payee, or sets out the manner in which that amount or percentage is to be determined;

(D) sets out the number of payments or period to which the order applies;

(E) does not require any type or form of benefit or any option not otherwise provided by this chapter;

(F) does not require an increase of benefits in excess of the amount provided by this chapter, determined on the basis of actuarial value; and

(G) does not require the payment to an alternate payee of benefits that are required to be paid to another alternate payee under another order previously determined to be a qualified domestic relations order;

(35) "retired member" means an employee who is terminated, who has not received a refund from the system and is receiving a benefit other than disability, from the system;

(36) "retirement" means that period of time from the first day of the month following (A) the date of termination and (B) application for retirement, in which a person is appointed to receive a retirement benefit, other than occupational or nonoccupational disability benefit;

(37) "seasonal" refers to an employee who is occupying a position for less than 12 months each year where it is anticipated that the same employee will return to the position when needed and includes a temporary employee of the legislature if part of the service for the legislature during each calendar year is performed during a legislative session;

(38) "surviving spouse" means the spouse of an employee who has been married to the employee for at least one year at the time of the employee's death; the one-year marriage requirement does not apply when the employee's death was an occupational or accidental death;

(39) "system" means the Public Employees' Retirement System of Alaska;

(40) "vested member" is an active member who meets the five-year credited service requirement to qualify for a retirement benefit. (§ 3 ch 143 SLA 1960; am § 2 ch 93 SLA 1962; am § 3 ch 102 SLA 1963; am § 10 ch 155 SLA 1966; am § 14 ch 83 SLA 1967; am §§ 18 — 21 ch

109 SLA 1970; am § 16 ch 159 SLA 1972; am § 36 ch 1 SLA 1974; am § 110 ch 127 SLA 1974; am § 3 ch 200 SLA 1975; am §§ 5, 6 ch 27 SLA 1976; am §§ 22, 23 ch 123 SLA 1976, am § 1 ch 141 SLA 1976; am § 7 ch 218 SLA 1976; am §§ 6, 7 ch 245 SLA 1976; am §§ 12, 13 ch 263 SLA 1976; am § 54 ch 128 SLA 1977; am § 3 ch 58 SLA 1979; am § 3 ch 67 SLA 1979; am § 14 ch 82 SLA 1979; am § 27 ch 12 SLA 1980; am §§ 47, 48 ch 13 SLA 1980; am §§ 36, 37 ch 146 SLA 1980; am §§ 68 — 73 ch 137 SLA 1982; am §§ 2, 3 ch 27 SLA 1983; am §§ 47 — 53 ch 82 SLA 1986; am § 50 ch 117 SLA 1986)

Revisor's notes. — Reorganized in 1986 to alphabetize the defined terms.

Effect of amendments. — Section 49, ch. 82, SLA 1986, the first amendment, effective January 1, 1987, rewrote paragraph (8). Sections 47, 50, 51, 52, and 53, also part of the first 1986 amendment, effective July 1, 1986, substituted "payroll years" for "calendar years" throughout paragraph (4), substituted "55 years" for "50 years" in paragraph (13), substituted "an employer" for "the employer" near the middle of paragraph (23), inserted "or the duties of another comparable position or job that an employer makes available and for which the employee is qualified by training or education" near the middle of paragraph (26), and added paragraph (27). For provisions of subsection (8) in effect until January 1, 1987, see catchline "Editor's notes" following this section.

The second 1986 amendment, effective January 1, 1987, added paragraph (24).

Editor's notes. — Until January 1, 1987, subsection (8), as amended by § 48, ch. 82, SLA 1986, reads as follows, effective July 1, 1986:

"(8) 'compensation' means the total remuneration earned by an employee for

personal services rendered to an employer, including cost-of-living differentials, payments for leave that is actually used by the employee, the amount by which the employee's wages are reduced under AS 39.30.150(c), and any amount deferred under an employer-sponsored deferred compensation plan, but does not include retirement benefits, severance pay or other separation bonuses, welfare benefits, per diem, expense allowances, workers' compensation payments or payments for leave not used by the employee whether those leave payments are scheduled payments, lump-sum payments, donations, or cash-ins."

Section 57, ch. 82, SLA 1986, effective July 1, 1986, provides: "Sections 16, 22-23, 25-27, 42-45, and 50 of this Act apply only to members first hired under the Public Employees' Retirement System after June 30, 1986."

Section 58, ch. 82, SLA 1986, provides that the definition of "compensation" as repealed and reenacted by sec. 49, ch. 82, SLA 1986, effective January 1, 1987, applies "only to members first hired under the Public Employees' Retirement System after December 31, 1986."

Chapter 37. Elected Public Officers Retirement System.

[Rejected at Referendum]

Editor's notes. — Section 51, ch. 117, SLA 1986, provides: "Notwithstanding former AS 39.37.060(b), the surviving spouse of an elected public officer who has retirement rights under the Elected Public Officers Retirement System is eligible for survivors' benefits under former AS

39.37.060 if the surviving spouse was married to the elected public officer for at least one year immediately preceding the death of the elected public officer. The benefits continue until the remarriage or death of the surviving spouse."



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

January 26, 1987

To: Senator Mitch Abood, Chair
Members, Senate State Affairs Committee

Re: Senate Bill No. 42, "An Act relating to the early retirement program; and providing for an effective date."

NEA-Alaska strongly supports and encourages passage of this legislation.

Early retirement incentives serve two useful purposes both of which address the public's best interest. They provide employees the opportunity to assist with a possible need to achieve a smaller work force while making it possible for employers to realize substantial savings and a reduced personnel cost liability.

We do have a suggestion for a possible change to Section 10, CH. 26, SLA 1986. The use of the word "executed" has caused denial of benefits for persons eligible under this chapter. This has caused some hardship in that payments actually commenced at a date later than may have been intended under the Act.

Because it may not always be possible to avoid delays under the agreement execution requirements of Section 10 of last year's HB 382, we suggest that the receipt of benefits be made retroactive to the first of the month following the date of application which is consistent with the provisions of AS 14.25.110(i). The applicant for early retirement does not usually have control over the process subsequent to good faith completion of the application and should not be penalized for delays which are beyond his or her own control.

Also, it is our understanding that this program is being under-utilized by school districts both in terms of participation and in some cases relative to eligibility requirements. Perhaps some thought can be given to maximizing the real potential from this program.

*76 JWS
eligible
to retire
15 declared
5500 bonus.
Sec. 7 is a sub.*

NEA-Alaska strongly encourages passage of SB 42.

Respectfully Submitted

Robert Manners

Robert Manners,
Executive Secretary

BM31/dl

February 4, 1987

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

RE. SENATE BILL 42

Dear Senator Abood:

I was present in your hearing on Wednesday, January 28, 1987, when you were discussing the extension of the early retirement provision initiated in 1986.

For those of us who were on the outside looking in (the private sector) we were hoping that it would be a means to reduce state expenditures. I am not sure that the records are in as it relates to its end effect. However, certainly it is our hope that it will accomplish the intended objective, that of allowing for less costly government and the immediate result of relieving the budget shortfall.

It appeared to me, as I listened to Senator Duncan, that the attempt to extend the provision and to allow those who opt for the early retirement to make allowance for them to come back into the system is a classic example of one "wanting his cake and to eat it too." No one can seriously believe that the proposed bill is a serious attempt to deal with the present financial crisis much less to create a fair and functional system of retirement.

Some time ago, I was traveling by airplane from Seattle to Washington, D.C. I had occasion to be seated by a person who represented a major corporation. In our discussion I heard him say something which I had wondered many times might be an existing condition in our world of business and, also, in government now.

He stated that on any given day, the firm which he represented was forced to pay more people who were not on the job working than actually were on the job working. In fact, he went on to say, that those who were on vacation, annual leave, disability, sick leave, etc. accounted for a major part of the cost of the product his company produced. The product produced by the company could be affordable by a vastly larger number if more of the people associated with the corporation were actually lending to its creation.

When this kind of condition prevails, among other things that will prevail is that commerce and industry will not be capable of being competitive in a competitive world market. We have long known that supply and demand will regulate a market. When a product price exceeds the practicable demand for it, its marketability diminishes.

Although government has the power to obtain monies independently of the approval of the private purchasing sector, it should not do so unless it amounts to a general emergency. The programs of government when truly needed in the general populous will also be supported by it both by consent and funding.

It is a proper role of government to provide for the retirement of those who have served it in a direct way. It is not a proper role of government to do so in an excessive way. Government, or for that matter any employing agency, cannot take away the sting of retirement, all be it they can soften it. All persons retiring have to make sometimes drastic adjustments in habits of spending. To have to do so is not an infringement upon rights or privileges but is a reality of life.

The idea of retirement at an early age is a recent anomaly. The whole idea of it in its earliest days was to allow for a person's not having to work beyond their physical ability to do so. No one of our forbearers would have dreamed that this would have taken place as early as one's forties and fifties.

The military retirement programs do not afford us a good and applicable example because of the unusual and special conditions which obtain. Military personnel, by definition, must be of a vigorous combat-ready age, and retirement relates to the declining years of physical endurance. A better example would be the vast federal civil service, where so-called "early out" retirement programs are associated with severely curtailed or delayed benefits.

I believe we can safely say that to leave ones work at the age of early forties and fifties is not retirement at all but simply a change of work place, employment or type of work. The term retirement in reality is not an appropriate term, if we are forcing upon it conditions which more approximate a change of work place more than a need to have demands lessened due to the infirmity of age.

To the issue at hand. At the very least, government should address the issue of retirement from a perspective of need more than convenience. To do otherwise is to make a shambles of the intended objectives of the program. If there is a need to allow people to be relieved of their work before that person normally would do so, then it should be allowed. However, in the case before us, it is not creating a hardship on that person at all. Indeed it is placing him or her in the ranks of the more privileged of this world.

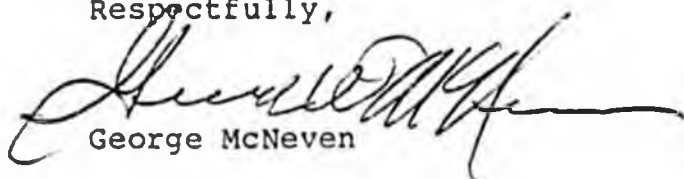
Few of us in the private sector would dream of retirement with such generous benefits as are being presently allowed at such an early age. Not only does that person have the privilege to continue his work life many years more, but they have the added advantage of a financial security rarely realized by mortal flesh. To government, in this case, what would have been a responsibility of some 10 to 15 years at the most, now is extended for as long again and, in some cases, for 40 additional years. Soon we are as the aforementioned corporation which was paying more people who are not actually on the job than are at the work place. It is a burden that is unacceptable. No agency private or public can endure such a burden indefinitely and no government should continue it by fiat.

We here in Alaska are now paying for the mistakes and miscalculations of those before us. We are learning now what any father or mother usually learns early in parenting. That, simply stated is: it is a lot easier to not give something in the first place than it is to have to take it away. Let us not make that mistake again.

We have allowed for the early leaving of employment. Let the window of opportunity granted be assured. Let it be understood that one's leaving one of the publicly funded agencies of Alaska government is final. Should a person reenter, then at least all other agreements are off. Whatever other benefits were granted are held in suspension until such time as one terminates again. Perhaps some additional escalation in retirement may be allowed but only as it would have if they had not left early. Any trust funds which were withdrawn must either be repaid, or an appropriate amount deducted from anticipated retirement annuity. At an absolute minimum, no retirement benefits should be allowed while one is employed with any state agency or directly funded entity while active employment is maintained.

Should you wish additional comment, I would be willing to oblige.

Respectfully,



George McNeven

CARTA

Central Alaska Retired Teachers Association

Advocate for Retired and Pre-Retired Educators

2123 Esquire Drive
Anchorage, AK 99517
January 29, 1987

Senator Mitchell Abood
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

I am writing this letter to alert you to a problem with the Alaska Teachers' Retirement System and to ask you to give your attention to the situation.

You may not be aware that there are two major retirement systems in Alaska. The Teachers' Retirement System (TRS) provides retirement benefits for certificated teachers, principals, superintendents, and other education professionals. The Public Employees' Retirement System (PERS) provides retirement benefits for persons employed directly by the State, non-certificated employees of school districts, State of Alaska executives, and legislators such as yourself.

There is a two-fold problem: underfunding for TRS, and a funding inequity between the two systems. It appears that discrimination exists between state support of the fund serving legislators and state support of the fund for educators. We hope this is not the case and that existing conditions are the result of unintentional oversight.

PERS, well-represented by staff and government officials in Juneau, has been fully-funded (currently 102%) through the first half of FY87. Correct and complete payments of the state's share of contribution obligations have been made on a monthly basis without any "hold back" because of the present cloud over Alaska's economic condition.

TRS, on the other hand, has been significantly underfunded during both FY85 and FY86. Some funding of the state's portion has been received into the system for FY87, but there is a question as to whether the amount originally appropriated is adequate to cover the state's share of retirement contributions. Historically, the state's contribution to TRS has been made annually, which may be part of the problem.

Recently, the TRS funding level has been as low as 82%. It has risen to 93% as a result of good investments, but this cannot be expected to continue considering current interest rates. It is imperative that the mandated state contribution to TRS be fully funded for FY87 if the system is to remain actuarially sound. While funding for FY88 may be taken care of by changes in collection methods, this change would not affect possible FY87 arrearages.

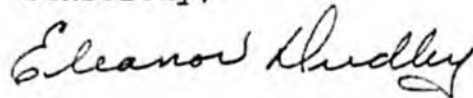
RECEIVED
FEB 5 1987

The Central Alaska Retired Teachers Association (CARTA) respectfully requests that legislation be passed so that the Teachers' Retirement System receives its full state contribution for FY87 and will in the future be funded on a basis equal to that of the Public Employees' Retirement System. Please let us know your position on these matters.

We further request that a plan be devised to pay the state's approximately \$6 million arrearages for FY85 and FY86 into the Teachers' Retirement System. What method would you recommend to accomplish this?

I look forward to your early reply so that I can share your response with the members of our organization.

Sincerely,

A handwritten signature in cursive script that reads "Eleanor Dudley".

Eleanor Dudley, President
Central Alaska
Retired Teachers Association

ASSOCIATION OF ALASKA SCHOOL BOARDS
316 W. 11th St. • Juneau, Alaska 99801-1510 • (907) 586-1083

C
M

March 19, 1987

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

RECEIVED
MAR 23 1987

Dear Senator Abood,

You have inquired as to the position of the Association of Alaska School Boards regarding S.B. 42, which would extend the provisions of the early retirement incentive program for another year.

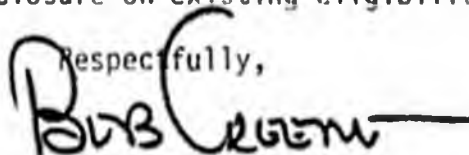
Senator, it is apparent that the early retirement incentive program is only partially working. Some school employees have taken advantage of the program while a number of employees have not. AASB feels that if the program is to meet its stated goal; that being to provide an incentive for high paid employees to retire, then there needs to be a cutoff date to the program. Without the cutoff, the program loses all of its leverage to cause retirement.

Why should an eligible employee consider retirement if the incentive is going to be there any time the employee wants to use it?

The Kodiak Island Borough School District came up with an interesting recommendation where they recommended that if the incentive program was to be continued, it be continued only for employees who would become eligible under the extension but were not eligible under the original bill. The proposal suggested closing the door on this year's eligible candidates if they did not opt to use the plan this year.

The chronic offenders of the concept seem to be the people who are eligible for retirement without the added three years provided in the incentive program. These folks seem to be continuing life as though the incentive program never existed, thinking that it will be there (just another benefit) to use whenever they get ready to retire.

AASB would urge you to consider either elimination of the plan or modifying the existing statute to provide for closure on existing eligibility not exercised.

Respectfully,


Robert C. Greene
Executive Director

500
①

Box 317
Barrow, Alaska 99723
February 1, 1987

Senator Mitch Abood
1024 W. 6th, Suite 110.
Anchorage, Alaska 99501

Dear Senator Abood:

This letter is to support Senate Bill No. 42 dealing with early retirement. This bill appears to correct some major problems contained in Chapter 26, SLA 1986. I would appreciate your support and assistance when this bill comes before you in the Senate.

In its original form, Chapter 26, SLA 1986 did not accomplish what it intended to do. With the proposed changes, school districts and other State employers will be better able to handle the revenue short fall without undue hardships on employees. I believe that the key portion of Senate Bill # 42 is on page two, Section 2, Subsection (b) (2). If I understand it correctly, this will allow for a more equitable opportunity for participation in the early retirement program. It will also be of valuable assistance to employers who need to reduce staff and related expenses. As you know, many of the school districts are having serious problems planning for next year. Your efforts to support Senate Bill # 42 will certainly be of assistance.

Sincerely,

Jess
William J. Holloway

RECEIVED
FEB 5 1987

A M E N D M E N T

Offered in the SENATE STATE AFFAIRS COMMITTEE

By Duncan

TO: SB 42

Page 1, line 6:

Delete "early"

After "retirement" insert "incentive"

Page 3, line 13, after "in (b)":

Insert "and (c)"

Page 3, lines 15 - 17:

Delete "Public Employees' Retirement System under AS 39.35 or the Teachers' Retirement System under AS 14.25 after appointment"

Insert "retirement system from which the participant was appointed
[PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER AS 39.35 OR THE TEACHERS'
RETIREMENT SYSTEM UNDER AS 14.25 AFTER APPOINTMENT]"

Page 3, line 29:

Delete "a"

Page 4, line 1:

Delete "subsection" and insert "subsections"

Page 4, line 3:

Delete "early"

After "retirement" insert "incentive"

Page 4, line 4:

Delete "early"

Page 4, line 7:

Delete "early"

After "retirement" insert "incentive"

Page 4, after line 10:

Insert "(c) A member of the Public Employees' Retirement System who retires under the retirement incentive program may continue to receive benefits from the Public Employees' Retirement System that include retirement incentives while employed in a position covered by the Teachers' Retirement System. However, the member may not participate in the retirement incentive program under the Teachers' Retirement System and may not receive credit for employment covered by the Public Employees' Retirement System when retiring from the Teachers' Retirement System.

* Sec. 7. AS 37.05.152(a) is amended to read:

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

(1) cash payment of accrued leave;

- (2) cash payment of terminal leave;
- (3) payment of the employer's contribution for unemployment benefits of former employees; [AND]
- (4) payment of claims for workers' compensation and general liability; and
- (5) payment of the employer's contribution for the retirement incentive program."

Renumber remaining bill sections.

Page 4, line 14, after "sec. 5":

Insert "and 6"

Page 4, line 19, after "Act,":

Insert "and with respect to a member of the Public Employees' Retirement System who retired under the incentive program established by ch. 26, SLA 1986, and accepted employment from an employer covered by the Teachers' Retirement System before the effective date of this Act,"

Alaska State Legislature



SENATE ADVISORY COUNCIL

Pouch V
State Capital
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Jim Duncan
Alaska State Legislature

ATTN: Roxanne Stewart

FROM: Paula d. Scavera
Researcher

DATE: January 27, 1987

RE: Public Employee Early Retirement Incentive Program
Status

As requested, attached are two tables which show the number of filled positions in state government by department and also the number of people who actually retired under the Early Retirement Incentive Program by department.

The first chart (1/27/87) is an update of the second chart which was done in December 1986. As the Division of Retirement and Benefits could not tell me the number of public employees by department who were eligible for the Early Retirement Incentive Program yesterday, those numbers will be forwarded to you at a later date.

If you have any questions, please contact me.

PUBLIC EMPLOYEE EARLY RETIREMENT INCENTIVE PROGRAM STATUS

AGENCY	NUMBER OF FILLED POSITIONS 6/1986*	NUMBER ELIGIBLE	PERCENTAGE FILLED POSITIONS ELIGIBLE	ACTUAL RETIREES 12/1/86	PERCENTAGE OF ELIGIBLE
Governor's Office	193	34	18	5	15
Administration	1,130	240	21	26	11
Commerce & Economic Dev.	399	90	23	8	9
Community & Regional Affairs	187	23	12	2	9
Corrections	969	154	16	12	8
Education	477	117	25	15	13
Environmental Conservation	232	36	16	2	6
Fish & Game	1,109	161	15	29	18
Health & Social Services	1,603	332	21	66	20
Labor	679	155	23	12	8
Law	362	41	11	5	12
Military & Veteran Affairs	95	29	31	2	7
Natural Resources	994	158	16	23	15
Public Safety	832	192	23	37	19
Revenue	349	55	16	10	18
Transportation & Public Fac.	2,401	658	27	135	21
Ombudsman	24	1	4	0	0
Legislative Affairs**	279	54	19	4	7
Legislative Finance	54	2	4	0	0
Legislative Audit	35	5	14	0	0
Alaska Court System	571	99	17	0	0
TOTAL	12,974	2,636	20	393	15

*This does not include Marine Highway operations, the University of Alaska, or the Alaska Power Authority.

**Filled positions in the Legislative Affairs Agency includes 80 year-round leadership positions.

SOURCE: Communications with State agencies.

Prepared by the House Research Agency, December 1986.

1/27/87

PUBLIC EMPLOYEE EARLY RETIREMENT INCENTIVE PROGRAM STATUS

AGENCY	NUMBER OF FILLED POSITIONS 11/1986	ACTUAL RETIRES 1/1/87
Governor's Office	187	7
Administration	1,060	29
Commerce & Economic Dev.	378	11
Community & Regional Affairs	175	2
Corrections	969	12
Education	439	13
Environmental Conservation	221	3
Fish & Game	856	30
Health & Social Services	1,551	71
Labor	664	13
Law	345	3
Military & Veteran Affairs	97	2
Natural Resources	722	25
Public Safety	740	41
Revenue	323	11
Transportation & Public Fac.	2,155	147
Ombudsman	12	0
Legislative Affairs**	249	4
Legislative Finance	43	0
Legislative Audit	30	1
Alaska Court System	601	0
TOTAL	11,817	425

* This does not include Marine Highway operations, the University of Alaska, the Alaska Power Authority, the National Guard, or Emergency Firefighters.

** Filled positions in the Legislative Affairs Agency includes 60 legislators and 85 leadership positions.

SOURCE: Department of Administration
Division of Personnel
Division of Retirement and Benefits

and other various state agencies

Prepared by the Senate Advisory Council 1/27/87

RETIREMENT INCENTIVE PROGRAM (RIP)
(AS OF JANUARY 1, 1987)

PARTICIPATION

The Division of Retirement and Benefits has entered into 151 agreements with state agencies designating 2213 of the 2844 eligible employees as eligible to participate. The Division has also entered into agreements with 24 of 61 Teachers' Retirement System (TRS) employers designating 1266 of the 2278 eligible employees as eligible to participate. The University of Alaska commenced participation on October 1, 1986 and has designated all eligible 380 teachers and 388 public employees as eligible to participate. Political subdivisions commenced participation effective January 1, 1987 and to date have designated 97 of the 2673 eligible employees as eligible to participate in the RIP.

So far 425 state employees have retired under the program. The remaining state employees and TRS members have until October 1, 1987 to retire. Employees of the University of Alaska have until January 1, 1988 to retire. PERS non-state employees have until April 1, 1988 to retire.

One hundred seventy seven TRS members and 29 University of Alaska PERS employees have already retired under the program. In addition 230 PERS and 157 TRS members have retired this fiscal year without the benefit of the RIP.

The impact of the RIP on the total number of retirements so far this fiscal year has been tremendous.

SAVINGS

Participation in RIP requires state agencies to be able to demonstrate and the Office of Management and Budget certify that a savings will result over the fiscal year in which an employee retires and the subsequent three fiscal years. Based on projections of total savings in OMB format contained in completed agreements, net savings would exceed \$18.9 million. The savings amount is over and above the cost of participation of \$51.7 million. Participation below 100% will reduce both costs and net savings. We do not have cost savings information on the school districts, university or political subdivisions.

PROBLEMS

RIP has had a significant impact on the workload of the Division of Retirement and Benefits. There were 67% more retirements processed during the first seven months of FY 87 than the entire calendar year of 1985. The staff answered 15,862 telephone calls over a nine month period concerning the RIP. In addition, they calculated 5,654 projections of benefits for members contemplating a RIP retirement.

The most frequent employee question is whether the program will continue beyond the current window period. Many employees in addition to those who have already applied intend to retire as late as possible in the window period to take maximum advantage of their service time plus the incentive benefit.

RETIREMENT INCENTIVE PROGRAM
NUMBER OF RETIREMENTS THROUGH JANUARY 1, 1987

SYS	EMP	EMPLOYER	DEPT	DEPARTMENT	RETIRED
	NUM		NUM		
P	01	STATE	01	GOV. OFFICE	7
			02	ADMIN	29
			03	LAW	3
			04	REVENUE	11
			05	EDUCATION	13
			06	H & SS	71
			07	LABOR	13
			08	COMM & EC DE	11
			09	M & V AFF.	2
			10	D N R	25
			11	A D F & G	30
			12	PUB. SAFE	41
			13	ENVIRON CON	3
			20	CORRECTIONS	12
			21	COMM & REG A	2
			25	D O T & P F	147
			30	OMBUDSMAN	0
			31	LEG. AFFAIRS	4
			32	LEG. FINANCE	0
			33	LEG. AUDIT	1
			41	AK COURT SYS	0

TOTAL STATE PERS

425

ALASKA TEACHERS

T	37	STATE-DOE	5
T	01	ANCH SCH DIS	80
T	06	F N S B S D	16
T	07	HAINS BSD	2
T	10	JUNEAU SD	3
T	16	KING COVE SD	1
T	18	KODIAK SD	4
T	19	NENANA SD	4
T	22	MAT-SUSITNA B	9
T	30	VALDEZ CSD	2
T	31	WRANGELL SD	1
T	33	U of A	9
T	36	N S B S D	5
T	44	DILLINGHAM	1
T	46	KENAI FBSD	14
T	51	NORTHWEST ASD	8
T	53	LOWER YUKON	2
T	62	Y. KOYUKUK	1
T	63	YUKON FLATS	2
T	67	COPPER RIVER	7
T	71	CHUGACH SD	1

TOTAL TEACHERS 177

POLITICAL SUBDIVISIONS
PERS

P	13	U OF A	29
---	----	--------	----

TOTAL POLITICAL SUBDIVISIONS 29

TOTAL REP 231

(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 board or other employer under the Teachers' Retirement System may designate organizational units and establish requirements for employees who are eligible to participate in the retirement incentive program. The employer shall notify the administrator of the designation and the administrator shall approve it if the employer meets the requirements of this Act. A vested member of the Teachers' Retirement System who meets the requirements of the designation is eligible to participate in the retirement incentive program.

Sec. 5. PROGRAM REQUIREMENTS. (a) The administrator shall accept the application of an eligible vested member if

(1) the member will be qualified to retire under AS 14.25.110 or AS 39.35.370 after receipt of the retirement incentive and will be appointed to retirement on or before

(A) October 1, 1987, if the member is an employee of the state other than the University of Alaska, or a member of the Teachers' Retirement System other than an employee of the University of Alaska;

(B) January 1, 1988, if the member is an employee of the University of Alaska;

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

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

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

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

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

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

(b) In determining whether a member will qualify to retire under (a) of this section, only service credit for employment rendered to an employer under AS 14.25 or AS 39.35 may be used except as provided in (f) of this section.

(c) A participant in the retirement incentive program receives a credit of three years. The three years must be applied in the following order

(1) to reduce the age or service required for eligibility for normal retirement or the age required for eligibility for early retirement under AS 14.25.110, AS 39.35.370, or 39.35.385;

(2) to reduce the actuarial adjustment required for early retirement;

(3) as years of credited service for calculating retirement benefits; the years shall be considered years of credited service earned before July 1, 1986, for calculating benefits under AS 14.25.110 or AS 39.35.370; or

(4) a combination of (1) — (3) of this subsection.

(d) A participant in the retirement incentive program is indebted to the system. For a member in the Public Employees' Retirement System, the amount of the indebtedness is 15 percent for a peace officer or fireman, or 12 and three-quarters percent for other members, of the member's actual annual compensation, or the calculated annual compensation for a member who works fewer than 12 months, for the calendar year in which the member terminates employment to participate in the program. For a member in the Teachers' Retirement System, the amount of indebtedness is 21 percent of the member's actual compensation for the school year, or the calculated school year compensation for a member who works less than the entire school year, for the school year in which the member terminates employment to participate in the program. An outstanding indebtedness at the time a participant is appointed to retirement shall necessitate an actuarial adjustment to the benefits payable.

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

(f) Notwithstanding other provision of law, a vested member who is a state employee may receive credit for municipal employment before the municipality became an employer under the system for purposes of determining eligibility for retirement under AS 14.25.110 or AS 39.35.370. The member may not receive credit under this subsection for those years for purposes of determining benefits. In order for an employee to receive credit under this subsection, the state agency must show that the employee's participation in the program will contribute to the overall cost savings of the agency.

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

- (1) bring an action against the employer; or
- (2) direct that the amount of the delinquency or a lesser amount be withheld from any money payable to the employer by a state department or agency and that the amount withheld be credited to the delinquency.

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

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

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

Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the retirement incentive program is reemployed as a member of the Public Employees' Retirement System under AS 39.35 or the Teachers' Retirement System under AS 14.25 after appointment to retirement under the program, the participant loses the incentive credit received under sec. 5 (c) of this Act and is indebted to the system. The amount of the indebtedness is equal to 110 percent of the amount the participant received as a result of participation in the program for which the participant was not otherwise entitled, including the cost of health insurance. The participant is entitled to a credit to be applied against the reemployment indebtedness in the amount the participant has paid under sec. 5 (d) of this Act. Interest accrues on the indebtedness at the rate established by regulation from the date of reemployment until the member is appointed to retirement and accepts an actuarial adjustment to the member's future benefits or until the amount is paid in full.

Sec. 8. DEFINITIONS. The definitions set out in AS 14.25.220 apply to this Act for members of the Teachers' Retirement System. The definitions set out in AS 39.35.680 apply to this Act for members of the Public Employees' Retirement System.

Sec. 9. A member who is eligible under secs. 2 — 5 of this Act and who has submitted a timely application for participation in the retirement incentive program may be considered for participation in the program notwithstanding sec. 11 of this Act.

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

Sec. 11. Sections 1 — 6 of this Act are repealed July 1, 1988.

Sec. 12. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved: May 15, 1986
Effective: May 16, 1986

PUBLIC OPINION MESSAGE

DEAR: SENATOR ADOOD

NAME: REMIE MURRAY

TITLE:

ADDRESS: P.O. BOX 2181

CITY: KODIAK

ZIP: 99615

PHONE: 487-4360

BILL NO: SB 42

SUBJECT: EXTEND EARLY RETIREMENT INCENTIVE PROGRAM

MESSAGE: PLEASE FORWARD SB 42 TO THE SENATE FINANCE COMMITTEE. SENATOR TED STEVENS HAS CO-SPONSORED LEGISLATION PROVIDING FOR EARLY RETIREMENT BY FEDERAL EMPLOYEES. UNDER THIS LEGISLATION THE TAXPAYER SAVINGS COULD BE AS HIGH AS 2 BILLION. IF LAST YEARS EARLY RETIREMENT SHOWS A SAVINGS TO THE STATE THEN IT SHOULD BE EXTENDED.

POIID: 09144014

DATE: 04/15/87

TIME: 14:40:14

LIONAME: KODIAK LIO

COPIES: SENATORS

FAIKS

HENSLEY

JOSEPHSON

UEHLING

PUBLIC OP.NION MESSAGE

DEAR: SENATOR ADOOD

NAME: DAVID MAXWELL
TITLE:
ADDRESS: POB 874461
CITY: HASILLA
PHONE: 376-3045
DILL NO: SB 42
SUBJECT: FUNDING

ZIP: 99687

MESSAGE: OUR SCHOOL DISTRICT MUST CUT STAFF AGAIN THIS YEAR TO BALANCE THEIR BUDGET. EARLY RETIREMENT INCENTIVE OF TEACHERS WITH EXPERIENCE, AT THE TOP OF SALARY SCALE, WOULD RESULT IN FEWER LAY-OFFS OF TEACHERS WITH LOWER SALARIES AND LESS EXPERIENCE. I URGE YOU TO MOVE BILL OUT OF COMMITTEE & SUPPORT IT'S PASSAGE.

POMIO: 14103943
DATE: 04/15/87
TIME: 10:39:43
LICNAME: MAT-SU L10

COPIES: SENATORS

FAIKS
HENSLEY
JOSEPHSON
UEHLING

Box 210303
Auke Bay, Alaska
April 13, 1987

Senator Mitch Abood, Chairman
State Affairs Committee
Alaska State Senate
Juneau, Alaska

Re: Senate Bill 42

Dear Senator Abood:

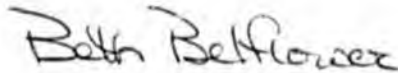
Due to absences in our department, I am unable to take the time off to appear before your committee in person; therefore, I have asked that this letter be read as testimony.

As a school librarian who is a possible candidate for the early retirement program, I would like to express my concern with Section 7 "Indebtedness on Reemployment" in Senate Bill 42. My husband and I after fifteen years consider Juneau our home and plan to remain here. In my chosen field this section of SB 42 really limits the possibilities of future employment in the Juneau area. City and state government are our principal sources of employment in Juneau; therefore, this greatly impacts any person retiring under this bill and wishing to remain as a part of the community. It almost totally eliminates the possibilities of part-time or full-time employment in the local area for these retirees.

I encourage your committee to recommend a change in this bill by removing the stipulations of this section.

Thank you for your consideration.

Sincerely,



Elizabeth D. (Beth) Belflower

cc: Senator Durican
Rep. Uliner
Rep. Hudson