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HOUSE COMMITTEE REPORT

(11)

Date Referred: April 18, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/4/89

The FINANCE Committee considered:

CSSB 73 (FIN) am

CS FOR SENATE BILL NO. 73 (Finance) am#

[RETIREMENT INCENTIVE PROGRAM/PERS & TRS]

"An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCS CSSB 73 (Finance) the same title a new title

have attached amendment(s)

do pass

do not pass

no recommendation

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

fiscal impact _____

fiscal note(s) 3/31/89 (Senate)

zero fiscal note _____

zero fiscal note(s) 3/31/89 Admin. - Retirement and Busf.

zero with analysis _____

zero fn/analysis finance

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Paul J. Larson LARSON
Ronena Barnes BARNES
Kay Brown BROWN
Phil Phillips PHILLIPS
Swack SWACK

NAME	DO NOT PASS	NO REC	AMEND
<u>Tom Hoff</u> HOFFMAN			X
<u>Koponen</u> KOPONEN			X
<u>Alie Rieper</u> RIEPER			✓
<u>Kay Wallis</u> WALLIS			✓

Paul J. Larson
 CO-Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to RIP BRU: Finance
In PERS and TRS.
 Sponsor: Duncan and Kerttula Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	46.9	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	46.9	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	46.9	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	2	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Keith Busch, Director *Keith Busch* Phone: 465-2246
 Division: Finance Date: 3/24/89

Approved by Commissioner: John M. Andrews *[Signature]* Date: 3/24/89
 Agency: Department of Administration

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

RECEIVED
 MAR 28 1989

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS SB 73 (HESS)

On July 1, 1989, there will be 3,400 State employees eligible for early retirement under this bill. The Division of Finance is responsible for the verification of employment history and the processing of termination pay. Based upon our experience in 1986 and 1987, we anticipate that there could be 1,400 employees participating in the program. We estimate the increased costs to process these employees to be:

Data processing support	\$ 9.0
Two part-time Accounting Technicians I for six months	<u>37.9</u>
Total Cost:	\$46.9

All administrative cost for this program will be paid in advance by the participating employer as required by Section 2, page 2, line 27.

FISCAL NOTE

REQUEST:

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

Agency Affected: Administration
BRU: Retirement and Benefits

Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	42.0	318.8	228.1	0	0	0
TRAVEL	2.1	3.5	3.5	0	0	0
CONTRACTUAL	16.7	24.3	3.8	0	0	0
SUPPLIES	.3	2.6	1.7	0	0	0
EQUIPMENT	81.1	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	142.2	349.2	237.1	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	142.2	349.2	237.1	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	142.2	349.2	237.1	0	0	0
TOTAL	142.2	349.2	237.1	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	9	13	13	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See pages 2-9 for detailed discussion of Fiscal Note.

See Attached.

Prepared By: Sally Smith, Director Phone: 465-4470
Division: Retirement and Benefits Date: 31 Mar 89

Approved by Commissioner: John M. Andrews Date: 3/31/89
Agency: Department of Administration

Distribution (by preparer):

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

Committee Substitute for Senate Bill 73 (FIN)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration
 March 21, 1989

ANALYSIS: This bill would place a temporary retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' Retirement Systems (TRS). Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested for 17 years of service as a police officer, firefighter, or teacher; or with at least 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment or take an actuarial reduction for the indebtedness amount for the accelerated period.

The total estimated administrative cost to the division by fiscal year is as follows:

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
PERSONAL SERVICES COSTS			
FY 89			
1 Retirement Spec I (2 mo.)	\$ 5.0		
8 Retirement Tech. I/II (2 mo.)	<u>37.0</u>		
Total FY 89			\$42.0
FY 90			
1 Retirement Spec I (12 mo.)	\$ 29.5		
8 Retirement Tech. I/II (12 mo)	222.0		
2 Accounting Clerk III (8 mo.)	32.8		
2 Clerk II (10 mo.)	<u>34.5</u>		
Total FY 90			\$318.8
FY 91			
1 Retirement Spec I (8 mo.)	\$ 19.7		
8 Retirement Tech. I/II (8 mo.)	148.0		
2 Accounting Clerk III (8 mo.)	32.8		
2 Clerk II (8 mo.)	<u>27.6</u>		
Total FY 91			228.1

TRAVEL

FY 89			
2 trips to ANCH/FBKS		2.1	
FY 90			
2 trips to ANCH/FBKS			
1 trip to Kenai			
1 trip to Ketchikan			3.5

		<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
FY 91				
2 trips to ANCH/FBKS				
1 trip to Kenai				
1 trip to Ketchikan				3.5
 CONTRACTUAL				
FY 89				
Computer hook-up & service for additional 11 PC's.	15.7			
Additional telephone hook-up for 9 phones in current system.	.3			
Telephone service for 9 phones for 2 months.	.2			
Long distance calls.	<u>.5</u>			
Total FY 89		16.7		
FY 90				
RSA to the Division of Finance for 2 Accounting Clerk III for 5 months to provide service and salary verifications.	20.5			
Telephone service for 9 phones.	1.4			
Long distance call expense based upon experience from the previous RIP.	<u>2.4</u>			
Total FY 90			24.3	
FY 91				
Telephone service for 9 phones.	1.4			
Long distance calls	<u>2.4</u>			
Total FY 91				3.8
 SUPPLIES				
FY 89				
(9 employees X \$200/yr X .17)	.3			
FY 90				
(13 employees x \$200/yr)			2.6	
FY 91				
(13 employees x \$200/yr x .66)				1.7

EQUIPEMENT		<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
FY 89				
11 Personal Computers	55.0			
8 Microfiche viewers	6.4			
11 Calculators	1.7			
1 Computer Output Printer	18.0			
	<u>Total Equipment</u>	<u>81.1</u>	<u> </u>	<u> </u>
Total Bill Cost By Fiscal Year		<u>\$142.2</u>	<u>\$349.2</u>	<u>\$237.1</u>

The retirement technicians, retirement specialist, and accounting clerks need constant access to the PERS and TRS computer files. We do not have any excess terminals, microfiche viewers or calculators. Our equipment request will satisfy our equipment needs for the duration of this program. We propose the purchase of personal computers to be used as terminals because they will be compatible with the division's Local Area Network.

We are also proposing the purchase of an additional computer output printer. The previous RIP put great demand on our existing two printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our two printers. After comparing the cost of purchasing a new printer with leasing one for two and one/half years, we determined that with our current printer needs, purchasing would be more cost effective.

All administrative costs for this program will be paid in advance by the participating employers as required by Section 2, page 2, line 27.

Committee Substitute for Senate Bill 73 (FIN)
Analysis of Financial Implications on the Retirement Systems
Prepared by Division of Retirement & Benefits
Department of Administration
March 21, 1989

Analysis: The retirement incentive program legislation requires state agencies and participating employers and employees to reimburse the PERS and TRS for the costs of participation in the program; it also requires a showing of a cost savings to participate in the program. There should be no long-term or short-term costs to the retirement systems' funds.

Position Title		Accounting Clerk III		No. of Positions	2	Range/Step	10A	Org. Unit	GGU
Type Status	FT Nonpermanent	Staff Months	8.0 each = 16.0	Location	AWA		Election District	4	
Type of Expenditure				Amount		Justification The two nonpermanent Accounting Clerk III positions will handle the additional accounting duties related to a Retirement Incentive Program (RIP) as follows: member file research; file maintenance, including entering indebtedness, history, and retirement segments into the appropriate system; verification of system output; any adjusting vouchers that are necessary in AKSAS; assisting with the deposits and coding of member indebtedness payments and employer RIP payments; assisting with the member account information that is needed in completing tax excludable statements for the Retirement Section; and any follow through that becomes necessary. The equipment needs are as follows: 2 personal computers \$10,000 2 microfiche viewers 1,600 2 calculators 276 \$11,876 Please refer to page 3 for justification.			
1	2	3							
Salary	29,360								
Benefits	3,416								
Premium Pay									
Other									
Total Personal Services		32,776							
Travel									
Contractual (Computer Hook-up fees)	3,280								
Commodities	528								
Equipment	11,876								
Other									
Total Cost		48,460							
Funding Source for Total Cost									
Federal Receipts	1002								
G F Match	1003								
General Fund	1004								
GF Program Receipts	1005								
Other	PERS 1029	29,076							
	TRS 1034	19,384							

4/6K2/012301-9/182

**Request For
New Position**

Agency Administrative

ORU Retirement and Benefits

Component Retirement and Benefits

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Revised Date _____

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Darg. Unit GGU
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	30,900			
Benefits	3,593			
Premium Pay				
Other				
Total Personal Services		34,493		
Travel				
Contractual				
Commodities		440		
Equipment				
Other				
Total Cost		34,933		
Funding Source for Total Cost				
Federal Receipts	1002			
G F Match	1001			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	20,960		
	TRS 1034	13,973		
Justification These two Clerk II positions are required in the Microfiche Center for the day-to-day file/recordkeeping duties for these new retirees. Duties include: sanitizing and purging files, creating new microfiche files for these retirees from paper documents, creating duplicate microfiche files when requested for the use of division personnel, and filing and refiling all documents. Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.				

4/6K2/012301-9/384

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

Page 7 of 9
 Revised Date _____

FY 90

Position Title		Retirement and Benefits Technician		No. of Positions	8	Range/Step	12A	Org. Unit	GGU								
Type Status	FT Nonpermanent	Staff Months	12.0 each = 96.0	Location	AWA		Electing District										
Type of Expenditure				Justification													
				During the almost two years of managing the first RIP, PERS retirements increased 109%, TRS retirements increased by 151%, projections increased by 235%, correspondence increased by 126%, telephone calls increased by 134% and office visits increased by 147%.													
				The additional technical staff will be needed to assist our current staff research member files, prepare projections and retirements, add service that members are eligible to purchase and respond to the many inquiries that we will receive during the concentrated window period of the program.													
				Equipment needs are as follows:													
				<table> <tr> <td>8 personal computers</td> <td>\$40,000</td> </tr> <tr> <td>6 microfiche viewers</td> <td>4,800</td> </tr> <tr> <td>8 calculators</td> <td>1,104</td> </tr> <tr> <td></td> <td><u>\$45,904</u></td> </tr> </table>						8 personal computers	\$40,000	6 microfiche viewers	4,800	8 calculators	1,104		<u>\$45,904</u>
8 personal computers	\$40,000																
6 microfiche viewers	4,800																
8 calculators	1,104																
	<u>\$45,904</u>																
				Please refer to page 3 for detailed justification.													
Amount																	
1		2		3													
Salary		198,912		[REDACTED]													
Benefits		23,136															
Premium Pay																	
Other																	
Total Personal Services				222,048													
Travel																	
Contractual (Computer Hook-up fees)				13,120													
Commodities				1,584													
Equipment				45,904													
Other																	
Total Cost				282,656													
Funding Source for Total Cost																	
Federal Receipts 1002																	
G F Match 1003																	
General Fund 1004																	
GF Program Receipts 1005																	
Other PERS 1029				169,594													
IRS 1034				113,062													

4/6K2/012301-9/586

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

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 Revised Date _____

FY 90

Position Title Retirement and Benefits Specialist I		No. of Positions 1	Range/Step 13A	Org. Unit GGU						
Time Status FT Nonpermanent	Staff Months 12.0	Location A11A		Election District 4						
Type of Expenditure		Amount								
1	2	3								
Salary	26,460									
Benefits	3,078									
Premium Pay										
Other										
Total Personal Services		29,538								
Travel										
Contractual (Computer Hook-up fees)		1,640								
Commodities		732								
Equipment		5,138								
Other										
Total Cost		37,048								
Funding Source for Total Cost										
Federal Receipts	1002									
G F Match	1003									
General Fund	1004									
GF Program Receipts	1005									
Other	PERS 1029	22,229								
	TRS 1034	14,819								
<p>Justification</p> <p>During the almost two years of managing the first RIP, PERS retirements increased 109%, TRS retirements increased by 151%, projections increased by 235%, correspondence increased by 126%, telephone calls increased by 134% and office visits increased by 147%.</p> <p>The Retirement Specialist will train and direct the daily activities of the eight additional retirement technicians. They will also be responsible for maintaining a listing of all employees who elect to participate in the RIP and a listing of all employees who are eligible to retire under the RIP. They will also be required to prepare data necessary to calculate actual cost billing information to participating employers.</p> <p>Equipment needs are as follows:</p> <table style="margin-left: 40px;"> <tr> <td>1 personal computer</td> <td style="text-align: right;">\$5,000</td> </tr> <tr> <td>1 calculator</td> <td style="text-align: right;">136</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$5,138</u></td> </tr> </table> <p>Please refer to page 3 for detailed equipment justification.</p>					1 personal computer	\$5,000	1 calculator	136		<u>\$5,138</u>
1 personal computer	\$5,000									
1 calculator	136									
	<u>\$5,138</u>									

4/6K2/012301-9/788

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 9 of 9
 Revised Date _____

FY 90

Original sponsors: Duncan and Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 73 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to retirement incentive programs for
7 the public employees' retirement system and the
8 teachers' retirement system; and providing for an
9 effective date."

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

11 * Section 1. PURPOSE. Since it may be necessary for state agencies and
12 other employers who participate in the state retirement systems to reduce
13 their personal services costs because of declining state revenue, reimple-
14 mentation of the retirement incentive program established by ch. 26, SLA
15 1986, as amended by ch. 76, SLA 1988, encouraging employees to retire
16 voluntarily, will reduce the hardship of layoffs. This program is intended
17 to realize sufficient economies to offset the cost of administration and
18 benefits to state agencies and other employers resulting from the award of
19 retirement credits and to result in a net reduction in personal services
20 costs to the state or other employers during a period of declining revenue.

21 * Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a
22 retirement incentive plan under secs. 3 - 6 of this Act, as appropriate, to
23 designate organizational units of employees eligible to participate in the
24 retirement incentive program.

25 (b) The organizational units of a plan must be selected so that
26 implementation of the plan results in maximum savings to the employer in
27 personal services costs within three years after the commencement of the
28 plan. A plan that results in savings in personal services costs in any
29 amount that is in excess of all costs to the employer qualifies under this

1 section. The designation may include only representatives from job class-
2 ifications whose inclusion contributes to the overall cost savings.

3 (c) A member is eligible to participate in the retirement incentive
4 program only if the member is vested, is employed in a position in a des-
5 igned organizational unit, and will be qualified to retire under AS 14.-
6 25.110 or AS 39.35.370 after receipt of the retirement incentive. To
7 participate, a member shall apply on a form provided by the administrator.

8 (d) A participating employer shall prepare and file the retirement
9 incentive plan with the administrator. For state employees other than
10 university employees, the administrator may approve a designated orga-
11 nizational unit only if the office of management and budget certifies that
12 the unit's participation in the plan meets the requirements of (b) of this
13 section. The administrator shall approve the plan if it meets the require-
14 ments of this section. The plan must

15 (1) identify organizational units and employees eligible to
16 participate in the program;

17 (2) include a reimbursement agreement that

18 (A) requires the employer, for each employee who is retired
19 under the plan, to reimburse the system within three years after the
20 end of the fiscal year in which the employee is appointed to retire-
21 ment in an amount equal to

22 (i) the actuarial equivalent of the difference between
23 the benefits the participant receives after the addition of the
24 retirement incentive under this section and the amount the par-
25 ticipant would have received without the incentive, less the
26 amount the participant has paid on the indebtedness determined
27 under (e) or (f) of this section; and

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

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

4 (e) A member of the teachers' retirement system who participates in
5 the retirement incentive program is indebted to the system. The amount of
6 indebtedness is equal to 21 percent of the member's actual compensation for
7 the school year, or the calculated school year compensation for a member
8 who works less than the entire school year, for the school year in which
9 the member terminates employment to participate in the program. An out-
10 standing indebtedness at the time a participant is appointed to retirement
11 will require an actuarial adjustment to the benefits payable.

12 (f) A member of the public employees' retirement system who partici-
13 pates in the retirement incentive program is indebted to the system. The
14 amount of indebtedness is equal to 22-1/2 percent for a peace officer or
15 fireman, and 20-1/4 percent for other members, of the member's actual
16 annual compensation, or the calculated annual compensation for a member who
17 works fewer than 12 months, for the year in which the member terminates
18 employment to participate in the program. An outstanding indebtedness at
19 the time a participant is appointed to retirement will require an actuarial
20 adjustment to the benefits payable.

21 (g) A participant in the retirement incentive program receives a
22 credit of three years. The three years must be applied in the following
23 order until exhausted:

24 (1) to meet the age or service required for eligibility for
25 normal retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

26 (2) to meet the age required for early retirement under AS 14.-
27 25.110 or AS 39.35.370, as appropriate;

28 (3) to reduce the actuarial adjustment required for early re-
29 tirement under AS 14.25.110 or AS 39.35.370, as appropriate;

1 (4) as years of credited service for calculating retirement
2 benefits.

3 (h) Except as provided in sec. 7 of this Act, in the determination of
4 whether a member will qualify to retire under this section, credited ser-
5 vice may include only,

6 (1) for members of the teachers' retirement system, service
7 credit for employment rendered to an employer, territorial service under
8 AS 14.25.105, outside service and military service under AS 14.25.060, and
9 Alaska BIA service under AS 14.25.107;

10 (2) for members of the public employees' retirement system,
11 service credit for employment rendered to an employer.

12 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
13 A state agency is authorized to adopt a retirement incentive plan for its
14 employees. A plan adopted under this section shall permit a designated
15 employee to apply to the retirement incentive program under sec. 2 of this
16 Act only from January 31, through July 31, 1990.

17 (b) The plan may not permit an employee who is the commissioner, a
18 deputy commissioner, or assistant commissioner of a state department to
19 participate.

20 (c) A plan adopted under this section may only permit participation
21 by an employee who is otherwise qualified and who

22 (1) has been continuously employed by the state since July 1,
23 1986;

24 (2) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 July 1, 1986, in which the position normally was filled;

27 (3) has a job sharing agreement with a state agency in which two
28 or more employees share a single position identified by a single position
29 control number and in which the employee choosing to participate was

1 continuously employed by the agency during all of the time since July 1,
2 1986, in which the employee normally worked under the job sharing agree-
3 ment; or

4 (4) meets a combination of the requirements of this subsection.

5 (d) Under a plan adopted under this section, the administrator may
6 not accept the application of an employee unless the employee will be
7 appointed to retirement on or before November 1, 1990.

8 (e) In this section "state agency" does not include the University of
9 Alaska or an entity covered by sec. 4 of this Act.

10 * Sec. 4. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
11 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a
12 political subdivision of the state or a public organization that has elect-
13 ed to participate in the public employees' retirement system under AS 39.-
14 35.550 - 39.35.650 is authorized to adopt a retirement incentive plan for
15 its employees under sec. 2 of this Act. A plan adopted under this section
16 shall permit designated employees to apply to the retirement incentive
17 program under sec. 2 of this Act from September 30, 1989, through March 31,
18 1990.

19 (b) Under a plan adopted under this section, the administrator may
20 not accept the application of an employee unless the employee will be
21 appointed to retirement on or before November 1, 1990.

22 * Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR THE EMPLOYEES OF
23 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of
24 Alaska is authorized to adopt a retirement incentive plan for its employ-
25 ees. A plan adopted under this section shall permit designated employees
26 to apply to the retirement incentive program under sec. 2 of this Act from
27 June 30, 1989, through December 31, 1989.

28 (b) Under a plan adopted under this section, the administrator may
29 not accept the application of an employee unless the employee will be

1 appointed to retirement on or before August 1, 1990.

2 * Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
3 THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers'
4 retirement system who is not otherwise covered by secs. 3 or 5 of this Act
5 is authorized to adopt a retirement incentive plan for its employees under
6 sec. 2 of this Act. A plan adopted under this section shall permit des-
7 ignated employees to apply to the retirement incentive program under sec. 2
8 of this Act only from June 30, 1989, through December 31, 1989.

9 (b) Under a plan adopted under this section, the administrator may
10 not accept the application of an employee unless the employee will be
11 appointed to retirement on or before August 1, 1990.

12 * Sec. 7. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.
13 Notwithstanding other provisions of law, a vested member who is a state
14 employee and is participating in the retirement incentive program may
15 receive credit for employment with a political subdivision or public orga-
16 nization before the political subdivision or organization became an em-
17 ployer under the system for purposes of determining eligibility for retire-
18 ment under AS 14.25.110 or AS 39.35.370, as appropriate. The member may
19 not receive credit for those years under this subsection for purposes of
20 determining benefits. In order for a state employee to receive credit
21 under this subsection, the employee's participation in the program must
22 contribute to the overall cost savings of the agency.

23 * Sec. 8. RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency
24 owed by an employer other than the state under an agreement entered under
25 sec. 2(d)(2) of this Act, the Department of Administration may

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

1 * Sec. 9. REEMPLOYMENT INDEBTEDNESS AND REEMPLOYMENT PROHIBITION. (a)
2 If a participant in the retirement incentive program is reemployed as a
3 member of the public employees' retirement system under AS 39.35 or the
4 teachers' retirement system under AS 14.25 after appointment to retirement
5 under the program, the participant loses the incentive credit received
6 under sec. 2(g) of this Act and is indebted to the system. The amount of
7 the indebtedness is equal to 110 percent of the amount the participant
8 received as a result of participation in the program to which the partici-
9 pant was not otherwise entitled, including the cost of health insurance.
10 The participant is entitled to a credit to be applied against the reemploy-
11 ment indebtedness in the amount the participant has paid under sec. 2(e) or
12 (f) of this Act. Interest accrues on the indebtedness at the rate estab-
13 lished by regulation from the date of reemployment until the member is ap-
14 pointed to retirement and accepts an actuarial adjustment to the member's
15 future benefits or until the amount is paid in full.

16 (b) For one year after the date on which an employee who participated
17 in the program retired, the participant may not be employed by or enter
18 into a contract for personal services with a state department or agency
19 other than a personal services contract with the University of Alaska.
20 This subsection does not prohibit the university from entering into a
21 personal services contract with an employee who has participated in the
22 program during the year immediately following the employee's retirement.

23 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
24 nizational unit for participation in the retirement incentive program, the
25 executive head of a state agency shall describe in detail the expected
26 effect of the program on the agency's personal services cost and operation.
27 This report shall be filed with the office of management and budget. For
28 each employee who will receive credit for employment under sec. 7 of this
29 Act, the agency head shall establish to the satisfaction of the office that

1 the proposed participation contributes to the overall agency cost savings.
2 The agency shall report as required by the office of management and budget
3 on the cost of each member's participation and the effect on the agency's
4 personal services cost and operation. The office of management and budget
5 shall submit to the legislature annual reports on the retirement incentive
6 program beginning on January 15, 1991, and continuing through January 15,
7 1993, and shall submit a final report on January 15, 1994. Each report
8 shall provide the information necessary for the legislature to evaluate the
9 effectiveness of the program in achieving its objectives. The report
10 should include information on the designated organizational units under the
11 retirement incentive plans including the cost of the retirement incentive
12 program per participant, the cost to the state, the cost to the employee,
13 the annual budgeted amount by agency for the retirement incentive, and the
14 projected or actual net savings over the three-year period.

15 * Sec. 11. PROGRAM CHANGES. An employee does not have a vested or
16 contractual right to any benefit under this Act until an agreement is
17 executed with the administrator that permits the benefits to be offered to
18 an organizational unit of which the employee is a member. The legislature
19 reserves the right to change any aspect of the incentive program as it
20 relates to members of organizational units for which participation agree-
21 ments are executed by the administrator after the effective date of the
22 changes.

23 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
24 2 - 7 of this Act and who has submitted a timely application for participa-
25 tion in the retirement incentive program may be considered for participa-
26 tion in the program notwithstanding sec. 14 of this Act.

27 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.220 apply
28 to this Act for members of the teachers' retirement system. The defini-
29 tions set out in AS 39.35.680 apply to this Act for members of the public

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employees' retirement system.

* Sec. 14. Sections 1 - 7 of this Act are repealed July 1, 1991.

* Sec. 15. This Act takes effect immediately under AS 01.10.070(c).



Official Business

Alaska State Legislature

Senate

Committee on Finance

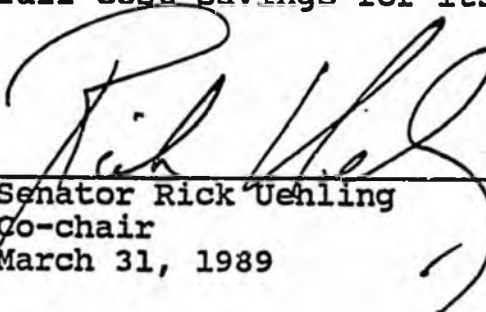
Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

FOR

CS FOR SENATE BILL NO. 73 (FINANCE)

It is the intent of the legislature that the Office of Management and Budget only allow directors to participate in the retirement incentive program if they are long-term, career state employees and that each director position which is allowed to participate demonstrate an overall cost savings for its agency.



Senator Rick Uehling
Co-chair
March 31, 1989

Senate adopted 4/4

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811-3100
(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR —
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

MEMORANDUM

APRIL 17, 1989

TO: REPRESENTATIVE RON LARSON, CO-CHAIR
HOUSE FINANCE COMMITTEE

FROM: SENATOR *JM* JIM DUNCAN

SUBJECT: CS SENATE BILL 73 (FIN)AM, AN ACT RELATING TO
RETIREMENT INCENTIVE PROGRAMS FOR THE PUBLIC EMPLOYEES'
RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM.

I REQUEST THAT YOU SCHEDULE SB 73, RE-ESTABLISHING THE
RETIREMENT INCENTIVE PROGRAM FOR PUBLIC EMPLOYEES FOR A HEARING
AS SOON AS POSSIBLE.

THE PROPOSED PROGRAM IS ESSENTIALLY THE SAME AS THE ORIGINAL
RETIREMENT INCENTIVE PROGRAM. THE PROGRAM WILL ONCE AGAIN
PROVIDE A THREE YEAR INCENTIVE TO ENCOURAGE LONG-TERM, HIGHLY
PAID EMPLOYEES TO RETIRE FROM STATE, MUNICIPAL, UNIVERSITY, AND
SCHOOL EMPLOYMENT. THE INTENT OF THE PROGRAM IS TO RETAIN
EMPLOYEES AT THE LOWER END OF THE PAY SCALE BY RETIRING OTHERS.
IN MANY CASES, POSITIONS CAN BE HELD VACANT OR REFILLED AT A
LOWER LEVEL RESULTING IN PAYROLL SAVINGS TO THE EMPLOYER.

THE RETIREMENT INCENTIVE WINDOW PERIODS CURRENTLY IN CSSB 73
ARE AS FOLLOWS:

<u>EMPLOYEE TYPE</u>	<u>APPLICATION PERIOD</u>	<u>EMPLOYEE MUST RETIRE ON OR BEFORE</u>
SCHOOL	JUNE 30, 1989 - DEC. 31, 1989	AUGUST 1, 1990
UNIVERSITY	" "	" "
STATE	SEPT. 30, 1989-MARCH 31, 1990	Nov. 1, 1990
MUNICIPAL	" "	" "

THE RETIREMENT INCENTIVE PROGRAM HAS THE ADDED ATTRACTION OF
RETAINING RETIREMENT INCOME IN THE STATE OF ALASKA. MANY LOWER
LEVEL EMPLOYEES IF LAID OFF WOULD LEAVE ALASKA TO SEEK WORK

HOUSE FINANCE COMMITTEE
APRIL 17, 1989
PAGE 2

ELSEWHERE. THIS RESULTS IN AN ECONOMIC DOWNTURN SUCH AS OCCURRED A FEW YEARS AGO WHEN MANY HOMES STOOD VACANT AND BUSINESSES WERE FORCED TO CLOSE. BECAUSE ALMOST 70 PERCENT OF OUR RETIREES REMAIN IN ALASKA, WE RETAIN THE BENEFIT OF MUCH OF THE RETIREMENT COMPENSATION WHICH IS PAID OUT. THE NET EFFECT OF THESE FACTORS IS A GAIN IN COMPENSATION DOLLARS IN OUR ECONOMY.

I HAVE ATTACHED A COPY OF THE LEGISLATIVE AUDIT OF THE RETIREMENT INCENTIVE PROGRAM WHICH SHOWS THAT, CONSERVATIVELY, \$14.5 MILLION WAS SAVED BY THE STATE IN THE LAST INCENTIVE PROGRAM. ALSO ATTACHED IS A REPORT FROM THE DIVISION OF RETIREMENT AND BENEFITS CONCERNING THE SAVINGS WHICH ACCRUED TO MUNICIPALITIES, SCHOOL DISTRICTS, AND THE UNIVERSITY FROM THE LAST WINDOW PERIOD OF THE RETIREMENT INCENTIVE PROGRAM. TO SUMMARIZE, SCHOOL DISTRICTS SAVED AT LEAST \$31.2 MILLION, MUNICIPALITIES ALMOST \$5.0 MILLION, AND THE UNIVERSITY \$22.3 MILLION OVER A FIVE YEAR PERIOD.

I ALSO ATTACH LETTERS AND RESOLUTIONS OF ENDORSEMENT FROM MANY SCHOOL DISTRICTS, MUNICIPALITIES AND ORGANIZATIONS THROUGHOUT THE STATE.

BECAUSE I FEEL SO STRONGLY THAT THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN RESULT IN SUBSTANTIAL SAVINGS TO PUBLIC BUDGETS, I URGE YOUR SUPPORT FOR SB 73. IF YOU OR YOUR STAFF HAVE ANY QUESTIONS CONCERNING THE RETIREMENT INCENTIVE PROGRAM, MY STAFF CONTACT ON SB 73 IS ROXANNE STEWART AT 465-4766.

ATTACHMENTS

CC: CAROL COLLINS, HOUSE FINANCE ✓



Alaska State Legislature

Please enter into the record my testimony to the House Hess
 committee name
 committee on SB 73 Retirement, dated 4-12-89
 bill/subject

ALASKA IS CURRENTLY FACED WITH FINANCIAL PERILS WHICH WILL NECESSITATE REDUCTION IN THE NUMBER OF EMPLOYEES ACROSS THE ENTIRE RANGE OF STATE ACTIVITIES INCLUDING REDUCTION OF THE NUMBER OF TEACHERS WITHIN OUR SCHOOL SYSTEMS.

BEING FACED WITH THESE CUTS IN PERSONNEL IT IS IMPERATIVE THAT WE DEVELOPE A PROGRAM THAT WILL SEE THE LEAST POSSIBLE HARM TO OUR CITIZENS. THE RETIREMENT INCENTIVE PROGRAM, SB 73, IS A VERY VIABLE ANSWER TO REDUCING STAFF WHILE NOT INFLECTING HARDSHIP ON MANY OF THESE EMPLOYEES. BY ALLOWING THOSE NEAR RETIREMENT TO RETIRE EARLY THE NECESSARY CUTS IN STAFF CAN BE MADE AND THIS WILL ALSO PROVIDE A SAVINGS TO THE STATE AND SCHOOL DISTRICTS AT THE SAME TIME. THOSE NEAR RETIREMENT ARE AT THE TOP OF PAY SCALES WHILE NEW HIRES ARE MUCH LOWER.

I ENCOURAGE YOUR PASSAGE OF SB 73 THROUGH YOUR COMMITTEE WITH INANIMOUS APPROVAL. INCLUDING THE AMMENDMENT THAT INCLUDES OUTSIDE SERVICE AND MILITARY WHICH IN-EFFECT ALLOWS THOSE WITH THE STATUTE REQUIREMENT OF 25 YEARS MEMBERSHIP SERVICE TO RETIRE EARLY TOO. THIS WILL PROVIDE OPPORTUNITIES FOR NEW TEACHERS, STUDENTS COMPLETING THEIR EDUCATION AND WANTING A TEACHING POSITION IN ALASKA, TO FIND WORK. MANY OF THESE STUDENTS ARE ALASKANS WHO WANT TO RETURN TO THEIR STATE TO WORK.

PLEASE PASS THIS VITAL LEGISLATION.

Signed: Raymond M. Holt
 Testifier

Representing (Optional)
P.O. Box 5338 Ketchikan Alaska 99901
 Address
247-8518 (H) 225-428 (W)
 Phone No.

CARTA

Item 7

Central Alaska Retired Teachers Association

Advocate for Retired and Pre-Retired Educators

PO Box 11-2827
Anchorage, AK 99511
Phone: 345-1698
March 28, 1989

Representative "Red" Boucher, Chairman
House State Affairs Committee
PO Box V
Juneau, AK 99811

Dear Representative Boucher:

The members of the Central Alaska Retired Teachers Association (CARTA) are very much concerned about the proposal to continue indefinitely the early retirement incentive program for Alaska's teachers as well as for other State employees as presented in SB 73 and HB 77 currently before the Legislature.

Because of this concern, at their regular March meeting, members approved the resolution printed on page four of the attached CARTA Newsletter.

In addition to the reasons stated in the resolution, CARTA members believe that two other legislative proposals should receive approval, proposals that seem to be on a collision course with SB 73 and HB 77 because of cost. Both bills listed below should be approved first.

SB 53 provides an automatic cost-of-living adjustment for retired teachers, a benefit already enjoyed by other retired State employees. It has been suggested that this is too expensive for the Teachers Retirement System fund to bear, and one reason given is the escalating cost of health insurance--especially for early retirees and their families.

SB 13 provides for reimbursing teacher and public employee retirees for Medicare Part B premiums and is important because current practice discriminates against older retirees by requiring them to begin to pay for part of their health insurance when they become 65, although the retirement funds pay in full for younger retirees and their families.

Please give these matters your careful consideration. I would appreciate having a response from you that I can share with CARTA members.

Sincerely,



Marilyn S. Scott, Ed.D., President

RECEIVED

APR 09 1989



Central Alaska Retired Teachers Association

VOLUME 111, Number 3

March 1989

MEDICARE CATASTROPHIC COVERAGE ACT OF 1988 IS VIEWED BY MANY RETIREES TO BE CATASTROPHIC FOR THEM

At recent CARTA general meetings as well as meetings of its executive board and legislative committee, the surtax on incomes of seniors 65 and older to pay for the additional health insurance coverage provided in the Medicare Catastrophic Coverage Act of 1988 has been a major issue. The assumption of the legislation is that only senior citizens benefit; therefore, only senior citizens should bear the cost.

Medicare-eligible persons approaching 65 or older need to be aware that this Act provides for a surtax on their income tax, calling for an additional payment of \$22.50 for each \$150 of federal income tax liability, with a ceiling of \$800 per person (\$1600 per couple) for 1989. That amount will increase annually up to \$42 per \$150 of income tax with a ceiling of \$1050 per person (\$2100 per couple) in 1993, and may increase further in future years. Generally speaking, a taxable income of \$25,000 for an individual or \$50,000 for a couple will generate nearly the full amount of surtax.

The Kiplinger Washington Letter of March 17, 1989, a business-focused newsletter, advises: "New Medicare tax needn't be paid in advance on '89 estimated tax or by income withholding. Medicare recipients can owe up to \$800 each. IRS won't charge penalties for this first year, but will in later years. An exception: Taxpayers won't have to prepay for the year they turn 65. The new tax is not a deductible medical expense, unlike genuine premiums."

Exploration of the problem has identified two issues of particular concern to retired educators.

First, the Medicare Catastrophic Act of 1988 provides little improvement over the health insurance coverage already provided to Alaska's retired teachers through the Teachers Retirement System. It generally duplicates the Medicare supplementary coverage under Aetna.

Second, the method of determining the surtax is unfair to retired teachers, who receive minimal Social Security benefits. State of Alaska teacher retirement benefits are fully taxable for federal income tax purposes whereas only 50 % of Social Security benefits are taxable. Since the Medicare surtax is based on federal income tax paid,

retired teachers' taxable income appears to be much higher than it really is in relation to persons depending primarily on Social Security, and their surtax may be correspondingly higher.

The net result is that Alaska's retired teachers who are 65 or older will be receiving little if any additional benefit from the Medicare Catastrophic Coverage Act, but may be paying more Medicare surtax than Social Security retirees with the same dollar income.

The provisions of the Act itself are coming under increased scrutiny. There is real concern that it is not in the best interests of Medicare recipients in general. It is estimated that only about 3% of seniors will benefit from the unlimited hospital care, and there is no provision for real long term care which is the chief concern of most older Americans. It is possible that the entire Act will need to be reworked.

(See related stories on page 2.)

MEETING SCHEDULE

Apr 8 Health insurance

May 13 Scholarship winners!

Sept 3 Program TBA

KEEPING IN TOUCH

PAULINE and **GORDON BURKHER** enjoyed a visit with Burl and sons this winter. They tried an elephant ride at the San Diego zoo, sampled Palm Springs, and shivered in San Francisco.

ADELHEID PAULS is recovering from surgery for a ruptured disc. She was looking well at the March ASRTA/CARTA meeting.

EDYTHE HASSEL had a week of bridge in Honolulu plus a week with her son Doug and wife and five grandsons at North Shore. She got caught in Seattle's snowstorm—says it was worse than Anchorage. She entered two pastels in the Fur Rondy Senior Juried Art Show. Her Canvas Ducks garnered a second place.

YVONNE FALON chaired the Anchorage Womens Club eleventh annual High School Juried Art Show held this year at Loussac Library.

BUCK and **GENEVA SMITH** made a 3-day trip to Reno (some luck, they say) and then to Sumner, Wash. They visited their daughter and family and watched a grandson in a wrestling match.

JOHN and **NAOMI EVERITT** spent Dec/Jan in Mississippi. John built fence and planted several acres of pine trees while Naomi involved relatives in sewing handcrafts, quilts, skirts, blazers, etc.

MARY and **GORDON GUFFEY** enjoyed this past Christmas by having daughter Adele with them.

JOE MONTGOMERY has been back shoveling snow after coping with a blood clot in his lung during the winter months.

MARI PARKER RICH and husband Paul spent Christmas in Anchorage. Mari enjoyed her grandchildren while Paul snowmobiled. They also visited the Everitts in Mississippi in November.

MAX and **FLO LALANDE** flew to Richmond, VA, on March 4 and picked up a YW camper for a 3-month motor trip. Flo will attend an Early Childhood Education conference in Richmond in April. They have reservations for the Kentucky Derby in May.

ELAINE and **LEO HANTZ** spent Christmas in Baumholder, Germany with their granddaughter and her family.

LEGISLATION NEEDS CARTA HELP

SB 53, to establish an Automatic Post-Retirement Pension Adjustment (PRPA) for teachers seems to be going nowhere. Too costly, they say. Write to or call Paul Fischer, Jim Duncan and Tim Kelly of the SENATE HESS Committee; also, Pat Pourchot, Jan Fuiks and Jay Kerttula of SENATE State Affairs; and John Binkley, Rick Uehling, and Drue Pearce of SENATE Finance.

SB 13 provides for reimbursing teacher and other State retirees for the Medicare Part B premiums they must begin to pay at age 65 if they are to retain full medical insurance coverage. SENATE HESS, State Affairs and Finance are scheduled to review this bill also. Write to the same senators listed under SB 53 above and to Fred Zharoff who is a co-sponsor with Duncan and Kerttula.

SB 73 and HB 77 attempt to reimplement the early retirement incentive program. CARTA and ASRTA have taken the position that early retirement of teachers may jeopardize quality education

and, because of spiraling health insurance costs, the financial health of the Teachers Retirement System. SB 73 will be considered by SENATE State Affairs, HESS and Finance (See committee member names at left). Write also to "Red" Boucher, Dave Donley, Alyce Hanley and Jim Zawacki of HOUSE State Affairs; Ron Larson, C.E. Swackhammer, Fran Ulmer, Kay Brown, Ramona Barnes, Randy Phillips and Steve Rieger of HOUSE Finance; and Johnny Ellis, Max Gruenberg and Walt Furnace of HOUSE HESS.

SENATE Finance is now considering SB 5, the Longevity Bonus/Annuity Program bill introduced by Kerttula and vetoed last year by Governor Cowper. There are efforts under way to kill the Longevity Bonus. CARTA, AARP, the Pioneers and others support the Annuity bill as a viable alternative to the Bonus. Messages need to go to SENATE Finance members listed at left.

Write to all legislators at PO Box Y, Juneau, AK 99811, or through the Legislative Information Office.

March 29, 1989

Representative H.A. "Red" Boucher
Box V
Juneau, AK 98111

Dear Representative Boucher:

I would like to ask for your support of the retirement incentives for teachers and other public employees and ask that you schedule it for hearing soon in your district. This bill, I believe, is a win-win situation for everyone interested in public education. Employees retain the choice of continuing to teach or accepting the offer. School districts, which are a part of the budget pays for employee costs, will hire younger and cheaper teachers. This will open up for recent Alaskan graduates of teaching schools. Students lose experience and teachers with new enthusiasm and fresh ideas. The money saved with less expensive teachers can be used to fund programs currently scheduled for cuts due to declining revenue. The only negative is the loss of experienced teachers but I think a majority of teachers accepting this offer are teachers who would retire soon anyway.

I note that the House version of this bill opens a window for teachers in the summer of 1989. I would like to see this changed to at least match the latest senate version of this bill which opens a window from June 30, 1989 to December 31, 1989. It wouldn't be unreasonable to have this a 12-month window. Dale Sandait, personnel director for the Kenai Peninsula School District, thought that there might be 60-70 additional vacancies to fill in this district alone if this program became law. With a wider open-period school districts across the state would have a smoother transition and less competition in finding the best replacements. Also it is becoming clear that the need for cutting expenses is now. Our school board has held an unusual number of public hearings this past month getting ready for the impending school budget crises. My school district has indicated they might be forced to issue a reduction in Force notices to certified employees this year. When this was last done in 1981 it created havoc.

Sincerely,


Jerry Hanson

107 Paula Street
Kenai, Alaska 99611

RECEIVED

APR 03 1989

April 6, 1989

The Honorable
State Affairs Committee
House of Representatives
Juneau, Alaska

Dear Mr. Boucher:

We urge you to support expeditious passage of Senate Bill 73.

Senate Bill 73 is fiscally responsible. A study of the results of the retirement incentive bill of 1984 showed substantial savings to the state of Alaska.

Senate Bill 73 provides an opportunity to create flexibility and pertinence in public school programs. The retirement of senior staff members allows responsive change in school staff skills and preferences. The result will be better education for the children of our state.

Thank you for your attention and for your support for Senate Bill 73.

NAME: PRINTED	SIGNATURE	ADDRESS
Livonia C Lovette	Livonia C Lovette	1710 Bunk Dr. Anchorage, AK 99504
Larry Weatherwax	Larry Weatherwax	4025 Tree Circle Anchorage AK 99502
Robert E. Dolan, Jr.	Robert E. Dolan, Jr.	1821 Westview Cir, Anch. AK 99504
Randy A Anduser	Randy A Anduser	Box 110833 Anch. AK 99504
DORRIS BENSON	Dorris Benson	364 E. 23rd Anchorage 99506
MARILYN R. UPTON	Marilyn R. Upton	1518 TURPIN ST. ANCH., AK 99504
Tom Pinen	Tom Pinen	224 N. Bonanza St Palmer AK 99645
Darrell Peterson	Darrell Peterson	6937 Lowell Cir, Anch 99502
Phil Van Duff	Phil Van Duff	1311 Brentwood Dr.
DIANA M Bell	Diana M Bell	2040 Tuxton Hill Anch. AK 99506
JANISCV DOLAN	Janis CV Dolan	1821 Westview Cir 99504
Elise Schmitt	Elise Schmitt	3610 Lakewood Dr Anchorage 99516
SHANNON M. HARBKE	Shannon M. Harbke	3641 Targa Dr Anchorage 99516
Helen Olson	Helen Olson	2638 Kenmore Circle Anchorage 99508
CLAIRE JOHNSON GENTILE	Claire Johnson Gentile	20133 EARLE RIVER RD. ANCH. AK 99508
JAMES N. BOWERS	James N. Bowers	9943 Reliance Rd Anchorage 99507
CAROL J. ROSS	Carol J. Ross	3401 Richmond Ave Anch 99508
HAROLD NAKAGAWA	Harold Nakagawa	P.O. Box 111889 S. Ste Anchorage AK 99511-1889
Christina Schmidt	Christina Schmidt	5901 Stehany Anch. AK 99510
CAROL CALLEGA	Carol Callego	1227 E 27 Anch 99502
Roberta S. Bear	Roberta S. Bear	3321 Muldoon Rd #24 Anch 99508
David J. Van Soest	David J. Van Soest	1460 Riverview Dr Uptown Anchorage 99503
Jean Peterson	Jean Peterson	6937 Lowell Circle Anch 99502
Joyce Owen	Joyce Owen	2106 Roosevelt Dr. Anch 99503

Dear Legislators:

Considering the success of the RIP bill of 1986, why hasn't this session's RIP been aimed at a larger pool of potential retirees? Assuming that a positive correlation exists between number of participants and amount of dollars/jobs saved, please consider ways to incorporate a larger membership.

Viable options might be:

- ① Extend the application period to 1991 or beyond.
- ② Allow 4 or 5 years of credited service instead of 3.
- ③ Apply a vested member's outside or military service toward a minimum 20 yr. credited retirement, instead of the present 25 yr. minimum.

Thank you,
Gene Smart (776-5678)



UNIVERSITY OF ALASKA, ANCHORAGE

3211 Providence Drive
Anchorage, Alaska 99508

March 14, 1988

OFFICE OF THE CHANCELLOR

Senator Jim Duncan
Alaska State Legislature
P.O. Box V (M/S 3100)
Juneau, AK 99811


Dear Senator Duncan:

Thank you for introducing Senate Bill 73, the Retirement Incentive Program. There have been numerous inquiries from the University of Alaska Anchorage (UAA) faculty and staff who are interested in the program which indicates that, if the bill is passed, UAA would realize significant savings in personnel costs.

We support this bill and urge its passage.

Thanks again for your continuing support for the University of Alaska.

Sincerely,



Donald F. Behrend
Chancellor

DFB:ec



Office of the Chancellor
(907) 474-7112

UNIVERSITY OF ALASKA FAIRBANKS

Fairbanks, Alaska 99775-0500

March 14, 1989

Senator Jim Duncan
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator Duncan:

I am writing in support of SB73, a Retirement Incentive Program For State Employees. As I understand the nature of this bill, it would be similar to the program implemented by the Alaska State Legislature and the State of Alaska a few years ago. The primary difference would be that the cost savings would have to result in personal services over a five year period after the commencement of the program rather than a three year period.

Allow me to address the program from the employees' standpoint. In informal surveys of our support staff and faculty, I find broad support for SB73. It would be fair to state that their general view is that the program would provide an option to employees who have provided a substantial length of service to the University. Additionally, it would be an important morale factor during these difficult financial times when there has been little or no salary movement for these employees.

I realize the purpose of this proposed legislation is not to provide a morale benefit for state employees but, rather, to ultimately save the State of Alaska money. We have now completed our review of the past Retirement Incentive Program. During that program, 104 employees exercised their option to retire. Of these 104 employees, 49 were members of the Teachers' Retirement System and 55 were members of the Public Employees' Retirement System.

In addressing the cost savings as a function of the Teachers' Retirement System, we conclude as follows. Three of the 49 positions were left vacant and then deleted from the University's budget during budget reductions. Over a five year period (following closure of the window for the program), had all 49 employees remained employed, it would have cost the University \$20,040,341. The replacement costs over this same period of time

Senator Jim Duncan
March 14, 1989
Page 2

will actually cost the University \$16,767,874. Additionally, we have deducted \$1,571,262 from the savings as this was the amount the University was required to pay into the retirement system to cover its actuarial costs. Thus, we will have a net savings to the state (over a five year period) of \$1,701,205 .

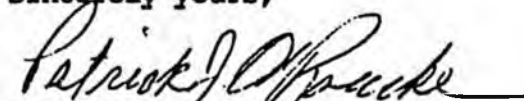
A similar pattern is shown under the Public Employees' Retirement System. Had all 55 employees remained for another five years, it would have cost the University \$13,132,743. The replacement costs for the retirees total \$10,310,685 over that same five year period. We again deducted the amount the University was required to pay to the retirement system which amounted to \$1,378,528. Thus, in the PERS, we count \$1,143,530 as the net savings over a five year period.

In total, for the University of Alaska Fairbanks, we calculate that over a five year period of time, the program will have saved the University approximately \$2,844,735.

These savings have not yet materialized because we are still in the third year of our payments to the various retirement systems. Additionally, replacement employees have not yet been at UAF a period of five years. Thus, there has been some short-term pain to UAF as we have tried to cover our required payments to TRS and PERS. However, although we had to absorb these unbudgeted costs through other temporary reductions, the picture appears clear in the long term. There is a definite savings over a five year period of approximately \$2.8 or roughly \$27,353 per retiree. Clearly, from a financial standpoint, the state benefits in the long term from such a program although, as I said, it has been difficult to cover the short-term costs.

I am hopeful that SB73 will pass this session of the legislature. I imagine there may be detractors, but it cannot be on the basis that there are not long term savings. Clearly, there are.

Sincerely yours,


Patrick J. O'Rourke, Chancellor
University of Alaska Fairbanks

PJO'R/clb



RECEIVED JAN 11 1989

ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

RESOLUTION TO ENACT THE RETIREMENT INCENTIVE PROGRAM (RIP)

The Alaska Council of School Administrators urges the Legislature and Governor to again enact the Retirement Incentive Program.

RATIONAL:

- (A) The State of Alaska had initiated an early retirement incentive program which has appeared to be of benefit to the retiree and the State of Alaska.
- (B) It will be established over time that the intent of the previous program has been accomplished.
- (C) That the TRS and PERS will remain financially sound.
- (D) It has provided a positive incentive to long term employees to change careers without penalty.



NEA-ALASKA

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Payor

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RECEIVED MAR 28 1989

March 27, 1989

To: Senators Binkley and Uehling, Co-Chairs
Members, Senate Finance Committee

Re: CS For Senate Bill No. 73 (HESS): "An Act
relating to retirement incentive programs for
the public employees' retirement system and the
teachers' retirement system; and providing for an
effective date."

NEA-Alaska endorses, strongly supports, and encourages your favorable consideration of the CS for SB 73.

The probability of funding cuts to the operating costs of government also carry the probability of employee lay-offs. It makes sense to diminish the adverse impact of lay-offs by providing for voluntary attrition through a retirement incentive program.

While employee lay-offs may save some money initially they also represent potential longer term costs to government through unemployment costs and other social services.

The retirement incentive program provides for immediate and long term cumulative savings as well as providing government the opportunity to reorganize itself more efficiently.

SB 73 responsibly requires that participating agencies of government demonstrate financial savings as a basic requirement for employee participation. It further provides that the program be implemented at no additional cost to the retirement systems.

The data from the last RIP overwhelmingly demonstrates that this is a sound program and is worthy of your favorable consideration.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners

Bob Manners
Executive Secretary

Judy Salo

Judy Salo
President

cc: Senator Jim Duncan

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE

A REPORT ON THE
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM

May 16, 1986 - October 1, 1987

Audit Control Number

02-1327-89-S

Commissioner, Department of
Administration

John M. Andrews

Deputy Commissioners, Department
of Administration

Charles E. Taylor
James J. Fox

STATE OF ALASKA

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
P.O. BOX W
JUNEAU, ALASKA 99811-3300

February 8, 1989

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska
Statutes, the attached report is submitted for your review.


A REPORT ON THE
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM

May 16, 1986 - October 1, 1987

Audit Control Number

02-1327-89-S

As stated in the Report Objectives, Scope, and Methodology
Section, the Audit primarily involved determining the
estimated cost savings to the State of Alaska as a result of
state employees enrolled in the Public Employees' Retirement
System and participating in the Retirement Incentive Program
as enacted by Chapter 26, SLA 1986. This audit was con-
ducted in accordance with generally accepted governmental
performance auditing standards.



Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

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REPORT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the provisions of Title 24 of the Alaska Statutes, a review was conducted to determine the estimated cost savings resulting from State of Alaska employees participating in the Retirement Incentive Program (RIP). The objectives, scope, and methodology of our review were as follows:

Objectives

Chapter 26, SLA 1986 created a retirement incentive program for members of the Public Employees' Retirement System and Teachers' Retirement System. The stated purpose of this legislation, effective May 16, 1986 was:

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

The objective of our review was to determine the amount of cost savings as a result of state employees participating in RIP. The scope of our review and methodology used to meet this objective follows.

Scope and Methodology

All executive branch employees (excluding the University of Alaska) enrolled in the Public Employees' Retirement System, participating in RIP between May 16, 1986 to October 1, 1987, and having position control numbers (PCNs) were reviewed.

In order to calculate the estimated cost savings in personal service costs as a result of employees participating in RIP, we obtained a listing of retirees from the Department of Administration, Division of Retirement and Benefits. The listing, dated November 9, 1987 provided us with the retiring employee's name, social security number, and employer's RIP cost by department.

A computer match of social security numbers with the State's payroll history file was done in order to identify the PCN from which the employee retired. The match also provided us with the monthly salary or hourly rate the employee was paid. To derive at an annual salary, monthly employees' salaries were multiplied by 12 months, if budgeted for 12 months, and hourly employees' salaries were multiplied by 1,950 hours, if budgeted for 12 months. The match of social security number to PCN showed that some employees did not have a PCN such as retirees from the Permanent Fund Corporation and marine employees. These were excluded from our analysis.

The new listing of PCNs generated above was matched with the State's payroll history file for the period August 1988 through December 1988. If a match occurred, we determined the annual salary of the current occupant based on the monthly/hourly rate. In addition, we matched the PCN with the FY 89 PACS (Position Accounting Control System) file that is maintained by the Office of the Governor, Office of Management and Budget. This match provided us with the number of months a position was budgeted.

In order to show a more accurate comparison of annual salary savings, we adjusted the annual salary for the retired employee and the current employee if the number of months budgeted was less than twelve. The salary of employees retiring from PCNs that remain vacant or was unbudgeted in the FY 89 PACS file is considered as a savings because there are no current costs associated with the vacated PCN. Furthermore, our review did not indicate that employees retired from positions currently vacant had been replaced with a new position which is currently filled.

Next, we compared the retired employees' salaries to the current occupants' salaries by position to determine if the participation in RIP resulted in a "savings" or "loss." "Savings" is defined as the current occupant's salary being less than the retired employee's salary. "Loss" is defined as the current occupant's salary being greater than the retired employee's salary.

In the final analysis, total savings/loss by department was multiplied by three years because the State had three years to pay for the employer's share of the RIP cost, although the benefit could affect more than three years. The employer's net cost of RIP by department which excludes the cost for positions not included in the comparison was compared with the department's three-year savings/loss in order to arrive at a net savings/loss.

Limitations

In addition to the methodology used to determine the cost savings of the RIP program, the following are some limitations we identified.

1. Our computation of savings only shows the savings in the position that retired. It doesn't take into account the savings from other positions affected within the State if the position was filled by another state employee.
2. Some positions were reclassified after the employee was retired. Consequently, the cost savings/loss comparison may be skewed for these positions.
3. Our comparison excludes employees in which the PCN had more than one employee participate in RIP. In those instances, only the first employee to participate in RIP and the current occupant were presented on the schedule.
4. The calculation of savings/loss was only determined for annual salaries; employee benefits are not included. In addition, the effect of employee merit increases during the year was excluded.
5. The net cost of RIP represents the employer's cost excluding administrative charges for those positions we analyzed.
6. Some executive branch employees took mandatory and voluntary pay cuts prior to retiring while the current occupant's salary in that position reflects the reinstated salary. We did not adjust our schedule for these differences.

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ORGANIZATION AND FUNCTION

Chapter 26, SLA 1986 became effective on May 16, 1986 and created a retirement incentive program for members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). The program provided for vested members of each retirement system, who were eligible to retire within three years, a credit of three years. The aim of the program was to reduce personal service costs and to minimize the number of involuntary layoffs.

The Office of the Governor, Office of Management and Budget (OMB), Division of Budget Review issued detailed guidelines on June 11, 1986 to state agencies to follow in implementing the Retirement Incentive Program (RIP). Employees wishing to participate in the program had to meet three requirement levels in order to qualify for RIP.

1. Personal Eligibility - Basic requirements of age, length of service, and status with regard to PERS or TRS had to be met.
2. Designated Organizational Units - The individual had to be employed in a position falling within an agency assigned job classification, and authorized in and paid from a designated organizational unit. Savings then had to be shown to occur within job classifications within designated organizational units before any individual could retire under the program. Agencies were given complete freedom to select job classifications and organization units of the greatest or least detail.
3. Certification of Savings - Agencies were required to forward evidence of cost savings to OMB based on the job classifications and organizational units participating in RIP. Once OMB certified the savings, funds could be encumbered to pay for the cost of RIP.

In calculating the savings, OMB required agencies to include all those individuals meeting personal eligibility requirements and who wished to participate in the program. Within a job classification and designated organizational unit either all those individuals must have been able to participate or none could. In other words, an organizational unit could not be designated unless all those who met basic requirements and wanted to participate were included in the calculation of savings.

Savings could be achieved in one of four ways. A position held by a person retiring under the program could be filled by someone at a lower step or range within its existing job class; the position could be reclassified downward; or the position could be held vacant. In addition, agencies could consider a savings for a position held vacant even though it was not last filled by someone retiring under the program.

Because payment of the participant costs to the Division of Retirement and Benefits must have been made within three years of the end of the fiscal year in which he or she retired, agencies could calculate savings stemming from lower range, lower step, and vacancy over four full years rather than three, beginning with the fiscal year in which the retirement took place. According to OMB, the generous rounding was due to the fact that the State would benefit financially long after the three year payment period ended.

AUDITOR'S CONCLUSIONS

Comparing the salaries of employees participating in the Retirement Incentive Program (RIP) with the salaries of replacement employees and positions remaining vacant shows the State benefited in a reduction of personal service costs. Taking into consideration the employer's cost to credit the retired employees with three years of service produces an estimated net savings of \$14,449,000 over three years. (See Schedule of RIP Cost Savings/(Loss) on page 9 of this report.)

Except for the Department of Corrections and the Department of Community and Regional Affairs, all executive branch agencies we reviewed showed a net savings to the State. For the most part this exception was due to OMB allowing agencies to calculate their savings over a four-year time period whereas our calculations were based over a three-year period. (See Report Objectives, Scope, and Methodology section of this report.) In addition, provisions were made by OMB that agencies could demonstrate savings by keeping open a vacated position even though the employee did not retire through the RIP program. We did not identify these positions or follow that methodology for calculating savings.

Net cost savings by state agency were mainly generated by the replacement of employees whose salary was based on longevity with employees paid at lower rates, the reclassification of positions to lower pay ranges, and leaving positions vacant. Positions employees retired from and currently occupied by an employee resulted in lower annual salaries for all agencies, except for the Office of the Governor. Current salaries in the Governor's Office were greater by \$1,000 in those positions where employees retired. We believe this variance is due to the retiring employee's salary reflecting a 10 percent pay cut while the current occupant's salary is after the pay cuts were restored.

Review of some individual significant variances in pay between the retired employee's salary and the current employee's salary indicated the variances were mainly caused by position reclassifications. We did not determine the justification for these position reclassifications.

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STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF RIP COST SAVINGS/(LOSS)
May 16, 1986 to October 1, 1987

Description	Number of Positions	Salary of RIP Retiree	Current Occupant's Salary of Position Vacated	Difference - Savings (Loss)	Savings (Loss) Over Three-Year Period	Net Cost of RIP	Three-Year Net RIP Savings (Loss)
Office of the Governor							
Positions Matched with FY 89 Payroll File	3	\$ 121,368	\$ 122,412	\$ (1,044)	\$	\$	\$
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	2	83,568	-0-	83,568			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	2	83,568	-0-	83,568			
Total Office of the Governor	5	204,936	122,412	82,524	247,572	106,746	140,826
Department of Administration							
Positions Matched with FY 89 Payroll File	78	2,757,338	2,426,751	330,587			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	17	757,569	-0-	757,569			
Budgeted in PACS File but Currently Unfilled	3	63,028	-0-	63,028			
Budgeted in PACS File with Zero Months Budgeted	1	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	21	820,597	-0-	820,597			
Total Department of Administration	99	3,577,935	2,426,751	1,151,184	3,453,552	2,194,937	1,258,615
Department of Law							
Positions Matched with FY 89 Payroll File	9	359,364	347,508	11,856			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	2	109,224	-0-	109,224			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	2	109,224	-0-	109,224			
Total Department of Law	11	468,588	347,508	121,080	363,240	277,016	86,224
Department of Revenue							
Positions Matched with FY 89 Payroll File	14	504,180	438,504	65,676			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	2	84,178	-0-	84,168			
Budgeted in PACS File but Currently Unfilled	5	147,648	-0-	147,648			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	7	231,816	-0-	231,816			
Total Department of Revenue	21	735,996	438,504	297,492	892,476	431,635	460,841
Department of Education							
Positions Matched with FY 89 Payroll File	16	716,604	592,860	123,744			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	12	382,971	-0-	382,971			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	12	382,971	-0-	382,971			
Total Department of Education	28	1,099,575	592,860	506,715	1,520,145	558,184	961,961
Department of Health and Social Services							
Positions Matched with FY 89 Payroll File	133	5,153,660	4,493,323	660,337			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	9	377,954	-0-	377,954			
Budgeted in PACS File but Currently Unfilled	8	314,086	-0-	314,086			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	17	692,040	-0-	692,040			
Total Department of Health and Social Services	150	5,845,700	4,493,323	1,352,377	4,057,131	3,198,795	858,336

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF RIP COST SAVINGS/(LOSS)
May 16, 1986 to October 1, 1987

Description	Number of Positions	Salary of RIP Retiree	Current Occupant's Salary of Position Vacated	Difference - Savings (Loss)	Savings (Loss) Over Three-Year Period	Net Cost of RIP	Three-Year Net RIP Savings (Loss)
Department of Labor							
Positions Matched with FY 89 Payroll File	42	\$ 1,771,523	\$1,597,985	\$ 173,538	\$	\$	\$
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	2	66,678	-0-	66,678			
Budgeted in PACS File but Currently Unfilled	9	326,116	-0-	326,116			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	11	392,794	-0-	392,794			
Total Department of Labor	53	2,164,317	1,597,985	566,332	1,698,996	1,116,175	582,821
Department of Commerce and Economic Development							
Positions Matched with FY 89 Payroll File	19	851,652	724,308	127,344			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	9	410,784	-0-	410,784			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	9	410,784	-0-	410,784			
Total Department of Commerce and Economic Development	28	1,262,436	724,308	538,128	1,614,384	646,136	968,248
Department of Military and Veterans' Affairs							
Positions Matched with FY 89 Payroll File	3	176,016	162,372	13,644			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	1	77,268	-0-	77,268			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	1	77,268	-0-	77,268			
Total Department of Military and Veterans' Affairs	4	253,284	162,372	90,912	272,736	230,541	42,195
Department of Natural Resources							
Positions Matched with FY 89 Payroll File	37	1,338,597	1,241,732	96,865			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	20	908,676	-0-	908,676			
Budgeted in PACS File but Currently Unfilled	7	222,802	-0-	222,802			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	27	1,131,478	-0-	1,131,478			
Total Department of Natural Resources	64	2,470,075	1,241,732	1,228,343	3,685,029	1,400,476	2,284,553
Department of Fish and Game							
Positions Matched with FY 89 Payroll File	47	2,107,741	1,780,873	326,868			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	14	710,953	-0-	710,953			
Budgeted in PACS File but Currently Unfilled	12	505,591	-0-	505,591			
Budgeted in PACS File with Zero Months Budgeted	4	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	30	1,216,544	-0-	1,216,544			
Total Department of Fish and Game	77	3,324,285	1,780,873	1,543,412	4,630,236	2,686,220	1,944,016
Department of Public Safety							
Positions Matched with FY 89 Payroll File	64	3,022,535	2,745,096	277,439			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	34	1,802,508	-0-	1,802,508			
Budgeted in PACS File but Currently Unfilled	3	126,427	-0-	126,427			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	37	1,928,935	-0-	1,928,935			
Total Department of Public Safety	101	4,951,470	2,745,096	2,206,374	6,619,122	4,209,418	2,409,704

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF RIP COST SAVINGS/(LOSS)
May 16, 1986 to October 1, 1987

Description	Number of Positions	Salary of RIP Retiree	Current Occupant's Salary of Position Vacated	Difference - Savings (Loss)	Savings (Loss) Over Three-Year Period	Net Cost of RIP	Three-Year Net RIP Savings (Loss)
Department of Environmental Conservation							
Positions Matched with FY 89 Payroll File	10	\$ 435,636	\$ 381,884	\$ 53,752	\$	\$	\$
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	1	38,712	-0-	38,712			
Budgeted in PACS File but Currently Unfilled	1	43,248	-0-	43,248			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	2	81,960	-0-	81,960			
Total Department of Environmental Conservation	12	517,596	381,884	135,712	407,136	241,087	166,049
Department of Corrections							
Positions Matched with FY 89 Payroll File	36	1,482,921	1,292,028	190,893			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	1	45,744	-0-	45,744			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	1	45,744	-0-	45,744			
Total Department of Corrections	37	1,528,665	1,292,028	236,637	709,911	988,194	(278,283)
Department of Community and Regional Affairs							
Positions Matched with FY 89 Payroll File	6	287,112	269,256	17,856			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	1	37,356	-0-	37,356			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	1	37,356	-0-	37,356			
Total Department of Community and Regional Affairs	7	324,468	269,256	55,212	165,636	174,106	(8,470)
Department of Transportation and Public Facilities							
Positions Matched with FY 89 Payroll File	214	9,061,536	8,230,545	830,991			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	31	1,484,571	-0-	1,484,571			
Budgeted in PACS File but Currently Unfilled	35	1,516,269	-0-	1,516,269			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	66	3,000,840	-0-	3,000,840			
Total Department of Transportation and Public Facilities	280	12,062,376	8,230,545	3,831,831	11,495,493	8,924,609	2,570,884
Total RIP Program	977	\$40,791,702	\$26,847,437	\$13,944,265	\$41,832,795	\$27,384,275	\$14,448,520

See the Report Objectives, Scope, and Methodology section of this report for the methodology used to prepare this schedule and the limitations of this schedule.

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