

HB

216

SENATE COMMITTEE REPORT

FURTHER

5/2/89

DATE TURNED INTO OFFICE 5/4/89

Mr. President:

HESS

Committee considered CSHB 216 (FIN)

establishing an optional university retirement program for certain employees of the University of Alaska and certain community colleges; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN

new updated previous

same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

Tim Kelly

Ray Jones

OTHER RECOMMENDATIONS

Paul Fish (Do Pass)
Chair. signature and recommendation

Committee Backup attached

Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

House District 21

119 N. Cushman, Suite 207
Fairbanks, Alaska 99701
(907) 456-8172

SPONSOR STATEMENT FOR HB 216

House Bill 216 provides for an effective means for the University of Alaska to compete in the national academic market to attract and retain qualified professionals, with no additional cost to the State.

House Bill 216 would allow the Board of Regents to adopt an optional defined contribution retirement plan for its faculty and a small number of administrative officers. A choice of retirement plans is currently available to faculty and administrative officers in publicly supported institutions in thirty-six states and the District of Columbia, and in over 1,000 private colleges and universities.

In a defined contribution retirement plan the retirement benefits provided by the plan are fully and immediately vested in individual participants. Faculty and administrative officers would not then be constrained by pension considerations from moving within institutions of higher education within the country. Because an optional defined contribution plan eliminates the concern for future funding liability the University's pension obligation is discharged concurrently with the termination of employment.

FISCAL NOTE

REQUEST:

Revision Date: 3/28/89 Agency Affected: University of Alaska
 Title: "An Act establishing an optional university retirement program for certain employees of the University of Alaska and certain community colleges; and providing for an effective date." BRU: All
 Components: _____
 REQUESTOR: HSS Committee
 SPONSOR: Koponen, Boyer, Ulmer, Ellis, Collins, Gruenberg, and Hudson

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		-0-	-0-	-0-	-0-	-0-
---------	--	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) The cost of the alternative optional university retirement program is projected at zero. It is the university's intent to establish rates for the optional retirement program at levels which will result in no additional cost. The optional retirement program will, however, increase the university's competitiveness in recruiting faculty and top administrators.

Prepared by: Jim Lynch Phone: 474-6573
 Division: Controller and Associate Vice President Date: 3/28/89
 Approved by Commissioner: Brian Rogers Date: 3/28/89
 Agency: Vice President for Finance

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: "An act establishing an optional university retirement program." BRU: Retirement and Benefits
 Sponsor: Koponen 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	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached financial implication statement.

Prepared By: Sally Smith Phone: 465-4470
 Division: Retirement and Benefits Date: 3/29/89

Approved by Commissioner: John M. Andrews Date: 3/29/89
 Agency: Department of Administration

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

House Bill 216
Analysis of Fiscal Implications to the Retirement Funds
Prepared by Division of Retirement & Benefits
Department of Administration
March 23, 1989

Analysis: This bill would allow the University of Alaska to establish an additional retirement system for its faculty and administrator positions. Participation in this system would be optional and provide an alternative to participating in the appropriate Public Employees' (PERS) or Teachers' (TRS) Retirement System. The election will be irrevocable.

There would not be an adverse impact on the actuarial soundness of either the PERS or the TRS funds. The increase in the unfunded liability and the decrease in the funding ratio in each would be negligible.