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73

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SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 73

SPONSOR Duncan

BILL TITLE Retirement Incentive Program -
PERS/TRS

DATE REFERRED 1-9-89

HEARING SCHEDULED 3-1-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Roxanne 4766

INTERESTED PARTIES CONTACTED

✓ Dean Gottheimer, DOA 2200 Sally Smith, ^{testify} Bob Stalwaker 4460
✓ NEA, Bob ^{or Cooksey} Manners 586-3090
^{testify} ✓ ASEA, Buddy ^{Bill Ray} Mappin 463-4949 Michelle Castaneda
^{testify} ✓ APEA, Bruce Ludwig 586-2334
^{attended} Univ, Suzanne Trjck 278-5433
✓ Randy Walker, ~~DOA~~ Leg Audit -3830
✓ Steve McPhetres, Sch Admin 586-9702
✓ Scott Burger, AML 586-1325
Jetta Whittaker, OMB
Terry Guma, Legal

OTHER

LBOA audit 2/24/89 - released

mail

SB73mail

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

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

FURTHER

HES
FINANCE

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 3-7-89

1/9/89

Mr. President:

STATE AFFAIRS Committee considered SB 73

relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; efd.

and recommended:

replace with CS SB 73 (ST AFF) same title
[] attached amendment(s) and [] new title

[] _____ letter of intent adopted

do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

FISCAL NOTE(S) attached [] zero
[] appropriation no FN attached

fiscal impact
[] Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Twin Kelly
Joe Adams
Jan Fick

Pat Lausche do pass
Chairman signature and recommendation

[] Committee backup attached

adopted

*+ p. 5, l. 7+21 } window dates
- p. 6, l. 1 & 11 }
+ OMB reporting requirement*

SEN. POURCHOT
MARCH 6, 1989

SB 73 RETIREMENT INCENTIVE PROGRAM
CHANGES IN STATE AFFAIRS C.S.

page 1, line 27

Requires that cost savings be shown within 3 years rather than 5. This coincides with the requirement that RIP costs be paid within 3 years.

page 4, line 14

Revised windows.

page 4, line 16

Prohibits assistant commissioners from participating in the program. Original SB 73 prohibited only commissioners and deputy commissioners.

page 5, lines 7, 17-18, 27

Revised windows.

page 6, lines 1, 8, 11

Revised windows.

page 6, lines 15-16

Allows credit for previous employment with a political subdivision before the political subdivision began participation in PERS or TRS. Original SB 73 allowed credit only for previous employment with a municipality.

page 6, line 27

OMB report requirements -- see amendment #1.

page 8, lines 8-11

Ensures that the repeal of the program will not interfere with processing of any timely filed RIP applications.

page 8, line 16

Repeals the program July 1, 1991 because the committee substitute provides for RIP as temporary law rather than as an amendment to statute.

page 8, line 17

Immediate effective date to accommodate the July 1, 1989 application window for teachers and University employees.

March 6, 1989

adopted

AMENDMENT #1
BY DUNCAN

TO: CSSB 73 (St Aff), Relating to retirement incentive programs

page 7, lines 26-29

Delete:

[THE OFFICE OF MANAGEMENT AND BUDGET SHALL REPORT TO THE LEGISLATURE IN JANUARY 1991 ON THE EFFECT OF THE RETIREMENT INCENTIVE PROGRAM ON STATE OPERATION AND PERSONAL SERVICES COSTS.]

Insert:

The Office of Management and Budget shall submit to the legislature annual reports beginning on January 15, 1991 through January 15, 1993 and a final report on January 15, 1994 on the retirement incentive program. Each report shall provide the information necessary for the legislature to evaluate the effectiveness of the program in achieving its objectives. The report should include information on the designated organizational units under the retirement incentive plans including the cost of the retirement incentive program per participant, the cost to the state, the cost to the employee, the annual budgeted amount by agency for the retirement incentive, and the projected or actual net savings over the three year period.

CHANGES IN STATE AFFAIRS CS: p. 1, line 27

p. 4, line 14

p. 4, line 16

p. 5, line 7

p. 5, lines 17-18

p. 5, line 27

p. 6, lines 1, 8, 11, 15-16

p. 7, line 27

p. 8, lines 8-11, 16, 17

6-0287H

Cramer

3/6/89

Original sponsors: Duncan and Kerrettula

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 73 (State Affairs)

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 a savings to the employer in personal
27 services costs within three years after the commencement of the plan. The
28 designation may include only representatives from job classifications whose
29 inclusion contributes to the overall cost savings.

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

6 (d) A participating employer shall prepare and file the retirement
7 incentive plan with the administrator. The administrator shall approve the
8 plan if it meets the requirements of this section. For state employees
9 other than university employees, the administrator may approve a designated
10 organizational unit only if the Office of Management and Budget certifies
11 that the unit's participation in the plan meets the requirements of (b) of
12 this section. The administrator shall approve the plan if it meets the
13 requirements of this section. The plan must

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

16 (2) include a reimbursement agreement that

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

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

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

29 (B) provides that contributions from the employer under

1 this section take priority over other obligations of the employer to
2 the maximum extent permitted by law.

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

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

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

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

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

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

29 (4) as years of credited service for calculating retirement

1 benefits.

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

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

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

10 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
11 A state agency is authorized to adopt a retirement incentive plan for its
12 employees. A plan adopted under this section shall permit a designated
13 employee to apply to the retirement incentive program under sec. 2 of this
14 Act only from October 1, 1989, through March 31, 1990. ^{Jan 1, 1990 - March 31, 1990}

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

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

20 (1) has been continuously employed by the state since January 1,
21 1989;

22 (2) was laid off from state employment on or after January 1,
23 1989;

24 (3) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 January 1, 1989, in which the position normally was filled;

27 (4) 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 January 1,
2 1989, in which the employee normally worked under the job sharing agree-
3 ment; or

4 (5) 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 May 1, 1990, Oct 31

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 July 1, 1990 - Sept. 30, 1990
18 October 1, 1989, through March 31,
19 1990.

20 (b) Under a plan adopted under this section, the administrator may
21 not accept the application of an employee unless the employee will be
22 appointed to retirement on or before Oct 31, 1990.

23 * Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR THE EMPLOYEES OF
24 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of
25 Alaska is authorized to adopt a retirement incentive plan for its employ-
26 ees. A plan adopted under this section shall permit designated employees
27 to apply to the retirement incentive program under sec. 2 of this Act from
28 May 1, 1990 - July 31, 1990
29 July 1, 1989, through December 31, 1989.

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

appointed to retirement on or before ^[September 1, 1990] ~~August 1, 1990.~~ July 31

* Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers' retirement system who is not otherwise covered by sec. 3 or 5 of this Act is authorized to adopt a retirement incentive plan for its employees under sec. 2 of this Act. A plan adopted under this section shall permit designated employees to apply to the retirement incentive program under sec. 2 of this Act only from ^[March 1, 1990 - May 31, 1990] July 1, 1989, through December 31, 1989.

(b) Under a plan adopted under this section, the administrator may not accept the application of an employee unless the employee will be appointed to retirement on or before ^[July 1, 1990] ~~August 1, 1990.~~ July 31

* Sec. 7. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT. Notwithstanding other provisions of law, a vested member who is a state employee and is participating in the retirement incentive program may receive credit for employment with a ^[municipality] political subdivision or public organization before the ^[municipality] political subdivision or organization became an employer under the system for purposes of determining eligibility for retirement under AS 14.25.110 or AS 39.35.370, as appropriate. The member may not receive credit for those years under this subsection for purposes of determining benefits. In order for a state employee to receive credit under this subsection, the employee's participation in the program must contribute to the overall cost savings of the agency.

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

1 * Sec. 9. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
 2 tirement incentive program is reemployed as a member of the public em-
 3 ployees' retirement system under AS 39.35 or the teachers' retirement
 4 system under AS 14.25 after appointment to retirement under the program,
 5 the participant loses the incentive credit received under sec. 2(g) of this
 6 Act and is indebted to the system. The amount of the indebtedness is equal
 7 to 110 percent of the amount the participant received as a result of par-
 8 ticipation in the program to which the participant was not otherwise enti-
 9 tled, including the cost of health insurance. The participant is entitled
 10 to a credit to be applied against the reemployment indebtedness in the
 11 amount the participant has paid under sec. 2(e) or (f) of this Act. Inter-
 12 est accrues on the indebtedness at the rate established by regulation from
 13 the date of reemployment until the member is appointed to retirement and
 14 accepts an actuarial adjustment to the member's future benefits or until
 15 the amount is paid in full.

16 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
 17 nizational unit for participation in the retirement incentive program, the
 18 executive head of a state agency shall describe in detail the expected
 19 effect of the program on the agency's personal services cost and operation.
 20 This report shall be filed with the Office of Management and Budget. For
 21 each employee who will receive credit for employment under sec. 7 of this
 22 Act, the agency head shall establish to the satisfaction of the office that
 23 the proposed participation contributes to the overall agency cost savings.
 24 The agency shall report as required by the Office of Management and Budget
 25 on the cost of each member's participation and the effect on the agency's
 26 personal services cost and operation. *see amendment #1*
 27 *The Office of Management and Budget*
 28 *[each year]*
 29 ~~shall report to the legislature in January 1991 on the effect of the re-
 tirement incentive program on state operation and personal services costs.~~

* Sec. 11. PROGRAM CHANGES. An employee does not have a vested or

1 contractual right to any benefit under this Act until an agreement is
 2 executed with the administrator that permits the benefits to be offered to
 3 an organizational unit of which the employee is a member. The legislature
 4 reserves the right to change any aspect of the incentive program as it
 5 relates to members of organizational units for which participation agree-
 6 ments are executed by the administrator after the effective date of the
 7 changes.

8 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
 9 2 - 7 of this Act and who has submitted a timely application for participa-
 10 tion in the retirement incentive program may be considered for participa-
 11 tion in the program notwithstanding sec. 14 of this Act.

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

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

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

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Original sponsors: Duncan and Kerttula

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 73 (State Affairs) *final*

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 a savings to the employer in personal
27 services costs within three years after the commencement of the plan. The
28 designation may include only representatives from job classifications whose
29 inclusion contributes to the overall cost savings.

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

6 (d) A participating employer shall prepare and file the retirement
7 incentive plan with the administrator. The administrator shall approve the
8 plan if it meets the requirements of this section. For state employees
9 other than university employees, the administrator may approve a designated
10 organizational unit only if the Office of Management and Budget certifies
11 that the unit's participation in the plan meets the requirements of (b) of
12 this section. The administrator shall approve the plan if it meets the
13 requirements of this section. The plan must

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

16 (2) include a reimbursement agreement that

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

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

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

29 (B) provides that contributions from the employer under

1 this section take priority over other obligations of the employer to
2 the maximum extent permitted by law.

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

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

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

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

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

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

29 (4) as years of credited service for calculating retirement

1 benefits.

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

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

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

10 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
11 A state agency is authorized to adopt a retirement incentive plan for its
12 employees. A plan adopted under this section shall permit a designated
13 employee to apply to the retirement incentive program under sec. 2 of this
14 Act only from October 1, 1989, through March 31, 1990.

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

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

20 (1) has been continuously employed by the state since January 1,
21 1989;

22 (2) was laid off from state employment on or after January 1,
23 1989;

24 (3) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 January 1, 1989, in which the position normally was filled;

27 (4) 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 January 1,
2 1989, in which the employee normally worked under the job sharing agree-
3 ment; or

4 (5) 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 October 31, 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 October 1, 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 October 31, 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 July 1, 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 July 31, 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 July 1, 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 July 31, 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. UNDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
2 tirement incentive program is reemployed as a member of the public em-
3 ployees' retirement system under AS 39.35 or the teachers' retirement
4 system under AS 14.25 after appointment to retirement under the program,
5 the participant loses the incentive credit received under sec. 2(g) of this
6 Act and is indebted to the system. The amount of the indebtedness is equal
7 to 110 percent of the amount the participant received as a result of par-
8 ticipation in the program to which the participant was not otherwise enti-
9 tled, including the cost of health insurance. The participant is entitled
10 to a credit to be applied against the reemployment indebtedness in the
11 amount the participant has paid under sec. 2(e) or (f) of this Act. Inter-
12 est accrues on the indebtedness at the rate established by regulation from
13 the date of reemployment until the member is appointed to retirement and
14 accepts an actuarial adjustment to the member's future benefits or until
15 the amount is paid in full.

16 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
17 nizational unit for participation in the retirement incentive program, the
18 executive head of a state agency shall describe in detail the expected
19 effect of the program on the agency's personal services cost and operation.
20 This report shall be filed with the Office of Management and Budget. For
21 each employee who will receive credit for employment under sec. 7 of this
22 Act, the agency head shall establish to the satisfaction of the office that
23 the proposed participation contributes to the overall agency cost savings.
24 The agency shall report as required by the Office of Management and Budget
25 on the cost of each member's participation and the effect on the agency's
26 personal services cost and operation. The Office of Management and Budget
27 shall submit to the legislature annual reports on the retirement incentive
28 program beginning on January 15, 1991, and continuing through January 15,
29 1993, and shall submit a final report on January 15, 1994. Each report

1 shall provide the information necessary for the legislature to evaluate the
2 effectiveness of the program in achieving its objectives. The report
3 should include information on the designated organizational units under the
4 retirement incentive plans including the cost of the retirement incentive
5 program per participant, the cost to the state, the cost to the employee,
6 the annual budgeted amount by agency for the retirement incentive, and the
7 projected or actual net savings over the three-year period.

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

16 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
17 2 - 7 of this Act and who has submitted a timely application for participa-
18 tion in the retirement incentive program may be considered for participa-
19 tion in the program notwithstanding sec. 14 of this Act.

20 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.226 apply
21 to this Act for members of the teachers' retirement system. The defini-
22 tions set out in AS 39.35.680 apply to this Act for members of the public
23 employees' retirement system.

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

25 * Sec. 15. This Act takes effect immediately under AS 01.10.070(c).
26
27
28
29

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to a retirement
incentive program. BRU: Retirement and Benefits
 Sponsor: Duncan 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	204.8	228.1	0	0	0
TRAVEL	0	2.1	3.5	0	0	0
CONTRACTUAL	0	40.3	3.8	0	0	0
SUPPLIES	0	1.7	1.7	0	0	0
EQUIPMENT	0	81.1	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	330.0	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	330.0	237.1	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	330.0	237.1	0	0	0
TOTAL	0	330.0	237.1	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See pages 2-9 for detailed discussion of increase in operations cost for the division.

THIS BILL WILL NOT RESULT IN AN INCREASE IN STATE OR POLITICAL SUBDIVISION FY 90 PERSONAL SERVICES COSTS.

Prepared By: R. L. Statnalsen
Sally Smith, Director
 Division: Retirement and Benefits

Phone: 465-4470

Date: 1/25/89

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

Date: 1/30/89

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

Senate Bill 73
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
January 20, 1989

Analysis: This bill would permanently place a retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' Retirement Systems (TRS) such that the legislature could turn it on or off as they deem necessary by establishing window periods of opportunity. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested; with 17 years of service as a policeman, fireman, 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:

Personnel services costs:

FY 90

1 Retirement Specialist I (8 mo.)	\$ 19.7	
8 Retirement Tech. I/II (8 mo.)	148.0	
2 Accounting Clerk III (4 mo.)	16.4	
2 Clerk II (6 mo.)	20.7	
Total FY 90		\$204.8

FY 91

1 Retirement Specialist 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.)	27.6	
Total FY 91		228.1

Travel:

FY 90

2 trips to ANCH/FBKS	2.1
----------------------	-----

FY 91

2 trips to ANCH/FBKS	
1 trip to Kenai	
1 trip to Ketchikan	3.5

Contractual:

FY 90

RSA to the Division of Finance for 2 Accounting Clerk III for 5 months to provide service and salary verifications.	\$20.5	
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.	1.4	
Long distance call expense based upon experience from the previous RIP.	<u>2.4</u>	
Total FY 90 Contractual		40.3

FY 91

Telephone service for 9 phones.	1.4	
Long distance calls	<u>2.4</u>	
Total FY 91 Contractual		3.8

Supplies:

FY 90

(13 employees x \$200/yr x .66)	1.7	
---------------------------------	-----	--

FY 91

(13 employees x \$200/yr x .66)	1.7	
---------------------------------	-----	--

Equipment:

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 years, we determined that with our current printer needs, purchasing would be more cost effective.

FY 90

11 Personal Computers	55.0
8 Microfiche viewers	6.4
11 Calculators	1.7
1 Computer Output Printer	18.0
Total Equipment	<u>81.1</u>

Total Bill Cost \$ 567.1

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

Senate Bill 73
Analysis of Fiscal Implications to the Retirement Funds
Prepared by Division of Retirement & Benefits
Department of Administration
January 19, 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	Barg. Unit GGU								
Time Status FT Nonpermanent	Staff Months 4.0 each = 8.0	Location AWA		Election District 4								
Type of Expenditure		Justification										
Amount		<p>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.</p> <p>The equipment needs are as follows:</p> <table style="margin-left: 40px;"> <tr> <td>2 personal computers</td> <td style="text-align: right;">\$10,000</td> </tr> <tr> <td>2 microfiche viewers</td> <td style="text-align: right;">1,600</td> </tr> <tr> <td>2 calculators</td> <td style="text-align: right;">276</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$11,876</td> </tr> </table> <p>Please refer to page 3 for justification.</p>			2 personal computers	\$10,000	2 microfiche viewers	1,600	2 calculators	276		\$11,876
2 personal computers	\$10,000											
2 microfiche viewers	1,600											
2 calculators	276											
	\$11,876											
1	2				3							
Salary	14,680											
Benefits	1,708											
Premium Pay												
Other												
Total Personal Services		16,388										
Travel												
Contractual (Computer Hook-up fees)		3,280										
Commodities		264										
Equipment		11,876										
Other												
Total Cost		31,808										
Funding Source for Total Cost												
Federal Receipts	1002											
G. F. Match	1003											
General Fund	1004											
GF Program Receipts	1005											
Other	PERS 1029	19,085										
	TRS 1034	12,723										

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**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 6 of 9
 Revised Date

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. Unit GGU
Time Status FT Nonpermanent	Staff Months 6.0 each = 12.0	Location AWA		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	18,540			
Benefits	12,156			
Premium Pay				
Other				
Total Personal Services		20,696		
Travel				
Contractual				
Commodities		261		
Equipment				
Other		20,960		
Total Cost				
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	12,576		
	TRS 1034	8,384		
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.				

4/5K2/012301 0/384

**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	Barg. Unit GGU								
Time Status FT Nonpermanent	Staff Months 8.0 each = 64.0	Location AWA		Election District 4								
Type of Expenditure		Amount										
1	2	3										
Salary	132,608											
Benefits	15,424											
Premium Pay												
Other												
Total Personal Services		148,032										
Travel												
Contractual (Computer Hook-up fees)		13,120										
Commodities		1,056										
Equipment		45,904										
Other												
Total Cost		208,112										
Funding Source for Total Cost												
Federal Receipts	1002											
G. F. Match	1003											
General Fund	1004											
GF Program Receipts	1005											
Other	PERS 1029	124,867										
	TRS 1034	83,245										
		<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 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.</p> <p>Equipment needs are as follows:</p> <table style="margin-left: 40px;"> <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> <p>Please refer to page 3 for detailed justification.</p>			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>											

4/6K2/012301-9/5&6

Request For New Position

Agency Administration

BRU Retirement and Benefits

Component Retirement and Benefits

Page 8	of 9
Revised Date	

FY 90

Position Title		Retirement and Benefits Specialist I		No. of Positions	1	Range/Step	13A	Barg. Unit	GGU
Time Status		Staff Months		Location		Election District			
FT Nonpermanent		8.0		AWA		4			
Type of Expenditure				Amount		Justification			
						During the almost two years of managing the first .			
1				3		RIP, PERS retirements increased 109%, TRS			
Salary				17,640		retirements increased by 151%, projections increased			
Benefits				2,052		by 235%, correspondence increased by 126%, telephone			
Premium Pay						calls increased by 134% and office visits increased			
Other						by 147%.			
Total Personal Services				19,692		The Retirement Specialist will train and direct the			
Travel						daily activities of the eight additional retirement			
Contractual (Computer Hook-up fees)				1,640		technicians. They will also be responsible for			
Commodities				732		maintaining a listing of all employees who elect to			
Equipment				5,138		participate in the RIP and a listing of all			
Other						employees who are eligible to retire under the RIP.			
Total Cost				26,602		They will also be required to prepare data necessary			
Funding Source for Total Cost						to calculate actual cost billing information to			
Federal Receipts 1002						participating employers.			
G. F. Match 1003						Equipment needs are as follows:			
General Fund 1004						1 personal computer \$5,000			
GF Program Receipts 1005						1 calculator 138			
Other PERS 1029				15,961		<u>\$5,138</u>			
Other TRS 1034				10,641		Please refer to page 3 for detailed equipment			
						justification.			

4/6K2/012301-9/7&8

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 9 of 9
 Revised Date

FY 90

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act Relating to Retirement
 Incentive Programs f/Public Employees
 Retirement System and the Teacher's
 Retirement System; and Providing for an
 Effective Date."

Agency Affected: University of Alaska
 BRU: SPS, UAF, UAA, UAS

Components: _____

Sponsor: Duncan/Kerttula

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						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

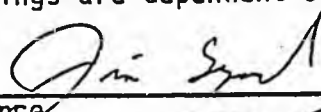
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

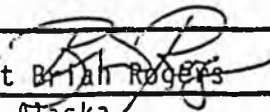
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

It is a requirement of the bill that employers will only participate if this is a cost-cutting measure. By definition, the program can only save money and not cost money. Savings are dependent on volume and mix, and are not currently measureable.

Prepared by: Jim Lynch 
 Division: Statewide Finance

Phone: 474-6556
 Date: 2/21/89

Approved by Commissioner: Vice President Brian Rogers 
 Agency: University of Alaska

Date: 2/21/89

- 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 relating to a retirement
incentive program. BRU: Retirement and Benefits
 Sponsor: Duncan 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	42.0	318.8	228.1	0	0	0
TRAVEL	2.1	3.5	3.5	0	0	0
CONTRACTUAL	16.7	40.3	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	365.2	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	142.2	337.3	237.1	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	142.2	365.2	237.1	0	0	0
TOTAL	142.2	365.2	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.

Prepared By: Sally Smith, Director *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: _____

Approved by Commissioner: John M. Andrews *JM* Date: 3/10/89
 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 (SA)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration
 March 7, 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; with 17 years of service as a policeman, fireman, 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		40.3	

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

		<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
EQUIPEMENT				
FY 89				
11 Personal Computers	55.0			
8 Microfiche viewers	6.4			
11 Calculators	1.7			
1 Computer Output Printer	18.0			
Total Equipment		<u>81.1</u>		
Total Bill Cost By Fiscal Year		<u>\$142.2</u>	<u>\$365.2</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 (SA)
Analysis of Financial Implications on the Retirement Systems
Prepared by Division of Retirement & Benefits
Department of Administration
March 7, 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	Barg. Unit	GGU
Time Status	FT Nonpermanent	Staff Months	8.0 each = 16.0	Location	AWA		Election District	4	
Type of Expenditure				Amount		Justification			
1				2		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.			
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						The equipment needs are as follows:			
Federal Receipts 1002						2 personal computers \$10,000			
G. F. Match 1003						2 microfiche viewers 1,600			
General Fund 1004						2 calculators 276			
GF Program Receipts 1005						\$11,876			
Other PERS 1029				29,076					
IRS 1034				19,384		Please refer to page 3 for justification.			

4/6K2/012301-9/1&2

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 6 of 9
 Revised Date _____

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. Unit GGU
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA	Election District 4	
Type of Expenditure		Justification		
1	2	3	<p>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.</p> <p>Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.</p>	
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	1003			
General Fund	1004			
GF Program Receipts	1005			
Other PERS	1029	20,960		
TRs	1034	13,973		

4/6K2/012301-9/3&4

**Request For
New Position**

Agency Administration
 BRU 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	Barg. Unit GGU																																																																
Time Status FT Nonpermanent	Staff Months 12.0 each = 96.0	Location AWA	Election District 4																																																																	
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4/6K2/012301-9/5&6

**Request For
New Position**

Agency Administration
BRU Retirement and Benefits
Component Retirement and Benefits

Page 8 of 9
Revised Date

FY 90

Position Title Retirement and Benefits Specialist I		No. of Positions 1	Range/Step 13A	Barg. Unit GGU						
Time Status FT Nonpermanent	Staff Months 12.0	Location AWA	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;">138</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$5,138</td> </tr> </table> <p>Please refer to page 3 for detailed equipment justification.</p>					1 personal computer	\$5,000	1 calculator	138		\$5,138
1 personal computer	\$5,000									
1 calculator	138									
	\$5,138									

4/6K2/012301-9/7&8

**Request For
New Position**

Agency Administration

BRU Retirement and Benefits

Component Retirement and Benefits

Page 9 of 9

Revised Date

FY 90

FISCAL NOTE

REQUEST:

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

Agency Affected: Administration
BRU: Retirement and Benefits

Sponsor: Duncan

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	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
REVENUE	142.2	349.2	237.1	0	0	0

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:

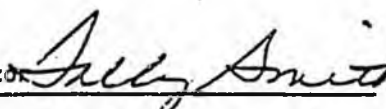
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	9	13	13	0	0	0

ANALYSIS: (Attach a separate page if necessary)

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

See Attached.

Prepared By: Sally Smith, Director
Division: Retirement and Benefits



Phone: 465-4470

Date: 31 Mar 89

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



Date: 3/31/89

Distribution (by preparer):

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

Total FY 90 (Fh CS)

Retire & Benefits	349.2	13 PPT
DOA Finance	46.9	2 PPT
	<hr/>	<hr/>
	396.1	15 part time positions

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; with 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.	^{36^s} \$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	<u>18.0</u>			
	Total Equipment	<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	Barg. Unit	GGU								
Time Status	FT Nonpermanent	Staff Months	8.0 each = 16.0	Location	AWA		Election District	4									
Type of Expenditure				Amount													
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													
				<p>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.</p> <p>The equipment needs are as follows:</p> <table style="margin-left: 40px;"> <tr> <td>2 personal computers</td> <td style="text-align: right;">\$10,000</td> </tr> <tr> <td>2 microfiche viewers</td> <td style="text-align: right;">1,600</td> </tr> <tr> <td>2 calculators</td> <td style="text-align: right;">276</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$11,876</td> </tr> </table> <p>Please refer to page 3 for justification.</p>						2 personal computers	\$10,000	2 microfiche viewers	1,600	2 calculators	276		\$11,876
2 personal computers	\$10,000																
2 microfiche viewers	1,600																
2 calculators	276																
	\$11,876																

4/6K2/012301-9/182

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

Page 6 of 9
 Revised Date _____

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. Unit GGU																																																												
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA		Election District 4																																																												
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>Amount</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td></td> <td>30,900</td> <td></td> <td></td> </tr> <tr> <td>Benefits</td> <td></td> <td>3,593</td> <td></td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td></td> <td></td> <td>34,493</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td></td> <td>440</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> <td></td> <td></td> <td>34,933</td> </tr> </tbody> </table>		Type of Expenditure	1	2	Amount	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	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.		
Type of Expenditure	1	2	Amount	3																																																												
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Commodities				440																																																												
Equipment																																																																
Other																																																																
Total Cost				34,933																																																												
Funding Source for Total Cost		Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.																																																														
Federal Receipts	1002																																																															
G F Match	1003																																																															
General Fund	1004																																																															
GF Program Receipts	1005																																																															
Other	PERS 1029		20,960																																																													
	TRS 1034		13,973																																																													

4/6K2/012301-9/384

**Request For
New Position**

Agency Administration

ORU Retirement and Benefits

Component Retirement and Benefits

FY 90

Page 7 of 9

Revised Date _____

Position Title Retirement and Benefits Technician		No. of Positions 8	Range/Step 12A	Barg. Unit GGU
Job Status FT Nonpermanent	Staff Months 12.0 each = 96.0	Location AWA		Electlog District 4
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%.		
Amount		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.		
1	2	3		
Salary	198,912			
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		Equipment needs are as follows:		
Federal Receipts 1002			8 personal computers	\$40,000
G. F. Match 1003			6 microfiche viewers	4,800
General Fund 1004			8 calculators	1,104
GF Program Receipts 1005				\$45,904
Other PERS 1029		169,594		
IRS 1034		113,062		
		Please refer to page 3 for detailed justification.		

4/6K2/012301-9/586

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

Page 8 of 9
 Revised Date _____

FY 90

Position Title Retirement and Benefits Specialist I		No. of Positions 1	Range/Step 13A	Barg. Unit GGU
Time Status FT Nonpermanent	Staff Months 12.0	Location AWA		Election District 4
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%.		
Amount		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.		
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		
			Equipment needs are as follows:	
			1 personal computer \$5,000	
			1 calculator 138	
			<u>\$5,138</u>	
			Please refer to page 3 for detailed equipment justification.	

4/6K2/012301-9/788

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

FY 90

Page 9 of 9
 Revised Date

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to RIP
In PERS and TRS.
Sponsor: Duncan and Kerttula
Requestor: _____

Agency Affected: Department of Administration
BRU: Finance
Components: Retirement and Benefits

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
Division: Finance

Keith Busch

Phone: 465-2246

Date: 3/24/89

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

Date: 3/24/89

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

RECEIVED
MAR 28 1989

FISCAL NOTE

REQUEST:

Revision Date: March 23, 1989
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	40.3	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	365.2	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	142.2	365.2	237.1	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	142.2	365.2	237.1	0	0	0
TOTAL	142.2	365.2	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
Division: Retirement and Benefits

Sally Smith

Phone: 465-4470

Date: 3/23/89

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

Date: 3/23/89

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

RECEIVED

MAR 28 1989

Committee Substitute for Senate Bill 73 (HESS)
 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; with 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		40.3	
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	<u>18.0</u>		
Total Equipment	<u>81.1</u>		
Total Bill Cost By Fiscal Year	<u>\$142.2</u>	<u>\$365.2</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 (HESS)
Analysis of Financial Implications on the Retirement Svstems
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	Barg. Unit GGU																										
Type Status FT Nonpermanent	Staff Months 8.0 each = 16.0	Location AWA		Election District 4																										
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Type of Expenditure	Amount																													
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4/6K2/012301-9/182

**Request For
New Position**

Agency Administration
DRU Retirement and Benefits
Component Retirement and Benefits

Page 6 of 9
Revised Date _____

FY 90

Position Title Clerk II		No. of Positions	Range/Step 7A	Org. Unit GGU
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA		Election District 4
Type of Expenditure		Justification		
1	2	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.		
Salary	30,900	Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.		
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	1003			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	20,960		
	TRS 1034	13,973		

4/6K2/012301-9/384

Request For
New PositionAgency Administration
BRU Retirement and Benefits
Component Retirement and BenefitsPage 7 of 9
Revised Date

FY 90

Position Title Retirement and Benefits Technician		No. of Positions 8	Range/Step 12A	Barg. Unit GGU
Type Status FT Nonpermanent	Staff Months 12.0 each = 96.0	Location AWA		Election District 4
Type of Expenditure		Justification		
1	2	3	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%.	
Salary	198,912		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.	
Benefits	23,136			
Premium Pay				
Other				
Total Personal Services		222,048	Equipment needs are as follows:	
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		8 personal computers \$40,000	
G. F. Match	1003		6 microfiche viewers 4,800	
General Fund	1004		8 calculators 1,104	
GF Program Receipts	1005		\$45,904	
Other	PERS 1029	169,594	Please refer to page 3 for detailed justification.	
	TRS 1034	113,062		

4/6K2/012301-9/5&6

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits.

Page 8 of 9
 Revised Date _____

FY 90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to a retirement
incentive program. BRU: Retirement and Benefits
 Sponsor: Duncan 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	42.0	318.8	228.1	0	0	0
TRAVEL	2.1	3.5	3.5	0	0	0
CONTRACTUAL	16.7	40.3	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	365.2	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	142.2	337.3	237.1	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	142.2	365.2	237.1	0	0	0
TOTAL	142.2	365.2	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.

Prepared By: Sally Smith, Director *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: _____

Approved by Commissioner: John M. Andrews *JM* Date: 3/10/89
 Agency: Department of Administration

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

		<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
EQUIPEMENT				
FY 89				
11 Personal Computers	55.0			
8 Microfiche viewers	6.4			
11 Calculators	1.7			
1 Computer Output Printer	<u>18.0</u>			
Total Equipment		<u>81.1</u>		
Total Bill Cost By Fiscal Year		<u>\$142.2</u>	<u>\$365.2</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 (SA)
Analysis of Financial Implications on the Retirement Systems
Prepared by Division of Retirement & Benefits
Department of Administration
March 7, 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	Barg. Unit	GGU																																				
Time Status		Staff Months		Location		Election District																																							
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4/6K2/012301-9/1&2

**Request For
New Position**

Agency Administration
BRU Retirement and Benefits
Component Retirement and Benefits

Page 6 of 9
Revised Date

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. 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	1003			
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
 BRU 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	Barg. Unit GGU																																														
Time Status FT Nonpermanent	Staff Months 12.0 each = 96.0	Location AWA		Election District 4																																														
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Funding Source for Total Cost		Amount																																																
Federal Receipts	1002																																																	
G. F. Match	1003																																																	
General Fund	1004																																																	
GF Program Receipts	1005																																																	
Other	PERS 1029	169,594																																																
	TRS 1034	113,062																																																

4/6K2/912301-9/5&6

**Request For
New Position**

Agency Administration
DRU Retirement and Benefits
Component Retirement and Benefits

Page 8 of 9
Revised Date

FY 90

Position Title Retirement and Benefits Specialist I		No. of Positions 1	Range/Step 13A	Barg. Unit GGU						
Time Status FT Nonpermanent	Staff Months 12.0	Location AWA		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>\$5,000</td> </tr> <tr> <td>1 calculator</td> <td>138</td> </tr> <tr> <td></td> <td><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	138		<u>\$5,138</u>
1 personal computer	\$5,000									
1 calculator	138									
	<u>\$5,138</u>									

4/6K2/012301-9/7&8

**Request For
New Position**

Agency Administration

DRU Retirement and Benefits

Component Retirement and Benefits

Page 9 of 9
Revised Date

FY 90

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: _____

Approved by Commissioner: John M. Andrews *JM Andrews* Date: 3/17/89
 Agency: Department of Administration

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 73 (SA)

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: _____ Agency Affected: Administration
 Title: An Act relating to a retirement
incentive program. BRU: Retirement and Benefits
 Sponsor: Duncan 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	204.8	228.1	0	0	0
TRAVEL	0	2.1	3.5	0	0	0
CONTRACTUAL	0	40.3	3.8	0	0	0
SUPPLIES	0	1.7	1.7	0	0	0
EQUIPMENT	0	81.1	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	330.0	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	330.0	237.1	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	330.0	237.1	0	0	0
TOTAL	0	330.0	237.1	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See pages 2-9 for detailed discussion of increase in operations cost for the division.

THIS BILL WILL NOT RESULT IN AN INCREASE IN STATE OR POLITICAL SUBDIVISION FY 90 PERSONAL SERVICES COSTS.

Prepared By: R. J. Statuelsen Phone: 465-4470
Sally Smith, Director
 Division: Retirement and Benefits Date: 1/25/89

Approved by Commissioner: John M. Andrews Date: 1/30/89
 Agency: Department of Administration

Distribution (by preparer):

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

January 9, 1989

SENATE JOURNAL

p. 28

SB 73

SENATE BILL NO. 73 by Senators Duncan and Kerttula, entitled:

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

was read the first time and referred to the State Affairs Committee, the Health, Education and Social Services Committee and the Finance Committee.

February 27, 1989

SENATE JOURNAL

p. 532

SB 73

Senator Duncan, in a memorandum to President Kelly, enclosed the following Budget and Audit Report which references the savings to the State by the Retirement Incentive Program in SENATE BILL NO. 73 by Senator Duncan, entitled: (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date):

A REPORT ON THE DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM, RETIRE-
MENT INCENTIVE PROGRAM, May 16, 1986 -
October 1, 1987

Copies of these reports are on file in the Office of the Secretary of the Senate.

March 7, 1989

SENATE JOURNAL

p. 662

SB 73

The State Affairs Committee considered SENATE BILL NO. 73 (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) and a majority of the committee recommended it be replaced with

SB 73 cont'd

CS FOR SENATE BILL NO. 73 (State Affairs)

and do pass. The report was signed by Senator Pourchot, Chair, and concurred in by Senators Kelly, Adams and Faiks.

Fiscal note for SENATE BILL NO. 73 published today from Department of Administration. Fiscal note for the committee substitute forthcoming.

SENATE BILL NO. 73 was referred to the Health, Education and Social Services Committee.

March 14, 1989

SENATE JOURNAL

p. 772

SB 73

Fiscal note for Committee Substitute for Senate Bill No. 73 (SA) (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) published today from Department of Administration.

March 22, 1989

SENATE JOURNAL

p. 897

SB 73

Fiscal note for Committee Substitute of Senate Bill No. 73 (State Affairs) (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) published today from Department of Administration.

SB 73

The Health, Education and Social Services Committee considered SENATE BILL NO. 73 (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) and a majority of the committee recommended it be replaced with

CS FOR SENATE BILL NO. 73 (HESS)

SB 73 cont'd

and do pass. The report was signed by Senator Fischer, Chair, and concurred in by Senators Kelly, Jones and Duncan.

Fiscal note for the committee substitute forthcoming.

SENATE BILL NO. 73 was referred to the Finance Committee.

March 28, 1989

SENATE JOURNAL

p. 949

SB 73

Fiscal note for Committee Substitute 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) published today from Department of Administration.

March 31, 1989

SENATE JOURNAL

p. 999

SB 73

The Finance Committee considered SENATE BILL NO. 73 (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) and recommended it be replaced with

CS FOR SENATE BILL NO. 73 (Finance)

and a majority of the committee reported it back without recommendation and a Letter of Intent. The report was signed by Senator Uehling, Co-Chair, and concurred in by Senators Frank, Pearce, Fischer and Zharoff. Senator Duncan signed "do pass."

Senator Zharoff moved and asked unanimous consent that his recommendation be changed from "no recommendation" to "do pass." Without objection, it was so ordered.

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.

/s/
Senator Rick Uehling
Co-Chair

Fiscal note and zero fiscal note for the committee
substitute published today from Department of
Administration.

SENATE BILL NO. 73 was referred to the Rules Committee.

SB 73 RETIREMENT INCENTIVE PROGRAM

NOTIFIED

SENATOR DUNCAN, SPONSOR (ROXANNE)
 BOB STALNAKER, DIV. RETIREMENT AND BENEFITS
 BOE MANNERS, N.E.A.
 RANDY WELKER, LEGISLATIVE AUDIT

Commissioner John
 Andrews
 Sally Smith

F.Y.I.

FY 89 R.I.P. BUDGET BRU's (GF ONLY):	DOT	509.2
<i>were these funds interagency</i>	DOA	135.5
<i>transfers or direct</i>	DHSS	178.9
<i>appropriations?</i>	DMVA	7.0
	DPS	27.3

C.S. WILL BE AVAILABLE BY TIME OF HEARING. LANGUAGE ON O.M.B. ANALYSIS AND REPORT WILL BE A SEPARATE AMENDMENT -- DUNCAN IS MEETING WITH ALISON ELGEE MONDAY A.M. TO FINALIZE IT.

OUR FACT SHEET NOTES THE \$14 MILLION STATE SAVINGS IS A BLEND OF STATE AND OTHER FUNDS. THE R.I.P. COST MAY ALSO BE A BLEND -- REMEMBER FEDS. PAID SOME OF DEPT. LABOR'S SHARE; D.O.T. WAS PURSUING FEDERAL REIMBURSEMENT TOO.

O.M.B. INSTRUCTIONS FOR ORIGINAL R.I.P.:

MUST SHOW SAVINGS WITHIN JOB CLASSIFICATION (BASED ON STATE CLASSIFICATION OUTLINE) WITHIN DESIGNATED ORGANIZATIONAL UNITS (COULD BE SECTION, DIVISION, OR ENTIRE AGENCY, OR BUDGET COMPONENT OR B.R.U.).

"O.M.B. FEELS THAT SHOWING SAVINGS IS EQUIVALENT TO IDENTIFYING FUNDS NEEDED TO PAY THE COST OF THE PROGRAM."

SO MUCH FOR FAIKS' CONCEPT OF SELECTIVE PARTICIPATION: "WITHIN A JOB CLASSIFICATION AND DESIGNATED UNIT EITHER ALL THOSE INDIVIDUALS MUST BE ABLE TO PARTICIPATE OR NONE CAN."

TO ACHIEVE SAVINGS, A POSITION MAY BE HELD VACANT EVEN THOUGH IT WAS NOT LAST FILLED BY SOMEONE R.I.P.ing.

IN CALCULATING SAVINGS, AGENCY MAY ASSUME MERIT INCREASES AND LONGEVITY STEPS WILL BE AWARDED. IF DO, MUST ALSO ASSUME FOR REPLACEMENT POSITION.

AGENCIES MAY USE LAPSING PERSONAL SERVICES FUNDS TO PAY R.I.P COSTS. LAPSING FUNDS MAY BE ENCUMBERED EVEN IN COMPONENTS IN WHICH NOBODY HAS R.I.P.

DETAILED FORMS SHOWING SAVINGS BY P.C.N. WERE TO BE FILLED OUT. NOTE: SB 73 REQUIRES THAT AGENCIES REPORT ON THE COST OF EACH EMPLOYEE'S PARTICIPATION AND ITS EFFECT ON THE AGENCY'S PERSONAL SERVICES COST. ORIGINAL R.I.P. REQUIRED THIS TOO.

SB 73 RETIREMENT INCENTIVE PROGRAM ✓

TO TESTIFY

SEN. DUNCAN, SPONSOR (ROXANNE)

SALLY SMITH, DEPT. ADMINISTRATION, DIV. RETIREMENT & BENEFITS

BOB MANNERS, N.E.A. (POSSIBLY BOB COOKSEY)

BUDDY MAUPIN OR MICHELLE CASTANEDO, A.S.E.A.

BRUCE LUDWIG, A.P.E.A.

SUZANNE TRYCK, UNIVERSITY OF ALASKA

*Auditor ✓*F.Y.I.

DUNCAN MAY INTRODUCE AMENDMENT TO BEGIN R.I.P. THIS YEAR FOR TEACHERS (RATHER THAN 1990). WE'VE RECEIVED LOTS OF P.O.M.s REQUESTING THIS. LOTS OF INTEREST, TOO, IN EXTENDING THE WINDOW BEYOND 3 MONTHS (ORIGINAL R.I.P. WAS ONE YEAR).

ABOUT THE AUDIT:

COMPARED BY P.C.N. NUMBER THE ANNUAL POSITION COST BEFORE AND AFTER R.I.P. THE DIFFERENCE WAS THEN MULTIPLIED BY 3, SINCE RETIREMENT WAS ALLOWED 3 YEARS EARLY AND EMPLOYERS HAD 3 YEARS TO REIMBURSE THE SYSTEM. THIS DOESN'T TAKE INTO CONSIDERATION THAT SOME PEOPLE WERE WITHIN 1 OR 2 YEARS OF RETIREMENT RATHER THAN 3.

AUDIT DIDN'T CONSIDER THAT WITHOUT R.I.P. THE POSITION MIGHT HAVE BEEN LAID OFF, IN WHICH CASE THERE WOULD HAVE BEEN NO R.I.P. COSTS EITHER.

ALSO, IF POSITION WAS VACANT AT TIME OF AUDIT, AUDIT ASSUMES IT WILL BE HELD VACANT FOR THE FULL 3 YEARS.

SAVINGS WERE GENERALLY BECAUSE POSITION WAS REPLACED WITH A LOWER SALARIED EMPLOYEE, THE POSITION WAS RECLASSIFIED TO A LOWER PAY RANGE, OR POSITION WAS LEFT VACANT.

ALL STATE AGENCIES EXCEPT CORRECTIONS AND C&RA SAVED MONEY.

CONCERNS:

PROGRAM IS OPTIONAL, WHICH MEANS SOME AGENCIES/SCHOOL DISTRICTS/ORGANIZATIONAL UNITS PARTICIPATE AND SOME DON'T. CONCERN LAST TIME (ESP. WITH UNIV) THAT THERE WAS FAVORITISM, DISCRIMINATION.

SEASONAL STATE EMPLOYEES, LIKE ALL STATE EMPLOYEES, MUST RETIRE BY MAY 1. ADF&G CONCERNED THAT THIS WILL DISRUPT THEIR FIELD SEASON, WHICH RUNS UNTIL MID-OCTOBER.

MUNICIPALITY OF ANCHORAGE OPPOSED. LETTER IN PACKET INDICATES UP-FRONT COSTS WOULD BE \$4 MILLION. REMEMBER M.O.A. DOESN'T HAVE TO PARTICIPATE EVEN IF SB 73 IS ENACTED.

→ + see letter from Anch school district — don't want to have to demonstrate cost savings

how? /

220

Audit assumes that every RIP participant retired 3 yrs. early. Is this the case, or were some only 1 or 2 yrs. from retirement? If so, audit compares 1 or 2 yrs. of RIP costs per PEN with 3 yrs. of savings!

How about a provision that anyone who RIPs can't be hired under contract by the state?

HIGHLIGHTS OF SB 73, RETIREMENT INCENTIVE PROGRAM

Authorized for state agencies, political subdivisions (school districts, municipalities), university. Participation is optional.

(page i, line 24)

Participation allowed only if will result in personal services savings within 5 years. Report of estimated savings must be filed with OMB; OMB must submit to legislature each January.

(page 1, line 29; page 5, line 5; page 5, line 12)

To be eligible, individual must be within 3 years of retirement. Credit can be applied either to age or years of service.

TRS: age 55 with 8 years of service OR
20 years of service

PERS: age 60 with 5 years of service OR
20 years of service if fireman or peace officer,
30 years of service otherwise

(page 3, line 11)

To be eligible, employee must have been continuously employed since January 1, 1989 (or employed for the season) OR laid off on or after January 1, 1989.

(page 10, line 7)

Commissioners and deputy commissioners cannot participate.

(page 10, line 3)

Employee must pay into the system for the 3 years at the time of retirement (a specified percentage of the final year's salary). Employer must reimburse the system within 3 years; DOA is empowered to address delinquencies.

(page 2, line 18; page 3, line 4; page 4, line 7)

Participating employers bear the administrative cost of the program.

(page 2, line 27)

Application periods:

State	Jan, Feb, Mar 1990	(must retire by 5/1/90)
School Dist	Mar, Apr, May 1990	(must retire by 7/1/90)
University	May, Jun, Jul 1990	(must retire by 9/1/90)
Municipal	Jul, Aug, Sep 1990	(must retire by 11/1/90)

(page 10, line 2; page 11, line 10; page 11, line 20; page 12, line 6)

Effective date January 1, 1990

(page 12, line 12)

Sen. Pourchot
March 3, 1989

CSSB 73 -- RETIREMENT INCENTIVE PROGRAM -- MORE INFORMATION

Differences Between SB 73 and Original RIP

CSSB 73 requires that savings to the employer be demonstrated within 3 years; original RIP didn't specify when savings must occur

CSSB 73 applies to permanent seasonal employees and job sharing arrangements; original RIP did not

CSSB 73 disallows participation by commissioners, deputy commissioners, and assistant commissioners; original RIP did not

The employee share of the RIP costs (a percentage of a year's salary) has increased because the contribution rate has changed:

	CSSB 73	Original
TRS	21%	21%
Peace officers/firemen	22.5%	15%
Other PERS	20.25%	12.75%

Application periods vary:

	<u>Original RIP</u>		<u>CSSB 73</u>	
	Appl. Windows	Retire	Appl. Windows	Retire
Teach	5/1/86-6/30/87	10/1/87	7/1/89-12/31/89	8/1/90
Univ	10/1/86-9/30/87	1/1/88	7/1/89-12/31/89	8/1/90
State	5/1/86-6/30/87	10/1/87	10/1/89- 3/31/90	11/1/90
Muni	1/1/87-12/1/87	4/1/88	10/1/89- 3/31/90	11/1/90

Some Figures

Average RIP cost is approximately 65% of an employee's annual salary

Ex: Salary	\$ 50,000
RIP Cost	\$ 32,000
Employee Share (21%)	\$ 11,000
Employer Share	\$ 21,000

A Range 20F earns \$50,952; a Range 20A earns \$42,984.
Replacing a Range 20F with a Range 20A would result in a savings within three years.

Average annual PERS benefit per retiree (6/30/88)	\$ 11,300
Average annual TRS benefit per retiree (6/30/88)	\$ 21,240

About the Audit

It should be noted that the \$14.4 million shown as state savings is a combination of state and other funds. The state's share of personal services costs is generally 70-75%, in this case approximately \$10.5 million.

RIP reinstated!

Application only during Jan, Feb, March 1990;
must be state employee since at least Jan. 1, 1989, must
be within 3 yrs. of retirement; must retire by May 1, 1990.

etc

1 IN THE SENATE

BY DUNCAN AND KERTTULA

2

SENATE BILL NO. 73

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
the public employees' retirement system and the
teachers' retirement system; and providing for an
effective date."

9

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
other employers who participate in the state retirement systems to reduce
their personal services costs because of declining state revenue, reimple-
mentation of the retirement incentive program established by ch. 26, SLA
1986, as amended by ch. 76, SLA 1988, encouraging employees to retire
voluntarily, will reduce the hardship of layoffs. This program is intended
to realize sufficient economies to offset the cost of administration and
benefits to state agencies and other employers resulting from the award of
retirement credits and to result in a net reduction in personal services
costs to the state or other employers during a period of declining revenue.

20

21

* Sec. 2. AS 14.25 is amended by adding a new section to read:

22

Sec. 14.25.128. RETIREMENT INCENTIVE PROGRAM. (a) If a retire-
ment incentive application period is authorized by law, an employer
may adopt a retirement incentive plan to designate organizational
units of employees eligible to participate in the retirement incentive
program.

23

24

25

26

27

(b) The organizational units of a plan must be selected so that
implementation of the plan results in a savings to the employer in
personal services costs within five years after the commencement of

28

29

Teachers Retirement System



now

TEACHERS
basically
age 55, 8 yrs service
or
Based on 20 yrs. service
of service 13 yrs

1 the plan. The designation may include only representatives from job
2 classifications whose retirement contributes to the overall cost
savings.

3 (c) A member is eligible to participate in the retirement incen-
4 tive program only if the member is vested, is employed in a position
5 in a designated organizational unit, and will be qualified to retire
6 under AS 14.25.110 after receipt of the retirement incentive. To
7 participate, a member shall apply on a form provided by the adminis-
8 trator.

9 (d) A participating employer shall prepare and file the re-
10 tirement incentive plan with the administrator. The administrator
11 shall approve the plan if it meets the requirements of this section.
12 The plan must

13 (1) identify organizational units and employees eligible to
14 participate in the program;

15 (2) include a reimbursement agreement that

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

20 (i) the equivalent of the difference
21 between the benefits the participant receives after the
22 addition of the retirement incentive under this section and
23 the amount the participant would have received without the
24 incentive, less the amount the participant has paid on the
25 indebtedness determined under (e) of this section; and

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

28 (B) provides that contributions from the employer

(RIP benefits - amt.
Participant would
have rec'd w/out RIP)
- participant's share

1 under this section take priority over other obligations of the
2 employer to the maximum extent permitted by law.

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

11 (f) A participant in the retirement incentive program receives a
12 credit of three years. The three years must be applied in the follow-
13 ing order until exhausted:

14 (1) to meet the age or service required for eligibility for
15 normal retirement under AS 14.25.110;

16 (2) to meet the age required for early retirement under
17 AS 14.25.110;

18 (3) to reduce the actuarial adjustment required for early
19 retirement under AS 14.25.110;

20 (4) as years of credited service for calculating retirement
21 benefits.

22 (g) Except as provided in (h) of this section, in the determina-
23 tion of whether a member will qualify to retire under this section,
24 credited service may include only service credit for employment ren-
25 dered to an employer, territorial service under AS 14.25.105, and
26 Alaska BIA service under AS 14.25.107.

27 (h) Notwithstanding other provisions of law, a vested member who
28 is a state employee and is participating in the retirement incentive
29 program may receive credit for municipal employment before the

1 municipality became an employer under the system for purposes of
2 determining eligibility for retirement under AS 14.25.110. The member
3 may not receive credit for those years under this subsection for
4 purposes of determining benefits. In order for a state employee to
5 receive credit under this subsection, the employee's participation in
6 the program must contribute to the overall cost savings of the agency.

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

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

11 (2) direct that the amount of the delinquency or a lesser
12 amount be withheld from any money payable to the employer by a state
13 department or agency and that the amount withheld be credited to the
14 delinquency.

15 (j) If a participant in the retirement incentive program is
16 reemployed as a member of the Public Employees' Retirement System
17 under AS 39.35 or the Teachers' Retirement System under this chapter
18 after appointment to retirement under the program, the participant
19 loses the incentive credit received under (f) of this section and is
20 indebted to the system. The amount of the indebtedness is equal to
21 110 percent of the amount the participant received as a result of
22 participation in the program to which the participant was not other-
23 wise entitled, including the cost of health insurance. The partici-
24 pant is entitled to a credit to be applied against the reemployment
25 indebtedness in the amount the participant has paid under (e) of this
26 section. Interest accrues on the indebtedness at the rate established
27 by regulation from the date of reemployment until the member is ap-
28 pointed to retirement and accepts an actuarial adjustment to the
29 member's future benefits or until the amount is paid in full.

1 (k) When designating an organizational unit for participation in
2 the retirement incentive program, the executive head of a state agency
3 shall describe in detail the expected effect of the program on the
4 agency's personal services cost and operation. This report shall be
5 filed with the Office of Management and Budget. For each employee who
6 will receive credit for municipal employment under (h) of this sec-
7 tion, the agency head shall establish to the satisfaction of the
8 office that the proposed participation contributes to the overall
9 agency cost savings. The agency shall report as required by the
10 Office of Management and Budget on the cost of each member's partici-
11 pation and the effect on the agency's personal services cost and
12 operation. The Office of Management and Budget shall report to the
13 legislature in January each year on the effect of the retirement
14 incentive program on state operation and personal services costs.

15 (1) An employee does not have a vested or contractual right to
16 any benefit under this section until an agreement is executed with the
17 administrator that permits the benefits to be offered to an organiza-
18 tional unit of which the employee is a member. The legislature re-
19 serves the right to change any aspect of the incentive program as it
20 relates to members of organizational units for which participation
21 agreements are executed by the administrator after the effective date
22 of the changes.

23 P.E.R.S.* Sec. 3. AS 39.35 is amended by adding a new section to read:

24 Sec. 39.35.375. RETIREMENT INCENTIVE PROGRAM. (a) If a retire-
25 ment incentive application period is authorized by law, an employer
26 may adopt a retirement incentive plan to designate organizational
27 units of employees eligible to participate in the retirement incentive
28 program. The organizational units must be selected so that implemen-
29 tation of the plan results in a savings to the employer in personal

Page 60 45 yrs service
- 20 yrs fireman
- 30 yrs
Based on all yrs. of service

1 services costs within five years after the commencement of the plan.
2 The designation may include only representatives from job classifica-
3 tions whose retirement contributes to the overall cost savings.

4 (b) A member is eligible to participate in the retirement incen-
5 tive program only if the member is vested, is employed in a position
6 in a designated organizational unit, and will be qualified to retire
7 under AS 39.35.370 after receipt of the retirement incentive. To
8 participate a member shall apply on a form provided by the administra-
9 tor.

10 (c) A participating employer shall prepare and file the re-
11 tirement incentive plan with the administrator. For state employees
12 other than university employees, the administrator may approve a
13 designated organizational unit only if the Office of Management and
14 Budget certifies that the unit's participation in the plan meets the
15 requirements of (a) of this section. The administrator shall approve
16 the plan if it meets the requirements of this section. The plan must

17 (1) identify organizational units and employees eligible to
18 participate in the program;

19 (2) include a reimbursement agreement that
20 (A) requires the employer, for each employee who is
21 retired under the plan, to reimburse the system within three
22 years after the end of the fiscal year in which the employee is
23 appointed to retirement in an amount equal to

24 (i) the actuarial equivalent of the difference
25 between the benefits the participant receives after the
26 addition of the retirement incentive under this section and
27 the amount the participant would have received without the
28 incentive, less the amount the participant has paid on the
29 indebtedness determined under (d) of this section; and

??

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

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

6 (d) A member who participates in the retirement incentive pro-
7 gram is indebted to the system. The amount of indebtedness is equal
8 to 22-1/2 percent for a peace officer or fireman, and 20-1/4 percent
9 for other members, of the member's actual annual compensation, or the
10 calculated annual compensation for a member who works fewer than 12
11 months, for the year in which the member terminates employment to
12 participate in the program. An outstanding indebtedness at the time a
13 participant is appointed to retirement will require an actuarial
14 adjustment to the benefits payable.

15 (e) A participant in the retirement incentive program receives a
16 credit of three years. The three years must be applied in the follow-
17 ing order until exhausted:

18 (1) to meet the age or service required for eligibility for
19 normal retirement under AS 39.35.370;

20 (2) to meet the age required for early retirement under
21 AS 39.35.370;

22 (3) to reduce the actuarial adjustment required for early
23 retirement under AS 39.35.370;

24 (4) as years of credited service for calculating retirement
25 benefits.

26 (f) Except as provided in (g) of this section, in the determina-
27 tion of whether a member will qualify to retire under this section,
28 credited service may include only service credit for employment ren-
29 dered to an employer.

1 (g) Notwithstanding other provision of law, a vested member who
2 is a state employee and is participating in the retirement incentive
3 program may receive credit for municipal employment before the munici-
4 pality became an employer under the system for purposes of determining
5 eligibility for retirement under AS 39.35.370. The member may not
6 receive credit for those years under this subsection for purposes of
7 determining benefits. In order for an employee to receive credit
8 under this subsection, the employee's participation in the program
9 must contribute to the overall cost savings of the agency.

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

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

18 (i) If a participant in the retirement incentive program is
19 reemployed as a member of the Public Employees' Retirement System
20 under this chapter or the Teachers' Retirement System under AS 14.25
21 after appointment to retirement under the program, the participant
22 loses the incentive credit received under (e) of this section and is
23 indebted to the system. The amount of the indebtedness is equal to
24 110 percent of the amount the participant received as a result of
25 participation in the program to which the participant was not other-
26 wise entitled, including the cost of health insurance. The partici-
27 pant is entitled to a credit to be applied against the reemployment
28 indebtedness in the amount the participant has paid under (d) of this
29 section. Interest accrues on the indebtedness at the rate established

1 by regulation from the date of reemployment until the member is ap-
2 pointed to retirement and accepts an actuarial adjustment to the
3 member's future benefits or until the amount is paid in full.

4 (j) When designating an organizational unit for participation in
5 the retirement incentive program, the executive head of a state agency
6 shall describe in detail the expected effect of the program on the
7 agency's personal services cost and operation. This report shall be
8 filed with the Office of Management and Budget. For each employee who
9 will receive credit for municipal employment under (g) of this sec-
10 tion, the agency head shall establish to the satisfaction of the
11 office that the proposed participation contributes to the overall
12 agency cost savings. A state agency that is participating in the
13 retirement incentive program shall report as required by the Office of
14 Management and Budget on the cost of each member's participation and
15 the effect on the agency's personal services cost and operation. The
16 Office of Management and Budget shall report to the legislature in
17 January each year on the effect of the retirement incentive program on
18 state operation and personal services costs.

19 (k) An employee does not have a vested or contractual right to
20 any benefit under this section until an agreement is executed with the
21 administrator that permits the benefits to be offered to an organiza-
22 tional unit of which the employee is a member. The legislature re-
23 serves the right to change any aspect of the incentive program as it
24 relates to members of organizational units for which participation
25 agreements are executed by the administrator after the effective date
26 of the changes.

27 * Sec. 4. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
28 A state agency is authorized to adopt a retirement incentive plan for its
29 employees. A plan adopted under this section shall permit a designated

*Teachers
/ emp by
state*

1 employee to apply to the retirement incentive program under AS 14.25.128 or
2 AS 39.35.375 only during January, February, and March 1990.

3 (b) The plan may not permit an employee who is the commissioner or a
4 deputy commissioner of a state department to participate.

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

7 (1) has been continuously employed by the state since January 1,
8 1989;

9 (2) was laid off from state employment on or after January 1,
10 1989;

11 (3) is a permanent seasonal employee continuously employed by
12 the state in the permanent seasonal position during all of the time since
13 January 1, 1989, in which the position normally was filled;

14 (4) has a job sharing agreement with a state agency in which two
15 or more employees share a single position identified by a single position
16 control number and in which the employee choosing to participate was con-
17 tinuously employed by the agency during all of the time since January 1,
18 1989, in which the employee normally worked under the job sharing agree-
19 ment; or

20 (5) meets a combination of the requirements of this subsection.

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

24 (e) In this section,

25 (1) "administrator" has the meaning given

26 (A) in AS 14.25.220 when the section is applied to the
27 teachers' retirement system;

28 (B) in AS 39.35.680 *person appt. by commissioner* when the section is applied to the
29 public employees' retirement system;

1 (2) "state agency" does not include the University of Alaska or
2 an entity covered by sec. 5 of this Act.

3 * Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
4 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a
5 political subdivision of the state or a public organization that has elect-
6 ed to participate in the public employees' retirement system under AS 39.-
7 35.550 - 39.35.650 is authorized to adopt a retirement incentive plan for
8 its employees under AS 39.35.375. A plan adopted under this section shall
9 permit designated employees to apply to the retirement incentive program
10 under AS 39.35.375 only during July, August, and September 1990.

11 (b) Under a plan adopted under this section, the administrator may
12 not accept the application of an employee unless the employee will be
13 appointed to retirement on or before November 1, 1990. In this subsection,
14 "administrator" has the meaning given in AS 39.35.680.

15 * Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR THE EMPLOYEES OF
16 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of
17 Alaska is authorized to adopt a retirement incentive plan for its employ-
18 ees. A plan adopted under this section shall permit designated employees
19 to apply to the retirement incentive program under AS 14.25.128 or AS 39.-
20 35.375 only during May, June, and July 1990.

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

24 (c) In this section, "administrator" has the meaning given

25 (1) in AS 14.25.220 when the section is applied to the teachers'
26 retirement system;

27 (2) in AS 39.35.680 when the section is applied to the public
28 employees' retirement system.

29 * Sec. 7. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN

7 teachers not employed by state

1 THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers'
2 retirement system who is not otherwise covered by secs. 4 or 6 of this Act
3 is authorized to adopt a retirement incentive plan for its employees under
4 AS 14.25.128. A plan adopted under this section shall permit designated
5 employees to apply to the retirement incentive program under AS 14.25.128
6 only during March, April, and May 1990.

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

10 (c) In this subsection, "administrator" and "employer" have the
11 meanings given in AS 14.25.220.

12 * Sec. 8. This Act takes effect January 1, 1990.

Rec'd after bill out of committee.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

Bill Version: SB 73
Publish Date: _____

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

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 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: 465-2240
Division: Finance Date: _____

Approved by Commissioner: John M. Andrews *JM Andrews* Date: 3/7/89
Agency: Department of Administration

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

cost Finance Div.
60.0 of budget for 1st time -
Div Retirement had to pay them!

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 0073a

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.

State Affairs, HESS,
+ Finance CS's.

Changes are marked
on each - each
improved the bill.

Finance CS looks
good.

Offered: 3/7/89
Referred: Health, Education and
Social Services and Finance

6-0287H

Original sponsors: Duncan and Kerttula

→ show savings in 3 yrs. (was 5)
- extend window periods into 1989
- prohibit assistant commissioners
- require OMB to report

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 73 (State Affairs)

Changes from
original bill
are marked.
Primarily;

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 a savings to the employer in personal
27 services costs within three ⁵ years after the commencement of the plan. The
28 designation may include only representatives from job classifications whose
29 inclusion contributes to the overall cost savings.

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

6 (d) A participating employer shall prepare and file the retirement
7 incentive plan with the administrator. The administrator shall approve the
8 plan if it meets the requirements of this section. For state employees
9 other than university employees, the administrator may approve a designated
10 organizational unit only if the Office of Management and Budget certifies
11 that the unit's participation in the plan meets the requirements of (b) of
12 this section. The administrator shall approve the plan if it meets the
13 requirements of this section. The plan must

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

16 (2) include a reimbursement agreement that

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

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

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

29 (B) provides that contributions from the employer under

1 this section take priority over other obligations of the employer to
2 the maximum extent permitted by law.

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

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

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

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

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

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

29 (4) as years of credited service for calculating retirement

1 benefits.

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

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

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

10 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)

11 A state agency is authorized to adopt a retirement incentive plan for its
12 employees. A plan adopted under this section shall permit a designated
13 employee to apply to the retirement incentive program under sec. 2 of this
14 Act only from October 1, 1989, through ^{1/1/90 - 3/31/90} March 31, 1990.

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

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

20 (1) has been continuously employed by the state since January 1,
21 1989;

22 (2) was laid off from state employment on or after January 1,
23 1989;

24 (3) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 January 1, 1989, in which the position normally was filled;

27 (4) 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 January 1,
2 1989, in which the employee normally worked under the job sharing agree-
3 ment; or

4 (5) 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 October ^{5/1}31, 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 October 1, 1989, ^{7/1/90 - 9/30/90} 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 October ^{11/1/90}31, 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 July 1, 1989, ^{5/1/90 - 7/31/90} 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

9/1/90

1 appointed to retirement on or before July 31, 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 July 1, 1989, through December 31, 1989.
3/1/90 - 5/31/90

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 July 31, 1990.
7/1/90

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 [muni.] subdivision or public orga-
16 nization before the political [muni.] 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. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
2 tirement incentive program is reemployed as a member of the public em-
3 ployees' retirement system under AS 39.35 or the teachers' retirement
4 system under AS 14.25 after appointment to retirement under the program,
5 the participant loses the incentive credit received under sec. 2(g) of this
6 Act and is indebted to the system. The amount of the indebtedness is equal
7 to 110 percent of the amount the participant received as a result of par-
8 ticipation in the program to which the participant was not otherwise enti-
9 tled, including the cost of health insurance. The participant is entitled
10 to a credit to be applied against the reemployment indebtedness in the
11 amount the participant has paid under sec. 2(e) or (f) of this Act. Inter-
12 est accrues on the indebtedness at the rate established by regulation from
13 the date of reemployment until the member is appointed to retirement and
14 accepts an actuarial adjustment to the member's future benefits or until
15 the amount is paid in full.

16 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
17 nizational unit for participation in the retirement incentive program, the
18 executive head of a state agency shall describe in detail the expected
19 effect of the program on the agency's personal services cost and operation.
20 This report shall be filed with the Office of Management and Budget. For
21 each employee who will receive credit for employment under sec. 7 of this
22 Act, the agency head shall establish to the satisfaction of the office that
23 the proposed participation contributes to the overall agency cost savings.
24 The agency shall report as required by the Office of Management and Budget
25 on the cost of each member's participation and the effect on the agency's
26 personal services cost and operation. The Office of Management and Budget
27 shall submit to the legislature annual reports on the retirement incentive
28 program beginning on January 15, 1991, and continuing through January 15,
29 1993, and shall submit a final report on January 15, 1994. Each report

added

1 shall provide the information necessary for the legislature to evaluate the
2 effectiveness of the program in achieving its objectives. The report
3 should include information on the designated organizational units under the
4 retirement incentive plans including the cost of the retirement incentive
5 program per participant, the cost to the state, the cost to the employee,
6 the annual budgeted amount by agency for the retirement incentive, and the
7 projected or actual net savings over the three-year period.

added

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

16 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
17 2 - 7 of this Act and who has submitted a timely application for participa-
18 tion in the retirement incentive program may be considered for participa-
19 tion in the program notwithstanding sec. 14 of this Act.

added

20 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.220 apply
21 to this Act for members of the teachers' retirement system. The defini-
22 tions set out in AS 39.35.680 apply to this Act for members of the public
23 employees' retirement system.

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

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

added

Original sponsors: Duncan and Kerttula

1 IN THE SENATE

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 73 (HESS)

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

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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

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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

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implementation of the plan results in a savings to the employer in personal

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services costs within ~~three~~ ^{oops - no change from St Aff} years after the commencement of the plan. The

28

designation may include only representatives from job classifications whose

29

inclusion contributes to the overall cost savings.

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

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

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

16 (2) include a reimbursement agreement that

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

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

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

29 (B) provides that contributions from the employer under

1 this section take priority over other obligations of the employer to
2 the maximum extent permitted by law.

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

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

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

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

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

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

29 (4) as years of credited service for calculating retirement

1 benefits.

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

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

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

10 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)

11 A state agency is authorized to adopt a retirement incentive plan for its
12 employees. A plan adopted under this section shall permit a designated
13 employee to apply to the retirement incentive program under sec. 2 of this
14 Act only from September 30, 1989, through March 31, 1990. *we had 10/1/89 - HESS version is better. Recommended by*
DN. Retirement

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

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

20 (1) has been continuously employed by the state since January 1,
21 1989;

22 (2) was laid off from state employment on or after January 1,
23 1989;

24 (3) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 January 1, 1989, in which the position normally was filled;

27 (4) 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 January 1,
2 1989, in which the employee normally worked under the job sharing agree-
3 ment; or

4 (5) 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. *we had 10/31/90*

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 adcpt 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. *we had 10/1/89*

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. *we had 10/31/90*

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. *we had 7/1/89*

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

added

1 shall submit to the legislature annual reports on the retirement incentive
2 program beginning on January 15, 1991, and continuing through January 15,
3 1993, and shall submit a final report on January 15, 1994. Each report
4 shall provide the information necessary for the legislature to evaluate the
5 effectiveness of the program in achieving its objectives. The report
6 should include information on the designated organizational units under the
7 retirement incentive plans including the cost of the retirement incentive
8 program per participant, the cost to the state, the cost to the employee,
9 the annual budgeted amount by agency for the retirement incentive, and the
10 projected or actual net savings over the three-year period.

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

19 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
20 2 - 7 of this Act and who has submitted a timely application for participa-
21 tion in the retirement incentive program may be considered for participa-
22 tion in the program notwithstanding sec. 14 of this Act.

23 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.220 apply
24 to this Act for members of the teachers' retirement system. The defini-
25 tions set out in AS 39.35.680 apply to this Act for members of the public
26 employees' retirement system.

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

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

Alaska State Legislature

573INT.TXT

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

not adopted

LETTER OF INTENT
CSSB 73 (St Aff)

AN ACT RELATING TO RETIREMENT INCENTIVE PROGRAMS FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM

It is the intent of the legislature that State reimbursement of the retirement system required under SB 73 be accomplished within existing appropriations for personal services.

As stated in the purpose section of SB 73, the retirement incentive program is intended to realize sufficient economies to offset the cost of administration and benefits to state agencies resulting from the award of retirement credits. It is the intent of the legislature that cost savings achieved through the filling of retired positions at lower pay ranges or through holding retired positions vacant be used to pay the State's debt to the retirement system.

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

M E M O R A N D U M

February 8, 1989

TO: Senator Pat Pourchot

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 73, an act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system

I would like to provide you with information on the Retirement Incentive Program since I know that many of you are receiving calls and letters from your constituents in support of the program. I provide the following background information for your use in answering their questions and yours.

The original Retirement Incentive Program was established in 1986 "to reduce the hardship of layoffs and was intended to result in a net reduction in personal services costs to the state or other employer during periods of declining revenue." The program, running from 1986 to late 1987, allowed an incentive credit of three years to employees in the Public Employees' Retirement System and the Teachers' Retirement System. During that window period, a total of 2,346 public employees including teachers, state employees, university, and municipal employees took advantage of the Retirement Incentive Program.

Senate Bill 73, which I introduced this year, re-establishes the Retirement Incentive Program and will allow three month application periods in 1990 for state employees, teachers, municipal employees, and University of Alaska employees. Those periods are summarized in the following table:

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
State	January- February ^{MARCH} , 1990	May 1, 1990
Teachers	March-May, 1990	July 1, 1990
University	May-July, 1990	September 1, 1990
Municipal	July-September, 1990	November 1, 1990

Retirement Incentive Program
February 8, 1989
Page 2

There has been a great deal of interest expressed by school districts and teachers in beginning the window period for teachers this year and extending it for a longer period of time. Also, many individuals have asked that the window periods be longer and span more than one fiscal year in order to spread the impact of retirements over a wider period. I would like to know your feelings on these suggestions. I expect that changes will be made in the window periods during the committee hearings.

Under the bill, the three year credit can be added to service years or age depending on the individual's requirements for retirement in the following order:

1. to meet the age or service required for eligibility for normal retirement; or
2. to meet the age required for early retirement; or
3. to reduce the actuarial adjustment required for early retirement; or
4. as years of credited service for calculating retirement benefits if the person is already eligible to retire.

Under the program, if the employer elects to participate, long term employees are provided an incentive to retire, but the decision on whether or not each employee chooses to participate in the program is entirely at that employee's option.

A report issued by the Department of Administration in January of 1988 projected the savings of the last Retirement Incentive Program for state employees to be \$19.7 million over a five year period. The Division of Legislative Audit is currently conducting an audit which traces each position vacated as the result of the RIP to determine the actual savings accruing to state government from the last incentive program. This report should be available soon after the next Legislative Budget and Audit Meeting.

The Division of Retirement and Benefits is currently in the process of gathering information from school districts and municipalities about the savings which they realized from the last incentive program. The preliminary report indicates the savings, especially to school districts, was substantial. For example:

Retirement Incentive Program
February 8, 1989
Page 3

Employer	Savings over a Five Year Period (in thousands)
Copper River School District	\$670.5
Yukon Koyukuk School District	414.6
Alaska Gateway School District	129.7
City of Wrangell	186.5
Kodiak Island School District	527.8
Lower Kuskokwim School District	2,220.8
North Slope School District	1,315.5
Dillingham City Schools	773.9
City of Ketchikan	1,214.9
Valdez City Schools	1,630.3
Fairbanks School District	2,579.1
Haines School District	1,013.5
Kenai Peninsula Borough	639.4
Juneau School District	1,290.0
Municipality of Juneau	1,140.0

Not all districts have reported in, Anchorage and the Northwest Artic Schools are working on their reports and should have them to the Division of Retirement and Benefits within a week. I have attached a copy of the latest version of the report from the Division of Retirement and Benefits and will be provide you with updates as additional school districts and municipalities report in.

I know that many of you are concerned, as I am, about possible abuses which might have occurred in the last Retirement Incentive Program. For this reason, Senate Bill 73 explicitly states in Section 4 (b), that "the plan may not permit an employee who is the commissioner or a deputy commissioner of a state department to participate."

Another indirect benefit of the Retirement Incentive Program is that compensation dollars are retained in our economy which would otherwise have been lost if employees were laid off. Many employees who are laid off move out of state to find work, whereas around 70 percent of retirees in both the Public Employees and Teachers' Retirement systems choose to remain in Alaska after retirement. Thus, we retain the salaries of the lower level employees who are not laid off and we retain 70 percent of the retirement compensation which is paid out as the result of the Retirement Incentive Program. We estimate that for state employees alone the net cash gain to our economy of the original incentive program was almost \$30 million.

Retirement Incentive Program
February 8, 1989
Page 4

I have asked that SB 73 be scheduled in the Senate State Affairs Committee as soon as possible after the audit becomes available. I have been awaiting completion of the two studies underway on the financial impact of the last incentive program, because I believe that you should have that information before you as the bill is considered.

If you or your staff have questions on Senate Bill 73, please contact Roxanne Stewart of my staff at 465-4766.

Attachment

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 January 30, 1989

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	800.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	1	2,854.7	1,904.9	279.3	670.5
City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
Bristol Bay School District	1	1	273.8	186.7	50.3	36.8
City of Wrangell	1	0	220.0	0.0	33.5	186.5
Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
City of Palmer	4	3	1,024.1	715.3	101.0	207.8
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided

RETIREMENT INCENTIVE PROGRAM (RIP)
SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
PAGE 2

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$100's)	COST TO RE- FILL POS. (over 5 yrs (\$100's)	RIP COST (\$100's)	SAVINGS or (COST) FOR 5 YRS (\$100's)
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,643.0	5,600.5	727.0	1,315.5
City of Soldotna	2	1	482.8	212.7	47.8	222.3
Dillingham City Schools	6	2	1,231.7	180.0	277.8	773.9
City of Ketchikan	11	8	4,093.0	2,358.6	519.5	1,214.9
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Kenai Peninsula Borough	14	7	3,234.0	2,270.4	324.2	639.4
Juneau School District	42	40	3,750.0	1,449.0	1,010.6	1,290.4
Lake and Penin. School District	2	2	675.0	600.0	53.6	21.4
City/Borough Juneau	13	9	3,574.1	2,134.8	298.9	1,140.4

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100

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

M E M O R A N D U M

February 24, 1989

TO: Senator Pat Pourchot

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 73, an act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system

Attached is a copy of the Legislative audit on the Retirement Incentive Program which I mentioned in my previous memo to you on Senate Bill 73, the Retirement Incentive Program. I provide this information for your and your staff's use in considering and in answering constituent questions on SB 73.

The total savings to the state over a three year period, according to the audit, amounted to \$14,448,520; however, the methodology used in calculating the savings was very conservative. For instance, if a position other than the position retired was held vacant in order to achieve a savings, the cost savings not directly associated with the retired position was not included in the audit report. Also, the audit figures only represent salaries for retired positions and do not include the savings in benefits associated with the positions. I roughly estimate the savings in benefit costs directly related to positions which were eliminated as the result of the Retirement Incentive Program to be \$2.2 million.

I will be providing you with an updated copy of the Division of Retirement and Benefits' report on savings to municipalities and school districts early next week.

For your information, Senate Bill 73 is scheduled for a hearing in the Senate State Affairs Committee on Wednesday, March 1, at 1:30 PM.

If you or your staff have questions on Senate Bill 73, please contact Roxanne Stewart of my staff at 465-4766.

Attachment

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

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

STEVE COWPER, GOVERNOR

March 1, 1989

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

Dear Senator Duncan:

Re: Senate Bill 73

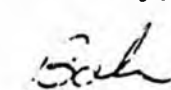
The additional information requested in your letter of February 21, 1989 is enclosed. We have updated a copy of Table 1 from the Retirement Incentive Program status report dated January 15, 1988. A current status report on our 1988 RIP survey is also enclosed.

You have also requested the number of active Public Employees' (PERS) and Teachers' Retirement System (TRS) members who, by age and length of service, would be eligible under SB 73. The total number of eligible employees are: State of Alaska PERS, 2,292; all TRS, 2,259; and political subdivision PERS, 2,420.

The actual number of eligible PERS employees may be somewhat less than stated due to terminations and retirements of employees during FY 89. Since most teachers terminate at the end of the school year, TRS projections should be accurate. However, many employees may delay a decision to terminate employment or retire pending the outcome of SB 73.

I hope that this provides you with the information you were seeking. Please don't hesitate to contact us if we can provide you with any additional information on the RIP.

Sincerely,


Robert F. Stalnaker
Deputy Director

RFS/cam/1
Enclosures
cc: Dean Gottehrer
Special Assistant to the Commissioner

Sally Smith, Director
Division of Retirement and Benefits

Previous RETIREMENT INCENTIVE PROGRAM
 STATUS REPORT
 February 27, 1989

Employer	Eligible By Age/Svc	Designated By Empl.	Retired
Governor's Office	30	5	5
Administration	229	174	101
Law	41	18	11
Revenue	55	29	23
Education - PERS	72	71	28
Education - TRS	38	36	19
Health & Social Svc.	335	304	150
Labor	147	138	54
Commerce	88	55	28
Military Affairs	29	6	4
Natural Resources	160	139	65
Fish & Game	160	143	78
Public Safety	193	182	101
Environmental Consv.	36	34	12
Corrections	154	139	38
Comm. & Regional Aff.	21	18	7
Transportation	854	809	355
Ombudsman	1	0	0
Legislative Affairs	53	20	13
Legislative Finance	2	0	0
Legislative Audit	5	3	3
Court System	98	0	0
Total State PERS	2762	2287	1076
Total State TRS	38	36	19
University of Ak - PERS	325	319	107
University of Ak - TRS	372	349	95
Geophysical Inst - PERS	27	27	7
Geophysical Inst - TRS	38	35	8
Total University - PERS	352	346	114
Total University - TRS	410	384	103
Total Poly - Subs PERS	2661	1272	412
Total Schl Dists TRS	1773	1668	603
Grand Total PERS	5775	3905	1602
Grand Total TRS	2221	2088	725
Overall Total	7996	5993	2327

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 February 28, 1989

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	800.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	10	2,854.7	1,904.9	279.3	670.5
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
Bristol Bay School District	1	1	273.8	186.7	50.3	36.8
Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,643.0	5,600.5	727.0	1,315.5
Dillingham City Schools	6	2	1,231.7	180.0	277.8	773.9

RETIREMENT INCENTIVE PROGRAM (RIP)
SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
PAGE 2

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Juneau School District	42	40	3,750.0	1,449.0	1,010.6	1,290.4
Lake and Penin. School District	2	2	675.0	600.0	53.6	21.4
Kenai Pen. School District	67	67	16,285.6	11,767.7	1,586.3	2,931.6
Southwest Regional School	4	4	666.5	527.7	91.0	47.8
Anchorage School District	373	368	81,249.1	59,225.1	8,580.7	13,473.2
Nenana City School District	7	7	1,611.1	1,209.2	173.7	228.2
Northwest Arct Bor Sch Dist	31	30	5,562.6	4,046.3	763.2	753.0
TOTAL SAVINGS						31,137.4

RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 PAGE 3

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
City of Wrangell	1	0	220.0	0.0	33.5	186.5
City of Palmer	4	3	1,024.1	715.3	101.0	207.8
City of Soldotna	2	1	482.8	212.7	47.8	222.3
City of Ketchikan	11	8	4,093.0	2,358.6	519.5	1,214.9
Kenai Peninsula Borough	14	7	3,234.0	2,270.4	324.2	639.4
City/Borough Juneau	13	9	3,574.1	2,134.8	298.9	1,140.4
City of Valdez	7	4	2,676.3	1,241.1	289.6	1,145.5
TOTAL SAVINGS						4,756.8

PROVIDED BY SENATOR JIM DUNCAN 3/1/89

PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIREMENT
INCENTIVE PROGRAM AUDIT

SUMMARY OF SCHEDULE OF RIP COST SAVINGS, PAGES 9-11

TOTAL POSITIONS MATCHED WITH FY 89 PAYROLL FILE:

731 POSITIONS	
SALARY OF RIP RETIREES	\$30,147,783
SALARY OF CURRENT OCCUPANTS	<u>26,847,437</u>
SAVINGS/LOSS	\$ 3,300,346

TOTAL POSITIONS NOT BUDGETED IN FY 89 PACS FILE:

158 POSITIONS	
SALARY OF RIP RETIREES	\$7,378,704
SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$7,378,704

TOTAL POSITIONS BUDGETED IN PACS FILE BUT CURRENTLY UNFILLED:

83 POSITIONS	
SALARY OF RIP RETIREES	\$3,265,215
SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$3,265,215

As of 3/17/87
Senate Advisory

EXEMPT EMPLOYEES RETIRED UNDER RIP

CHART 2

Agency	Commissioner	Deputy Commissioner	Director	Other	TOTAL
Governor				5	5
Revenue				1	1
Education			1		1
DOT		1	3		4
Corrections			1		1
TRA	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
DESS				1	1
TOTALS	2	1	16	19	38

Alaska State Legislature

Sandra

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: SB 73, Retirement Incentive Program
Additional Information

DATE: March 1, 1989

Please find attached additional information for today's hearing on SB 73:

A proposal by the bill sponsor to extend the application period for the retirement incentive program.

A summary of the number and class of retirees under the previous program.

An updated survey of political subdivisions who participated in the previous program.

A summary of state savings under the previous program by category (unfilled positions, positions filled at lower pay ranges).

The number of exempt employees who retired under the previous program.

A sectional analysis of SB 73.

Comments from a variety of organizations and political subdivisions.

2/28/89

SENATOR JIM DUNCAN

CURRENT WINDOW PERIODS IN SB 73 - THE RETIREMENT INCENTIVE

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
State	January-March, 1990	May 1, 1990
Teachers	March-May, 1990	July 1, 1990
University	May-July, 1990	September 1, 1990
Municipal	July-September, 1990	November 1, 1990

PROPOSED WINDOW PERIODS IN SB 73 - THE RETIREMENT INCENTIVE

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
Teachers	July 1, 1989-June 30, 1990	August 1, 1990
University	" "	" "
State	Oct. 1, 1989-Sept. 30, 1990	Nov. 1, 1990
Municipal	" "	" "

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

DEPARTMENT OF ADMINISTRATION
DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

- P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460
- 701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

STEVE COWPER, GOVERNOR

March 1, 1989

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

Dear Senator ~~Duncan~~ ^{Duncarr}:

Re: Senate Bill 73

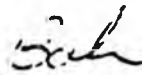
The additional information requested in your letter of February 21, 1989 is enclosed. We have updated a copy of Table 1 from the Retirement Incentive Program status report dated January 15, 1988. A current status report on our 1988 RIP survey is also enclosed.

You have also requested the number of active Public Employees' (PERS) and Teachers' Retirement System (TRS) members who, by age and length of service, would be eligible under SB 73. The total number of eligible employees are: State of Alaska PERS, 2,292; all TRS, 2,259; and political subdivision PERS, 2,420.

The actual number of eligible PERS employees may be somewhat less than stated due to terminations and retirements of employees during FY 89. Since most teachers terminate at the end of the school year, TRS projections should be accurate. However, many employees may delay a decision to terminate employment or retire pending the outcome of SB 73.

I hope that this provides you with the information you were seeking. Please don't hesitate to contact us if we can provide you with any additional information on the RIP.

Sincerely,


Robert F. Stalnaker
Deputy Director

RFS/cam/1
Enclosures
cc: Dean Gottehrer
Special Assistant to the Commissioner

Sally Smith, Director
Division of Retirement and Benefits

Previous RETIREMENT INCENTIVE PROGRAM
 STATUS REPORT
 February 27, 1989

Employer	Eligible By Age/Svc	Designated By Empl.	Retired
Governor's Office	30	5	5
Administration	229	174	101
Law	41	18	11
Revenue	55	29	23
Education - PERS	72	71	28
Education - TRS	38	36	19
Health & Social Svc.	335	304	150
Labor	147	138	54
Commerce	88	55	28
Military Affairs	29	6	4
Natural Resources	160	139	65
Fish & Game	160	143	78
Public Safety	193	182	101
Environmental Consv.	36	34	12
Corrections	154	139	38
Comm. & Regional Aff.	21	18	7
Transportation	854	809	355
Ombudsman	1	0	0
Legislative Affairs	53	20	13
Legislative Finance	2	0	0
Legislative Audit	5	3	3
Court System	98	0	0
Total State PERS	2762	2287	1076
Total State TRS	38	36	19
University of Ak - PERS	325	319	107
University of Ak - TRS	372	349	95
Geophysical Inst - PERS	27	27	7
Geophysical Inst - TRS	38	35	8
Total University - PERS	352	346	114
Total University - TRS	410	384	103
Total Poly - Subs PERS	2661	1272	412
Total Schl Dists TRS	1773	1668	603
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Overall Total	7996	5993	2327

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 February 28, 1989

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
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RETIREMENT INCENTIVE PROGRAM (RIP)
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 PAGE 2

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 PAGE 3

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City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
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City of Valdez	7	4	2,676.3	1,241.1	289.6	1,145.5
TOTAL SAVINGS						4,756.8

PROVIDED BY SENATOR JIM DUNCAN 3/1/89

PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIREMENT
INCENTIVE PROGRAM AUDIT

SUMMARY OF SCHEDULE OF RIP COST SAVINGS, PAGES 9-11

TOTAL POSITIONS MATCHED WITH FY 89 PAYROLL FILE:

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SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$3,265,215

As of 3/17/87
Senate Advisory

EXEMPT EMPLOYEES RETIRED UNDER RIP

CHART 2

agency	Commissioner	Deputy Commissioner	Director	Other	TOTAL
*****	*****	*****	*****	*****	*****
overnor				5	5
evenue				1	1
ducation	1		1		1
OT		1	3		4
orrections			1		1
RA	1				1
ublic Safety	1		3		4
eg. Affairs				4	4
eg. Audit				1	1
ish & Game			1	2	3
NR			3		3
ommerce				4	4
EC			1		1
dmin			3	1	4
ESS				1	1
TOTALS	2	1	16	19	38

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3500

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 10, 1989

SUBJECT: Sectional analysis of SB 73
(Retirement incentive program)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *IBC*
Legislative Counsel

You have requested a sectional analysis of SB 73, establishing a retirement incentive program.

Section 1 states that the purpose of the program is to reduce the hardship of layoffs caused by declining state revenue.

Sec. 2 establishes a retirement incentive program under the Teachers' Retirement System (TRS). Under sec. 14.25.128(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of eligible employees. Subsection (b) limits the organizational units to units in which implementation of the plan will result in a savings in personal services within five years. Under sec. 14.25.128(c), employees who participate must be vested, in a designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 14.25.128(d) sets out the requirements that a retirement incentive plan must meet before the administrator of the division of retirement and benefits may approve the plan. Under paragraph (d)(2), the plan must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under sec. 14.25.128(e), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive.

Under TRS, the contribution rate is seven percent. Under subsection (f), each participant receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 14.25.128(g), in determining whether an employee is eligible to retire, only service credit for an employer under the TRS definitions, for territorial service, and Alaska BIA service may be counted. This excludes outside service and military service. However, under subsection (h), certain state employees may receive credit for employment with a municipality before the municipality began to participate in TRS.

Sec. 14.25.128(i) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 14.25.128(j), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either the Public Employees' Retirement System (PERS) or by TRS.

Sec. 14.25.128(k) requires state agencies to report to the Office of Management and Budget (OMB) on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Sec. 14.25.128(l) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 3 - establishes the retirement incentive program for the PERS system. Sec. 39.35.375(a) includes the substance of sec. 14.25.128(a) and (b), enacted by sec. 2 of the bill. The following subsections of sec. 39.35.375 are therefore not lettered identically to those in Sec. 14.25.128, but otherwise there are few differences between the provisions for TRS and PERS.

Under sec. 39.35.375(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of employees eligible to participate in the retirement incentive program. By

implementing the plan in the unit, the employer must realize savings in personal services costs within five years. Under Sec. 39.35.375(b), employees must be vested, in a designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 39.35.375(c) sets out the requirements that a retirement incentive plan must meet before the administrator of the division of retirement and benefits may approve the plan. Under paragraph (c)(2), a plan for state employees must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under 39.35.375(d), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive. Under PERS, the contribution rate is 7-1/2 percent for peace officers and fire fighters and 6-3/4 percent for all other employees. Under subsection (e), each participating employee receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 39.35.375(f), in determining whether an employee is eligible to retire, only service credit for an employer under the PERS definition may be counted. This excludes military service and work that was not performed for the state, or a political subdivision or public organization participating in the retirement system at the time of the employment. However, under subsection (g), certain state employees may receive credit for employment with a municipality before the municipality began to participate in PERS.

Sec. 39.35.375(h) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 39.35.375(i), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either PERS or TRS.

Sec. 39.35.375(j) requires state agencies to report to the Office of Management and Budget on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Senator Jim Duncan
Page 4
January 10, 1989

Sec. 39.35.375(k) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 4 authorizes state agencies to adopt retirement incentive plans to be in operation during January, February, and March 1990. Participation is limited to employees who have been continuously employed since January 1, 1989 or who were laid off on or after that date. Commissioners and deputy commissioners are not eligible to participate. Employees who participate must be appointed to retirement by May 1, 1990.

Sec. 5 authorizes the governing body of a political subdivision or a public organization participating in PERS to implement a retirement incentive plan during July, August, and September 1990. A participating employee must be appointed to retirement by November 1, 1990.

Sec. 6 authorizes the Board of Regents to adopt a retirement incentive plan for the University of Alaska. Applications will be accepted only during May, June, and July 1990 and participants must be appointed to retirement on or before September 1, 1990.

Sec. 7 authorizes employers under TRS who are not covered by the authorization for the state or the university to adopt a retirement incentive plan, to permit applications during March, April, and May 1990. Participants must be appointed to retirement by July 1, 1990.

Sec. 8 is an effective date clause, setting January 1, 1990 as the effective date.

If I may be of further assistance, please advise.

TC:kb
wkk1/021



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

March 1, 1989

To: Senator Pat Pourchot, Chair
Members, Senate State Affairs Committee

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

By virtue of endorsement by its Board of Directors NEA-Alaska supports SB 73 and encourages your support and expeditious attention to it.

In a time when government at every level in Alaska is faced with the probability of substantial funding cuts and the only alternative available to them is employee lay-offs it makes sense to encourage utilization of retirement incentive programs as a means of voluntary attrition before actually putting people out of work.

While employee lay-offs may save money on the "front end" there is usually an attendant dollar cost to government through unemployment, welfare, and other potential areas which cannot always be measured or accurately projected.

Early retirement incentive programs are a responsible alternative to the adverse effects on the economy of employee lay-offs and provide government with the opportunity to more effectively realign itself for the longer term.

Since participation in the retirement incentive program requires proof of savings government is protected against adverse fiscal consequences.

Savings are realized in terms of the probability of lower replacement costs, the potential option to not replace retiring employees effecting an even greater savings, and the longer term potential to more effectively realign the governmental entity in terms of its delivery of services.

It is the understanding of NEA-Alaska that data from the last RIP clearly shows a substantial savings for all of the

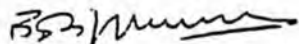
agencies and political sub-divisions. Relative to school districts it should be noted that not every school district participated in the program so the potential for savings is even greater than the current data shows.

We have two suggestions for consideration by the Committee. First we suggest that the "window" for eligibility in school districts be extended on the front end so that actual retirement under RIP could take place in either one of two school years. Such a change would facilitate planning relative to program and staffing needs.

The second suggestion focuses on the desirability of having consistent eligibility regulations from school district to school district. Variations in local eligibility regulations with the last RIP did not always maximize the potential for savings to the district.

Thank you for your consideration of our position and recommendations.

Respectfully submitted,



Bob Manners
Executive Secretary

cc: Senator Jim Duncan



ANCHORAGE
SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 195614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

February 8, 1989

SCHOOL BOARD

William Frick
President

Betty Davis
Vice President
Past President
1985-86

Carol Stolpe
Clerk

Darryl Jordan
Treasurer

Betty Bruckman

Jean Buchanan
Past President
1983-84, 1986-87

Sharon Richards

SUPERINTENDENT

William Coats, Ph.D.

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

Dear Senator Duncan:

Your letter to the Superintendent of January 13 requesting comment on Senate Bill 73 which will offer a three-year retirement incentive to eligible School District employees has been referred to me for initial response since retirement issues fall within my area of responsibility. The Business Management Division is also heavily involved in developing a District position in this area.

We support the bill in concept administratively because its passage would help to reduce the incidence of layoffs which a deterioration in fiscal support to us might necessitate. Although no District can ignore the importance of senior employees to the maintenance of quality programs for students, we have supported voluntary participation in an incentive program for those employees who might otherwise continue to provide service to the District and community. With few exceptions, we regret the loss of senior employees who have entered into early retirement since 1986. Nonetheless, we believe that the RIP has served the public interest although its effect has not been uniformly positive.

We are reluctant to support the bill in its present form because we cannot ascertain the full extent of what, if any, savings the District will realize over the next five years. The primary benefit of the proposed retirement incentive is prevention of layoffs or at least reduction in layoffs. That benefit we support. It is, however, not clear to us from our experience since 1986 that significant reductions in personnel services costs are a direct result of our participation in the incentive program. We would therefore prefer a bill which does not require Districts to certify that genuine cost savings will result from participation in a new program. As an alternative, if districts were able to combine total participants from both retirement systems in computing actual savings and determining compliance with the program, we would be less hesitant about supporting the bill.

Please understand this is a preliminary administrative response to an issue which will be discussed by the School Board on February 13. My delay in responding to your letter, for which I apologize, stems from the fact that we have been feverishly attempting to respond to the various requests for confirmation that the first program worked the way it was expected to. As I indicated to your secretary yesterday, we hope to complete that effort this week or next.

If I can be of further help, please let me know.

Sincerely,

Leland C. Wilson
Executive Director, Employee Relations

cc William Coats
Guy Bellville

LW:ccs



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.



Matanuska-Susitna Borough

P.O. BOX 1608, PALMER, ALASKA 99645-1608 • PHONE 745-9689

BOROUGH MANAGER

January 24, 1989

RECEIVED JAN 30 1989

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

Dear Senator Duncan:

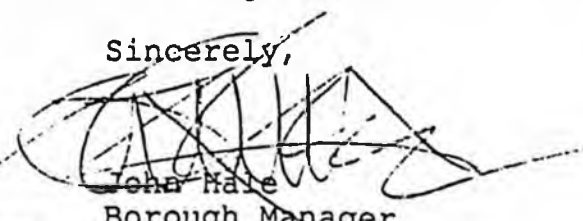
Thank you for the letter informing me of the introduction of your bill, Senate Bill 73 - Retirement Incentive Program.

I support your bill which could result in a savings in personnel services cost.

It will be necessary for the Matanuska-Susitna Borough and the Matanuska-Susitna Borough School District to analyze the possible impact of the program before a recommendation is made whether to participate.

Since your bill allows for each government entity to make the decision whether or not to participate, it provides the needed flexibility. Good luck with the legislature.

Sincerely,


John Hale
Borough Manager

er

North Slope Borough School District



RECEIVED FEB 01 1989

Kayanne

January 31, 1989

Senator Jim Duncan
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

RE: Senate Bill 73, Early Retirement

Dear Senator Duncan:

The North Slope Borough School District supports the passage of Senate Bill 73, related to the retirement incentive program for PERS and TRS employees.

We believe this legislation would be in the best interest of the NSB School District and the North Slope residents. Because of prior legislation on early retirement incentive programs, our retirees have been able to be assured a lifetime income; and at the same time, we have been able to increase the number of local residents in our hiring practices, especially younger employees, at a lower and more affordable salary scale.

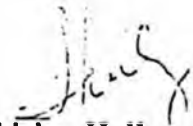
However, we respectfully request your consideration to increase the window period to 14 months, making the law effective May 1, 1989 through June 30, 1990. Passing the bill in its present form would discourage employees from retiring this year and instead may encourage them to wait until the following year to receive additional retirement income. Having a larger window period would also allow the District to work with potential retirees and give us more planning time to employ new hires at lower salaries.

Most agencies including the NSB School District, need relief now and forestalling retirements for another year would add more financial burdens. Having the effective date in 1989 through 1990 would allow individual Districts to work out staffing arrangements in FY 90, resulting in additional savings and a smoother transition period.

Senator Jim Duncan
January 31, 1989
Page Two—

Thank you for soliciting our thoughts on SB 73. We appreciate your interest and sensitivity toward school districts throughout Alaska. If you have any questions please feel free to contact me or my Special Assistant Brenda Itta.

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

cc: Senator Al Adams
Representative Eileen MacLean
Brenda Itta, Special Assistant to the Superintendent
Ashley Reed, Lobbyist, NSBSD



Handwritten signature

SCHOOL DISTRICT REAA 16

P.O. Box 226, Tok, Alaska 99780
907 - 883-5151

Senator Jim Duncan
State Capital
Room #119
P. O. Box V
Juneau, Alaska 99811

January 30, 1989

Dear Senator Duncan,

Thank you very much for inquiring about our interest in the Retirement Incentive Program.

Several years before the State of Alaska began offering a Retirement Incentive Program, the district had offered two (2) comparable programs. As a result, we have probably had more retirement from our faculty than others and do not have as strong a need as some other school districts may have shown in recent years.

It is obvious that we believe in the concept and as long as the retirement system retains full viability and the districts can enter the program under their own discretion and is not required, we will certainly support your efforts.

There are always a few people who would appreciate the opportunity and if you find the numbers are too few, please take time to reintroduce the concept again in several years.

Sincerely, -)

Spike Jorgensen
Spike Jorgensen
Superintendent of Schools

SJ/lin

"Where Teachers Are The Gateway To Learning"

Dot Lake
907 - 882-2663

Eagle
907 - 547-2210

Mentasta
907 - 291-2317

Northway
907 - 778-6301

Tok
907 - 883-5161

Tetlin



MT. VIEW ELEMENTARY SCHOOL

315 SWIRES ROAD, KENAI, ALASKA 99611
(907) 283-6148

Rayan

February 3, 1989

Senator Jim Duncan
P. O. Box V
Juneau, Ak 99811

Dear Senator Duncan:

I am writing in support of S.B 73. Evidence seems to indicate that there are both financial and other benefits associated with the passage of this bill.

Sincerely,

R. L. Boudreau
R. L. Boudreau
Principal

RB:mk

Sterling Elementary School

Kenai Peninsula Borough School District

Drawer 89 • STERLING, ALASKA 99672
Phone 262-4944

February 7, 1989

Rep. Mike Navarre
Box V
Juneau, AK 99811-3101

Dear Rep. Navarre:

I am very much interested in HB77 and the whole issue encompassing the Retirement Incentive Program (RIP).

The concept of RIP is popular and I also believe fiscally responsible in terms of costs. When all the facts and figures are tallied on the last RIP, we'll be able to recognize a great savings for the State of Alaska.

I don't think we need to worry about the effect of the so called "brain drain" that such a program allegedly causes. In fact, it has been my experience to note a much more negative effect when observing employees who have stayed too long in a particular field or profession i.e. teaching, administration, and related state jobs with similar responsibilities. No telling what long-term health benefits these early out programs will produce for retirees.

Additionally, there are many of us out here in the trenches who feel that the window period should be extended to include 1989. Perhaps a short window period for many of us who do not need another year to plan or wait for the 1990 RIP could be included in the bill. The window period could be, for example, 30 days in May or June, this would allow people time to make their decision this year, thereby presenting no imposition to a school district or agency for staffing next year.

Rep. Navarre, I would certainly hope that you will be able to give your support to this important legislation. I am looking forward to hearing from you regarding this proposed bill and how you feel about it.

Sincerely,



Vic Varick
Principal

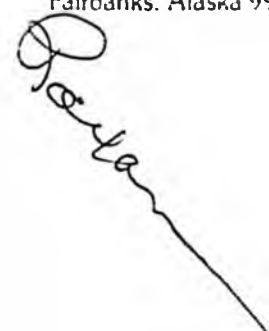
sg

Interior Public Employees Coalition

452-2023

2118 Cushman
Fairbanks, Alaska 99701

February 9, 1989



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

Dear Senator Duncan:

The Interior Public Employees Coalition wishes to go on record in support of Senate Bill 73.

The previous retirement incentive program was of great value to local government. In the case of the Fairbanks Fire Department; had nine employees not retired there would have been a dozen or more on permanent layoff status.

If a new "RIP" program is established, a significant number of high seniority city employees have told me they will participate.

Sincerely,



Barry Haight
Chairman

Sponsored by: Meehan

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, SUPPORTING LEGISLATION WHICH WOULD RE-ESTABLISH THE PERS RETIREMENT INCENTIVE PROGRAM

WHEREAS, the 1986 Alaska Legislature enacted legislation which allowed members of the Public Employees Retirement System and the Teachers' Retirement System to take advantage of early retirement; and

WHEREAS, the Retirement Incentive Program resulted in reduced personnel costs for many municipalities and school districts throughout the state; and

WHEREAS, the 1986 Retirement Incentive Program has lapsed; and

WHEREAS, Senator Jim Duncan has introduced SB 73, which would re-establish the Retirement Incentive Program by offering early retirement incentives to public employees in 1990;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:

Section 1. The Legislature is hereby urged to give its support to SB 73, re-establishing the PERS Retirement Incentive Program.

Section 2. Copies of this resolution shall be forwarded to Governor Cowper; Senators Duncan, Kerttula and Szymanski; and Representative Cato.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, this 13 day of February, 1989.

THE CITY OF SEWARD, ALASKA


HARRY E. GIESELER, MAYOR

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

AYES: GIESELER, DUNHAM, HILTON, MEEHAN, NOLL, O'BRIEN, SIMUTIS
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

ATTEST:

APPROVED AS TO FORM:

PERKINS COIE, Attorneys for
the City of Seward, Alaska

Linda S. Murphy
Linda S. Murphy, CMC/AAE
City Clerk

Fred B. Arvidson
Fred B. Arvidson
City Attorney

(City Seal)

RECEIVED FEB 16 1989



RESOLUTION 89-2



HOUSTON, ALASKA
A BICENTENNIAL COMMUNITY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOUSTON, ALASKA,
IN SUPPORT OF SENATE BILL 73.

WHEREAS, the City Council is in support of re-establishing the Retirement Incentive Program for members of the Public Employee's Retirement System and the Teacher's Retirement System and providing for an effective date, and

WHEREAS, the City Council feels that re-establishing the Retirement Incentive Program will encourage employees to retire voluntarily and will reduce the hardships of lay offs.

NOW, THEREFORE BE IT RESOLVED that the Houston City Council does fully support and urge the passage of Senate Bill 73.

ADOPTED BY a duly constituted quorum of the City Council of Houston, Alaska this 26th day of January, 1989.

Marcella P. Padie
MAYOR

ATTEST:

Linda L. Padie
CITY CLERK/TREASURER



CITY OF KOTZEBUE
P.O. BOX 46 • KOTZEBUE, ALASKA 99752

RECEIVED FEB 16 1989

Duncan

February 6, 1989

City Hall
442-3401
Police Dept.
442-3351
Fire Department
442-3404
Public Works
Dept.
442-3465
Day Care Center
442-3157
Planning Dept.
442-3465
Building Inspector
442-2623
George Francis
Memorial Library
442-3816
Recreation Center
442-3066
Teen Center
442-3979
Regional Fire
Training Center
442-3921

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

Dear Senator Duncan;

At it's February 2nd, 1989 meeting the Kotzebue City Council reviewed the legislation you have introduced re-establishing the Retirement Incentive Program for members of the Public Employees' Retirement System and the Teachers' Retirement System.

The City has benefited from the program in the past and would like to support it's re-establishment. We appreciate all of your efforts to assist with the financial savings to municipalities. Keep up the good work!

Sincerely,

Zonna Lie
City Clerk

cc: City Manager
File

Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling

P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: March 6 Committee Meeting

DATE: March 4, 1989

On Monday, March 6 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

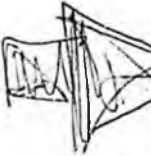
SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund.

SJR 18 would amend the Constitution to specify that income of the permanent fund be appropriated for dividends, to the fund principal, and for administrative costs of the fund. Any other use would require voter approval.

SB 69, An Act providing for an advisory vote on the use of the earnings reserve account.

SB 69 would provide for an advisory vote on distributing the balance in the earnings reserve account of the permanent fund as follows:

- 50% to the general fund
- 25% to the principal of the permanent fund
- 25% for a special dividend

 SB 73, An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system

A draft committee substitute is being prepared that would:

Place the program into temporary law rather than permanent statute.

Require that cost savings be demonstrated in 3 years rather than 5. Three years corresponds to the number of years the employer has to reimburse the retirement program.

Prohibit participation by assistant commissioners.

Require that OMB maintain statistics on the program.

Modify the application "windows".

A draft letter of intent that calls for the state's RIP costs to be paid from within existing appropriations is attached. Also attached are the OMB guidelines on implementation of the original RIP, a comparison of the original RIP to SB 73, and additional information on RIP costs.

SB 111, An Act relating to boating safety, boating accidents, and boat numbering.

SB 111 would require the Department of Public Safety to offer public education programs designed to reduce boating accidents, to maintain an accident reporting system, and to establish a boat registration program. The bill incorporates current law regarding safety equipment and enforcement, and expands current accident reporting requirements.

In the absence of a state boating program, the Coast Guard is responsible for the registration of vehicles. Approximately 30,000 boats are currently registered in Alaska. The registration fee is \$6 triennially, with all fees being deposited in the U.S. treasury. The department estimates an additional 20,000 boats would be registered under the state program. Fees would be set by regulation; the fiscal note proposes \$30 triennially.

Wallop-Breaux funds, generated through a federal tax on motorboat fuel sales, are available to all states with a federally approved boating safety program. Alaska's share of these funds would be \$250-310,000 annually. These funds must be matched dollar for dollar with state funds which would be raised through boat registration fees. The department estimates a total program cost of \$800,000.

According to the U.S. Coast Guard, Alaska's death rate from boating is 28 times the national average per 100,000 registered boats, and the highest rate in the U.S. Alaska is the only state in the union without a boating safety program.

Alaska State Legislature

not for packet



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

FEBRUARY 2, 1989

TO: SENATOR PAT POURCHOT, CHAIR
SENATE STATE AFFAIRS COMMITTEE

FROM: SENATOR JIM DUNCAN

SUBJECT: SENATE BILL 73, 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 DURING THE WEEK OF FEBRUARY 13, 1989. THE PROPOSED PROGRAM IS ESSENTIALLY THE SAME AS THE ORIGINAL RETIREMENT INCENTIVE PROGRAM EXCEPT THAT THE FRAMEWORK FOR THE INCENTIVE IS ESTABLISHED IN PERMANENT LAW, WITH LEGISLATION REQUIRED TO PROVIDE WINDOW PERIODS FOR PARTICIPATION.

THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN PROVIDE A THREE YEAR INCENTIVE TO ENCOURAGE LONG-TERM, HIGHLY PAID EMPLOYEES TO RETIRE FROM STATE GOVERNMENT, MUNICIPAL GOVERNMENT AND SCHOOL DISTRICTS. THE INTENT OF THE PROGRAM IS TO RETAIN EMPLOYEES AT THE LOWER END OF THE PAY SCALE WHO WOULD OTHERWISE BE LAID OFF 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 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 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 RETAINED IN ALASKA WHICH BENEFITS OUR ECONOMY.

I HAVE ATTACHED A COPY OF INFORMATION RECEIVED FROM THE DIVISION OF RETIREMENT AND BENEFITS CONCERNING THE SAVINGS WHICH

SENATOR PAT POURCHOT
FEBRUARY 2, 1989
PAGE 2

ACCRUED TO MUNICIPALITIES AND SCHOOL DISTRICTS FROM THE LAST WINDOW PERIOD OF THE RETIREMENT INCENTIVE PROGRAM. THIS IS PRELIMINARY INFORMATION SINCE ALL MUNICIPALITIES AND DISTRICTS HAVE NOT YET REPORTED THEIR SAVINGS. I WILL PROVIDE YOU UPDATES OF THIS SUMMARY AS THEY BECOME AVAILABLE.

CONCERNING THE SAVINGS OBTAINED BY STATE GOVERNMENT, LEGISLATIVE AUDIT IS CURRENTLY PERFORMING AN AUDIT OF THE RETIREMENT INCENTIVE PROGRAM WHICH WILL TRACK THE POSITIONS VACATED AS THE RESULT OF THE LAST RETIREMENT INCENTIVE WINDOW. I EXPECT TO HAVE THE RESULTS OF THIS AUDIT BY FEBRUARY 10, 1989. I HAVE ALSO REQUESTED A FISCAL NOTE FROM THE DIVISION OF RETIREMENT AND BENEFITS WHICH I SHOULD HAVE WITHIN THE WEEK.

*1
released
2-23-89*

BECAUSE I FEEL SO STRONGLY THAT THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN RESULT IN SUBSTANTIAL SAVINGS TO PUBLIC BUDGETS, I URGE YOU TO SCHEDULE SB 73 FOR A HEARING AS REQUESTED.

ATTACHMENT

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

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

RECEIVED JAN 26 1989

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 24, 1989

Ms. Roxanne Stewart
Legislative Aide
Office of Senator Duncan
P.O. Box V
Juneau, AK 99811

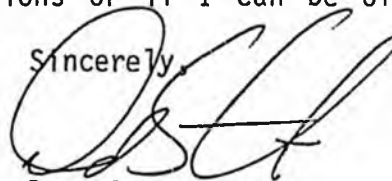
Dear Roxanne:

Enclosed are the summary results of the Retirement Incentive Program (RIP) survey that the division sent to all political subdivisions participating in the program. The summary represents 1/3 of the employers contacted. The others have not responded. The summary will be updated as additional survey forms are returned.

Of the 24 employers responding to the survey, seven stated that they did not want another RIP. Most of those in favor of another program expressed a preference for FY 90 and FY 91. Two employers suggested an extended period from 1989 through 1992. Copies of the employer responses are available upon request.

Please let me know if you have any questions or if I can be of other assistance.

Sincerely,



Dave Stout
Retirement Supervisor

SS/DS/plm/10
Enclosure
R&B 89-002

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 January 30, 1989

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	800.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	1	2,854.7	1,904.9	279.3	670.5
City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
Bristol Bay School District	1	1	273.8	186.7	50.3	36.8
City of Wrangell	1	0	220.0	0.0	33.5	186.5
Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
City of Palmer	4	3	1,024.1	715.3	101.0	207.8
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided

RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 PAGE 2

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$100's)	COST TO RE- FILL POS. (over 5 yrs (\$100's)	RIP COST (\$100's)	SAVINGS or (COST) FOR 5 YRS (\$100's)
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,643.0	5,600.5	727.0	1,315.5
City of Soldotna	2	1	482.8	212.7	47.8	222.3
Dillingham City Schools	6	2	1,231.7	180.0	277.8	173.9
City of Ketchikan	11	8	4,093.0	2,358.6	519.5	1,214.9
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Kenai Peninsula Borough	14	7	3,234.0	2,270.4	324.2	639.4

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
207 465 3600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 10, 1989

SUBJECT: Sectional analysis of SB 73
(Retirement incentive program)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of SB 73, establishing a retirement incentive program.

Section 1 states that the purpose of the program is to reduce the hardship of layoffs caused by declining state revenue.

Sec. 2 establishes a retirement incentive program under the Teachers' Retirement System (TRS). Under sec. 14.25.128(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of eligible employees. Subsection (b) limits the organizational units to units in which implementation of the plan will result in a savings in personal services within five years. Under sec. 14.25.128(c), employees who participate must be vested, in a designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 14.25.128(d) sets out the requirements that a retirement incentive plan must meet before the administrator of the division of retirement and benefits may approve the plan. Under paragraph (d)(2), the plan must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under sec. 14.25.128(e), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive.

Under TRS, the contribution rate is seven percent. Under subsection (f), each participant receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 14.25.128(g), in determining whether an employee is eligible to retire, only service credit for an employer under the TRS definitions, for territorial service, and Alaska BIA service may be counted. This excludes outside service and military service. However under subsection (h), certain state employees may receive credit for employment with a municipality before the municipality began to participate in TRS.

Sec. 14.25.128(i) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 14.25.128(j), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either the Public Employees' Retirement System (PERS) or by TRS.

Sec. 14.25.128(k) requires state agencies to report to the Office of Management and Budget (OMB) on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Sec. 14.25.128(l) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 3 establishes the retirement incentive program for the PERS system. Sec. 39.35.375(a) includes the substance of sec. 14.25.128(a) and (b), enacted by sec. 2 of the bill. The following subsections of sec. 39.35.375 are therefore not lettered identically to those in Sec. 14.25.128, but otherwise there are few differences between the provisions for TRS and PERS.

Under sec. 39.35.375(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of employees eligible to participate in the retirement incentive program. By

implementing the plan in the unit, the employer must realize savings in personal services costs within five years. Under Sec. 39.35.375(b), employees must be vested, in an designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 39.35.375(c) sets out the requirements that a retirement incentive plan must meet before the administrator of the division of retirement and benefits may approve the plan. Under paragraph (c)(2), a plan for state employees must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under 39.35.375(d), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive. Under PERS, the contribution rate is 7-1/2 percent for peace officers and fire fighters and 6-3/4 percent for all other employees. Under subsection (e), each participating employee receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 39.35.375(f), in determining whether an employee is eligible to retire, only service credit for an employer under the PERS definition may be counted. This excludes military service and work that was not performed for the state, or a political subdivision or public organization participating in the retirement system at the time of the employment. However, under subsection (g), certain state employees may receive credit for employment with a municipality before the municipality began to participate in PERS.

Sec. 39.35.375(h) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 39.35.375(i), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either PERS or TRS.

Sec. 39.35.375(j) requires state agencies to report to the Office of Management and Budget on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Senator Jim Duncan
Page 4
January 10, 1989

Sec. 39.35.375(k) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 4 authorizes state agencies to adopt retirement incentive plans to be in operation during January, February, and March 1990. Participation is limited to employees who have been continuously employed since January 1, 1989 or who were laid off on or after that date. Commissioners and deputy commissioners are not eligible to participate. Employees who participate must be appointed to retirement by May 1, 1990.

Sec. 5 authorizes the governing body of a political subdivision or a public organization participating in PERS to implement a retirement incentive plan during July, August, and September 1990. A participating employee must be appointed to retirement by November 1, 1990.

Sec. 6 authorizes the Board of Regents to adopt a retirement incentive plan for the University of Alaska. Applications will be accepted only during May, June, and July 1990 and participants must be appointed to retirement on or before September 1, 1990.

Sec. 7 authorizes employers under TRS who are not covered by the authorization for the state or the university to adopt a retirement incentive plan, to permit applications during March, April, and May 1990. Participants must be appointed to retirement by July 1, 1990.

Sec. 8 is an effective date clause, setting January 1, 1990 as the effective date.

If I may be of further assistance, please advise.

TC:kb
wkk1/021

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: March 1 Committee Hearing
DATE: February 27, 1989

On Wednesday, March 1 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SB 73, An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system.

SB 73 would reestablish the Retirement Incentive Program for public employees. The proposed program is essentially the same as the original RIP except that the program's framework is established in statute with participation periods provided by law.

The original RIP, in effect from 1986 to late 1987, allowed retirement three years early for members of the Public Employees Retirement System and the Teachers Retirement System. A total of 2,346 employees of the state, University, the public school system, and municipalities took advantage of RIP. An audit conducted by the Division of Legislative Audit (copy attached) indicates savings to the state over a three-year period of \$14,448,520. A survey of savings realized by political subdivisions that chose to participate in RIP is also attached.

SJR 30, Relating to location of a job corps center within the Matanuska-Susitna Borough

SJR 30 calls for the establishment of a Job Corps center within the Mat-Su Borough. Congress has appropriated funds for the development of six new centers throughout the country and the U.S. Department of Labor is accepting applications from the states. Alaska's application, submitted in December 1988, proposes use of the Goose Bay Correctional Center in Wasilla or Colony High School in Palmer.

March 1 Memo
Page 2

The Job Corps program was established by the federal government in 1964 to provide intensive educational and vocational training to economically disadvantaged youth. Alaska does not have a Job Corps center and Alaskans who participate must go out of state. The centers are federally funded.

RECEIVED JAN 11 1989

Stephen A. Norrell
5018 Knights Way
Anchorage, Alaska 99508

January 5, 1989

Hon. Jim Duncan
Alaska State Senate
P. O. Box V (Mail Stop 3100)
Juneau, Alaska 99811

Dear Senator Duncan:

I was pleased to notice your submission of SB 73, reestablishing early retirement incentives for State employees. In general, I strongly support the bill and am prepared to offer whatever assistance I can to assure its passage. Toward that end, allow me to offer some comments and suggestions which I believe will strengthen the bill and make it more attractive.

*Raymond
Baylor
Stallone
about
response*

PURPOSE

While the cost-saving advantages of early retirement programs are relatively clear and easily understood, the positive effects of these programs on personnel turnover should not be ignored. Many organizations that rely on professional staff, including many state agencies and the University, profit significantly by continued infusion of new ideas and directions that would occur with a reasonable turn-over of their employees. I do not believe that an early retirement program will cause a "brain drain", but it would make it possible to turnover some professionals, freeing their positions for replacements.

APPLICATION "WINDOWS"

Retirement is a significant step that causes a high level of apprehension and anxiety in some employees. Wider "windows of opportunity" would allow both retirees and their employers more time to plan for this significant step. I suggest that you consider expanding the time allowed for the submission of applications. Also, I suggest allowing a window during 1989 (for those who are able to make that decision) as well as during 1990.

The timing of the "windows" may not coincide with the time during which vacant or new positions are traditionally filled. For example, Universities typically recruit during the Fall and Spring for positions that are to be filled by the beginning of the next academic year. In the case of Section 6 of your bill (relating to the University of Alaska), the application window would be more appropriately placed in December through April, with retirement on or before the beginning of the next academic year. By the way, I applaud your apparent desire to prevent retirement during the academic year.

Please let me know if I can do anything more to support this bill. Although I am writing this letter as a private individual, I will, in my position of President of the University of Alaska Anchorage Assembly, attempt to generate support for the legislation from that body.

Sincerely yours,

Stephen A. Norrell

Stephen A. Norrell

Senator Jim Duncan
P. O. Box V
Juneau, Alaska 99811

1743 Morningtide
Anchorage, Alaska
January 9, 1989

*R. Williams
Dadul -
we review
a similar
Bill
Rep*

Dear Senator Duncan:

I am writing in reference to SB 73, prefiled by you this year.

The purpose of this bill is to save money for the state and school districts. It will do this by permitting the long time, higher paid employees to retire and allow districts to replace them with newer personnel at a lower salary. This bill will also reduce the financial and emotional trauma and hardship associated with staff layoffs.

The effective date of this bill is January 1, 1990.

With state revenues being uncertain, why wait until next year to enact this bill? I would encourage you amend to SB 73 to provide a local option for school districts this year. This amendment would give districts and employees a two year transition into the program so those districts facing layoffs could offer the retirement opportunity to their employees this year and those employees eligible to retire this year could do so, but those who are uncertain would have another year to decide. The two or three month application time frame could be kept as recommended in the bill. The suggested amendment would just allow employees to choose it this year or next. This bill would then resemble a successful, similar bill introduced by you three years ago. Providing the option this year would seem to have no detrimental effect on the bill. Indeed, it would seem to provide the expected savings one year earlier than planned.

Any assistance you can provide in this effort will be appreciated.

Sincerely,



John Murphy

**Municipality
of
Anchorage**



RECEIVED FEB 9 1989

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-4433
TOM FINK.
MAYOR

OFFICE OF THE MUNICIPAL MANAGER

January 31, 1989

Senator Jim Duncan
P.O. Box "V"
Juneau, Alaska 99811

Dear Senator Duncan:

You have asked for our input and support for SB 73 to reinstitute the former retirement incentive program for employees under the PERS and TRS. I won't speak to TRS as none of our employees are covered under that system.

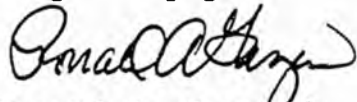
With regard to applying this program to our PERS employees, we do not currently support its application to the Municipality of Anchorage. When this program was available previously, we spent a great deal of time analyzing our workforce demographics against anticipated position reductions and amortization costs to see if it would be beneficial to us. That analysis included extensive involvement of representatives from our bargaining groups and independent participation of a local consultant. The net result of that effort was the recognition that this program would not benefit the Municipality. To the contrary, it could cost us a substantial amount of additional money.

On its surface this concept sounds appealing and in certain cases, primarily where an employer has a horizontal workforce with interchangeable skills, it can be beneficial. For a diverse specialized workforce where the employer must downsize and remaining positions must be replaced to maintain services, it does not work effectively. Our costs, had we chosen to participate under the prior program with the Municipality accepting the up front amortization liabilities would most likely have been approximately four million dollars. With our current diminished revenues we believe it to be more in the public interest for us to spend four million dollars on direct service provision than to encourage our employees to retire.

Page Two
Jan 31, 1989
Subj: SB 73

In summation, although this legislation may benefit certain public employers, our analysis clearly indicates that the program would not benefit the Municipality at this time.

Very truly yours,



Ronald A. Garzini
Municipal Manager

NRK:tjw



Office of the City Clerk
832-5441
Incorporated November 17, 1921

Rayson

City of Nenana

State of Alaska

February 27, 1989

Senator Jim Duncan
P.O. Box V
Juneau, AK 99811

Dear Senator Duncan,

I am quite pleased to see you introduce Senate Bill 73 again, with the addition of SB 14. The Nenana City Schools have saved approximately \$220,000 for the two years period since the original program went into effect. This bill was one of the best things to happen to school finance in a long time. It gave Nenana the equivalent of a 10% increase in funding. The school business manager has stated that the new bill would save Nenana about \$157,000 over the first five years of its operation. It would be less than the first time due to fewer qualifying personnel. SB 14 also fills some needed gaps in the program, especially with part time teachers.

I would make two suggestions to the current bill:

1) Open the window for teachers to include this school year as well as next year. Savings to Nenana would be up to \$50,000 this year if the teachers that would qualify took the program.

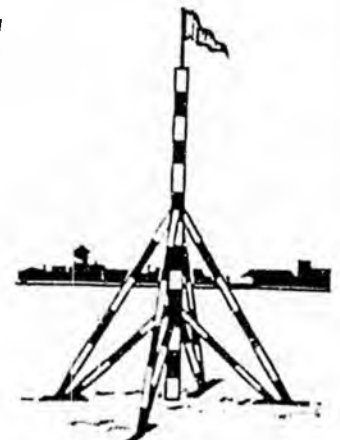
2) The only concern I have with the program is that last time some districts chose not to participate in the program even though it would have saved them money. It seems somewhat unfair to me that those staff members were not allowed to take part in the program. The only way I know that it could be done would be for the Retirement System to offer the program instead of the local districts with an increase in Retirement System contributions to cover the cost plus the retiring members cost paid back by themselves.

Suggestion one would really help the City this year and suggestion two is just something to think about.

RECEIVED MAR 01 1989

RECEIVED

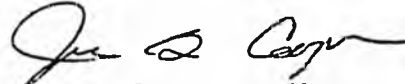
MAR 1989



Senator Jim Duncan, 2/27/89, Page 2

Thanks again for the re-introduction of the bill as it is to me the fairest way to save money in the schools without penalizing the employees with wage cuts.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe B. Cooper".

Joe B. Cooper, Mayor
City of Nenana

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 4, 1989

TO: ALL SENATORS

FROM: SENATOR JIM DUNCAN

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

excused from the call of the Senate
5 W 11
C T 13
F & S 14 & 15

THE RETIREMENT INCENTIVE 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 REDUCE PERSONAL SERVICES COSTS FOR PUBLIC EMPLOYERS. A BENEFIT OF THE PROGRAM IS THAT IT ENABLES EMPLOYERS TO RETAIN EMPLOYEES AT THE LOWER END OF THE PAY SCALE BY RETIRING OTHERS. IN MANY CASES, POSITIONS CAN BE DELETED, 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 BE FORCED TO LEAVE ALASKA TO SEEK WORK 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

RETIREMENT INCENTIVE PROGRAM
APRIL 4, 1989

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.

ATTACHED IS 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, THOSE SCHOOL DISTRICTS WHICH REPORTED IN, 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 FEEL STRONGLY THAT THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN RESULT IN SUBSTANTIAL SAVINGS TO PUBLIC BUDGETS, AND I URGE YOU TO VOTE IN FAVOR OF CSSB 73 (FIN).

ATTACHMENTS

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

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

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

March 10, 1989

RECEIVED MAR 13 1989

The Honorable Pat Pourchot
Alaska State Senator
P.O. Box V
Juneau, AK 99811

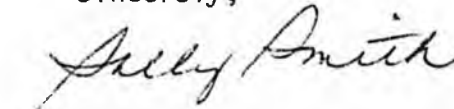
Dear Senator Pourchot:

You had asked Bob Stalnaker to provide a fact sheet on Senate Bill 73 specifically addressing the mechanics of eligibility during the window periods. The enclosed information was prepared for the previous Retirement Incentive Program (RIP). It is still accurate for CSSB 73 (SA).

Notwithstanding designation by their employers, members must be: 1) vested in their respective retirement systems and be at least age 47 upon their date of retirement; or 2) have at least 17 years of membership service if they are teachers, police officers or firefighters; or 3) have at least 27 years of service if they are not police officers or firefighters in the Public Employees' Retirement System.

I am hopeful this information and the enclosed fact sheet are helpful. Please let me know if I can help you further.

Sincerely,



Sally Smith
Director

SS/BC/plm/5
Enclosure
R & B 89-007
cc: Dean Gottehrer
Special Assistant to the Commissioner
Department of Administration

Hypothetical Example of How the Rule of Three Might Work

Assume Agency X has a staff of eight "analysts" and because of budget constraints would like to reduce that staff to seven. The agency could lay off one person but that would mean losing a Range 20, Step A "analyst" who is performing very well. In addition, from the employee's point of view, he needs the job and is far from retirement age. On the other hand, the agency has an "analyst" at Range 20, Step M who feels "burned out" and would like to retire soon but who is 49 years old and will not be eligible for early retirement for another year. The head of the agency learns of the Retirement Incentive Program (RIP) and asks for some cost projections from the Division of Retirement and Benefits.

The only "analyst" who could qualify for the RIP is the 49 year old; he would be able to use one of his three years to become eligible for early retirement and the other two to reduce the amount of actuarial adjustment for early retirement (he would have the actuarial adjustment of a 52 year old). The agency learns that the cost of the incentive for this employee is \$47,814.00; this cost will have to be paid to the PERS out of the agency's budget over a period not to exceed three years. In this case, since the agency intends to leave the position vacant, the agency head has an easy time preparing a cost analysis to submit to OMB in support of a request to participate in the RIP for the agency employees in the "analyst" classification. He prepares a short statement showing that the annual savings in personal services costs of about \$71,656.00 (Range 20, Step M) are far greater than the annual payment of \$17,179.00 to the PERS which would be required to pay off the debt in three installments. The agency's cost analysis is reviewed by OMB and it is certified that participation in the RIP is likely to result in cost savings for the state.

At this point a request to participate is presented to the Division of Retirement and Benefits along with the OMB certification. An agreement is executed after the division makes sure the agency understands its obligations under the program.

In this particular hypothetical example, it is worth noting that the agency could have shown cost savings by retiring the 49 year old analyst even if no reduction in force was contemplated provided the position could be satisfactorily filled by a Range 20, Step A "analyst." The personal services savings of approximately \$18,213.00 between a Range 20, Step M and a Range 20, Step A exceed the \$17,179.00 annual payments to the PERS fund.

RULE OF THREE RETIREMENT ELIGIBILITY
AND INCENTIVES BY AGE

<u>If employee's age at time of retirement is:</u>	<u>he is eligible for the Rule of Three, is allowed to retire and is treated like age:</u>	<u>and he receives an additional service credit in his benefit calculation of:</u>
47	50	--
48	51	--
49	52	--
50	53	--
51	54	--
52	55	--
53	55	1 year
54	55	2 years
55 and up	55	3 years

RETIREMENT ELIGIBILITY BY SERVICE

<u>If employee has the following number of years accrued towards retirement, then:</u>	<u>he is eligible for the Rule of Three and is allowed to retire, regardless of age</u>	<u>and he receives an additional service credit in his benefit calculation of:</u>
17*		--
18*		1 year
19*		2 years
20* or more		3 years
27		--
28		1 year
29		2 years
30 or more		3 years

* peace officers and firemen service only.

Examples of Savings Under R.I.P.

- Assumptions:
1. a 15 person division has 3 employees who qualify for RIP
 2. current GGU salary schedule and FY 87 benefits costs
 3. current salary is final average salary
 4. annual savings are net of annual RIP costs for first three years

Eligibles:

	<u>Range/Step</u>	<u>Age</u>	<u>Service</u>	<u>Salary & Benefits</u>	<u>Total RIP Cost</u>
1)	20K	52	15	\$ 67,123	\$ 45,804
2)	23F	55	18	76,618	40,248
3)	18J	47	12	57,159	25,723
				<u>\$ 200,900</u>	<u>\$ 111,775</u>

Option I: RIP all - leave all positions vacant.

annual savings in salary and benefits:	\$ 200,900
minus annual payment to PERS for three RIPs:	[40,159]
net annual savings:	<u>\$ 160,741</u>

Option II: RIP all - fill position #1 @ 20A - leave other two positions vacant.

annual savings in salary and benefits:	\$ 147,440
minus annual payment to PERS for three RIPs:	[40,159]
net annual savings:	<u>\$ 107,281</u>

Option III: RIP all - fill position #1 @ 20A and position #3 @ 18A, leave position #2 vacant.

annual savings in salary and benefits:	\$ 100,713
minus annual payment to PERS for three RIPs:	[40,159]
net annual savings:	<u>\$ 60,554</u>



Anchorage
EDUCATION
Association

Pam McCarl
President

Dave Schwantes
V.P. Communications

Rich Kronberg
V.P. Programs

Lucille Howitt
Secretary

Bob Wyatt
Treasurer

Representatives
at Large

Thais Thomas
Ed Viscardi
Alex Monterrosa
Kay Krause
Allan Phelps
Margo Bellamy

Region VI Directors

Loretta Christie
Leona Mounds
Peg Stout
Rich Kronberg
Pam Reynolds

1411 West 33rd Ave.
Anchorage, Ak 99503
(907) 274 - 0536

letters in
support

*Rosemary, please
make sure this
group is on your
list for the SB73
info.*

March 1, 1989

Senator Pat Pourchot
P.O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

I'm writing to inform you that the Anchorage Education Association Representative Council took a position in support of SB 73. Representative Council is composed of representatives from each school. There are about 125 in attendance.

We have also discussed this legislation with the Anchorage School District Administration and are pursuing ways that we can work together in supporting this legislation as well as other legislation on which we share the same perspective.

Your efforts to pass this out of committee are greatly appreciated.

Sincerely,

Pam McCarl
President

0301PM1/sw



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

March 1, 1989

To: Senator Pat Pourchot, Chair
Members, Senate State Affairs Committee

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

By virtue of endorsement by its Board of Directors NEA-Alaska supports SB 73 and encourages your support and expeditious attention to it.

In a time when government at every level in Alaska is faced with the probability of substantial funding cuts and the only alternative available to them is employee lay-offs it makes sense to encourage utilization of retirement incentive programs as a means of voluntary attrition before actually putting people out of work.

While employee lay-offs may save money on the "front end" there is usually an attendant dollar cost to government through unemployment, welfare, and other potential areas which cannot always be measured or accurately projected.

Early retirement incentive programs are a responsible alternative to the adverse effects on the economy of employee lay-offs and provide government with the opportunity to more effectively realign itself for the longer term.

Since participation in the retirement incentive program requires proof of savings government is protected against adverse fiscal consequences.

Savings are realized in terms of the probability of lower replacement costs, the potential option to not replace retiring employees effecting an even greater savings, and the longer term potential to more effectively realign the governmental entity in terms of its delivery of services.

It is the understanding of NEA-Alaska that data from the last RIP clearly shows a substantial savings for all of the

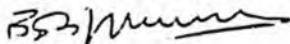
agencies and political sub-divisions. Relative to school districts it should be noted that not every school district participated in the program so the potential for savings is even greater than the current data shows.

We have two suggestions for consideration by the Committee. First we suggest that the "window" for eligibility in school districts be extended on the front end so that actual retirement under RIP could take place in either one of two school years. Such a change would facilitate planning relative to program and staffing needs.

The second suggestion focuses on the desirability of having consistent eligibility regulations from school district to school district. Variations in local eligibility regulations with the last RIP did not always maximize the potential for savings to the district.

Thank you for your consideration of our position and recommendations.

Respectfully submitted,



Bob Manners
Executive Secretary

cc: Senator Jim Duncan



ANCHORAGE SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

February 8, 1989

SCHOOL BOARD

William Frick
President

Betty Davis
Vice President
Past President
1985-86

Carol Stolpe
Clerk

Darryl Jordan
Treasurer

Betty Bruckman

Jean Buchanan
Past President
1983-84, 1986-87

Sharon Richards

SUPERINTENDENT

William Coats, Ph.D.

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

Dear Senator Duncan:

Your letter to the Superintendent of January 13 requesting comment on Senate Bill 73 which will offer a three-year retirement incentive to eligible School District employees has been referred to me for initial response since retirement issues fall within my area of responsibility. The Business Management Division is also heavily involved in developing a District position in this area.

We support the bill in concept administratively because its passage would help to reduce the incidence of layoffs which a deterioration in fiscal support to us might necessitate. Although no District can ignore the importance of senior employees to the maintenance of quality programs for students, we have supported voluntary participation in an incentive program for those employees who might otherwise continue to provide service to the District and community. With few exceptions, we regret the loss of senior employees who have entered into early retirement since 1986. Nonetheless, we believe that the RIP has served the public interest although its effect has not been uniformly positive.

We are reluctant to support the bill in its present form because we cannot ascertain the full extent of what, if any, savings the District will realize over the next five years. The primary benefit of the proposed retirement incentive is prevention of layoffs or at least reduction in layoffs. That benefit we support. It is, however, not clear to us from our experience since 1986 that significant reductions in personnel services costs are a direct result of our participation in the incentive program. We would therefore prefer a bill which does not require Districts to certify that genuine cost savings will result from participation in a new program. As an alternative, if districts were able to combine total participants from both retirement systems in computing actual savings and determining compliance with the program, we would be less hesitant about supporting the bill.

Please understand this is a preliminary administrative response to an issue which will be discussed by the School Board on February 13. My delay in responding to your letter, for which I apologize, stems from the fact that we have been feverishly attempting to respond to the various requests for confirmation that the first program worked the way it was expected to. As I indicated to your secretary yesterday, we hope to complete that effort this week or next.

If I can be of further help, please let me know.

Sincerely

Leland C. Wilson
Executive Director, Employee Relations

cc William Coats
Guy Bellville

LW:ccs



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.



Matanuska-Susitna Borough

P.O. BOX 1608, PALMER, ALASKA 99645-1608 • PHONE 745-9689

BOROUGH MANAGER

January 24, 1989

RECEIVED JAN 30 1989

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

Dear Senator Duncan:

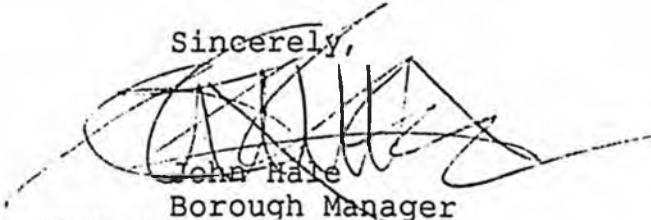
Thank you for the letter informing me of the introduction of your bill, Senate Bill 73 - Retirement Incentive Program.

I support your bill which could result in a savings in personnel services cost.

It will be necessary for the Matanuska-Susitna Borough and the Matanuska-Susitna Borough School District to analyze the possible impact of the program before a recommendation is made whether to participate.

Since your bill allows for each government entity to make the decision whether or not to participate, it provides the needed flexibility. Good luck with the legislature.

Sincerely,


John Hale
Borough Manager

er

North Slope Borough School District



January 31, 1989

RECEIVED FEB 09 1989

Kayanne

Senator Jim Duncan
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

RE: Senate Bill 73, Early Retirement

Dear Senator Duncan:

The North Slope Borough School District supports the passage of Senate Bill 73, related to the retirement incentive program for PERS and TRS employees.

We believe this legislation would be in the best interest of the NSB School District and the North Slope residents. Because of prior legislation on early retirement incentive programs, our retirees have been able to be assured a lifetime income; and at the same time, we have been able to increase the number of local residents in our hiring practices, especially younger employees, at a lower and more affordable salary scale.


However, we respectfully request your consideration to increase the window period to 14 months, making the law effective May 1, 1989 through June 30, 1990. Passing the bill in its present form would discourage employees from retiring this year and instead may encourage them to wait until the following year to receive additional retirement income. Having a larger window period would also allow the District to work with potential retirees and give us more planning time to employ new hires at lower salaries.

Most agencies including the NSB School District, need relief now and forestalling retirements for another year would add more financial burdens. Having the effective date in 1989 through 1990 would allow individual Districts to work out staffing arrangements in FY 90, resulting in additional savings and a smoother transition period.

Senator Jim Duncan
January 31, 1989
Page Two—

Thank you for soliciting our thoughts on SB 73. We appreciate your interest and sensitivity toward school districts throughout Alaska. If you have any questions please feel free to contact me or my Special Assistant Brenda Itta.

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

cc: Senator Al Adams
Representative Eileen MacLean
Brenda Itta, Special Assistant to the Superintendent
Ashley Reed, Lobbyist, NSBSD



Raymond

Mentasta
Tetlin
Tok

Northway
Dot Lake
Eagle
Tanacross

SCHOOL DISTRICT REAA 16

P.O. Box 226, Tok, Alaska 99780
907 - 883-5151

Senator Jim Duncan
State Capital
Room #119
P. O. Box V
Juneau, Alaska 99811

January 30, 1989

Dear Senator Duncan,

Thank you very much for inquiring about our interest in the Retirement Incentive Program.

Several years before the State of Alaska began offering a Retirement Incentive Program, the district had offered two (2) comparable programs. As a result, we have probably had more retirement from our faculty than others and do not have as strong a need as some other school districts may have shown in recent years.

It is obvious that we believe in the concept and as long as the retirement system retains full viability and the districts can enter the program under their own discretion and is not required, we will certainly support your efforts.

There are always a few people who would appreciate the opportunity and if you find the numbers are too few, please take time to reintroduce the concept again in several years.

Sincerely,

Spike Jorgensen
Spike Jorgensen
Superintendent of Schools

SJ/lm

“Where Teachers Are The Gateway To Learning”

Dot Lake
907 - 882-2663

Eagle
907 - 547-2210

Mentasta
907 - 291-2317

Northway
907 - 778-6301

Tok
907 - 883-5161

Tetlin



MT. VIEW ELEMENTARY SCHOOL

315 SWIRES ROAD, KENAI, ALASKA 99611
(907) 283-6148

Payan

February 3, 1989

Senator Jim Duncan
P. O. Box V
Juneau, Ak 99811

Dear Senator Duncan:

I am writing in support of S.B 73. Evidence seems to indicate that there are both financial and other benefits associated with the passage of this bill.

Sincerely,

R. L. Boudreau

R. L. Boudreau
Principal

RB:mk

Sterling Elementary School

Kenai Peninsula Borough School District

Drawer 89 • STERLING, ALASKA 99672
Phone 262-4944

February 7, 1989

Rep. Mike Navarre
Box V
Juneau, AK 99811-3101

Dear Rep. Navarre:

I am very much interested in HB77 and the whole issue encompassing the Retirement Incentive Program (RIP).

The concept of RIP is popular and I also believe fiscally responsible in terms of costs. When all the facts and figures are tallied on the last RIP, we'll be able to recognize a great savings for the State of Alaska.

I don't think we need to worry about the effect of the so called "brain drain" that such a program allegedly causes. In fact, it has been my experience to note a much more negative effect when observing employees who have stayed too long in a particular field or profession i.e. teaching, administration, and related state jobs with similar responsibilities. No telling what long-term health benefits these early out programs will produce for retirees.

Additionally, there are many of us out here in the trenches who feel that the window period should be extended to include 1989. Perhaps a short window period for many of us who do not need another year to plan or wait for the 1990 RIP could be included in the bill. The window period could be, for example, 30 days in May or June, this would allow people time to make their decision this year, thereby presenting no imposition to a school district or agency for staffing next year.

Rep. Navarre, I would certainly hope that you will be able to give your support to this important legislation. I am looking forward to hearing from you regarding this proposed bill and how you feel about it.

Sincerely,



Vic Varick
Principal

sg

Interior Public Employees Coalition

452-2023

2118 Cushman
Fairbanks, Alaska 99701

February 9, 1989



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


Dear Senator Duncan: 

The Interior Public Employees Coalition wishes to go on record in support of Senate Bill 73.

The previous retirement incentive program was of great value to local government. In the case of the Fairbanks Fire Department; had nine employees not retired there would have been a dozen or more on permanent layoff status.

If a new "RIP" program is established, a significant number of high seniority city employees have told me they will participate.

Sincerely,



Barry Haight
Chairman

Sponsored by: Meehan

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, SUPPORTING LEGISLATION WHICH WOULD RE-ESTABLISH THE PERS RETIREMENT INCENTIVE PROGRAM

WHEREAS, the 1986 Alaska Legislature enacted legislation which allowed members of the Public Employees Retirement System and the Teachers' Retirement System to take advantage of early retirement; and

WHEREAS, the Retirement Incentive Program resulted in reduced personnel costs for many municipalities and school districts throughout the state; and

WHEREAS, the 1986 Retirement Incentive Program has lapsed; and

WHEREAS, Senator Jim Duncan has introduced SB 73, which would re-establish the Retirement Incentive Program by offering early retirement incentives to public employees in 1990;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:

Section 1. The Legislature is hereby urged to give its support to SB 73, re-establishing the PERS Retirement Incentive Program.

Section 2. Copies of this resolution shall be forwarded to Governor Cowper; Senators Duncan, Kerttula and Szymanski; and Representative Cato.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, this 13 day of February, 1989.

THE CITY OF SEWARD, ALASKA


HARRY E. GLISELER, MAYOR

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

AYES: GIESELER, DUNHAM, HILTON, MEEHAN, NOLL, O'BRIEN, SIMUTIS
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

ATTEST:

APPROVED AS TO FORM:

PERKINS COIE, Attorneys for
the City of Seward, Alaska

Linda S. Murphy
Linda S. Murphy, CMC/AAB/Jones
City Clerk

Fred B. Arvidson
Fred B. Arvidson
City Attorney

(City Seal)

1 RECEIVED FEB 16 1989



RESOLUTION 89-2



HOUSTON, ALASKA
A BICENTENNIAL COMMUNITY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOUSTON, ALASKA,
IN SUPPORT OF SENATE BILL 73.

WHEREAS, the City Council is in support of re-establishing the Retirement Incentive Program for members of the Public Employee's Retirement System and the Teacher's Retirement System and providing for an effective date, and

WHEREAS, the City Council feels that re-establishing the Retirement Incentive Program will encourage employees to retire voluntarily and will reduce the hardships of lay offs.

NOW, THEREFORE BE IT RESOLVED that the Houston City Council does fully support and urge the passage of Senate Bill 73.

ADOPTED BY a duly constituted quorum of the City Council of Houston, Alaska this 26th day of January, 1989.

Marcella P. Padie
MAYOR

ATTEST:

Linda L. Padie
CITY CLERK/TREASURER



CITY OF KOTZEBUE
P.O. BOX 46 • KOTZEBUE, ALASKA 99752

Duncan

RECEIVED FEB 16 1989

February 6, 1989

City Hall
442-3401
Police Dept.
442-3351
Fire Department
442-3404
Public Works
Dept.
442-3465
Day Care Center
442-3157
Planning Dept.
442-3465
Building Inspector
442-2623
George Francis
Memorial Library
442-3816
Recreation Center
442-3066
Teen Center
442-3979
Regional Fire
Training Center
442-3921

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

Dear Senator Duncan;

At it's February 2nd, 1989 meeting the Kotzebue City Council reviewed the legislation you have introduced re-establishing the Retirement Incentive Program for members of the Public Employees' Retirement System and the Teachers' Retirement System.

The City has benefited from the program in the past and would like to support it's re-establishment. We appreciate all of your efforts to assist with the financial savings to municipalities. Keep up the good work!

Sincerely,

Zonna Lie
City Clerk

cc: City Manager
File

**PUBLIC
EMPLOYEES**



DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS

2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wendell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99901



March 6, 1989

Senate State Affairs Committee
Senator Pat Pourchot, Chairman
Senator Jan Faiks, Vice Chairman

Dear Senator Pat Pourchot;

Public Employees Local 71, LTC, is in support of SB-73, Retirement Incentive Program.

This legislation not only benefits state employees who wish to retire early but also benefits the state through cost-savings and is in fact, a cost-containment measure.

We urge your support of this legislation. Thank you.

Sincerely,

Don Rouleau, Business Representative
Local 71/Juneau

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024

Carta 2.txt

ALASKA STATE LEGISLATURE



Sen. Pat Pourchot, Chairman
Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling

P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

May 7, 1989

Marilynn Scott
C.A.R.T.A.
P. O. Box 11-2827
Anchorage, AK 99511

Dear Marilynn:

Per your telephone conversation with my staff, please find enclosed a letter from the director of the State Division of Retirement and Benefits addressing the concerns you raised in regard to SB 73, the bill reauthorizing the Retirement Incentive Program. As you'll see, the director is confident that the TRS fund's actuarial soundness will not be affected by the program.

SB 73 continues to have a lot of both legislative and public support. The conference committee appointed to work out the differences between the House and Senate versions of the FY 90 operating budget began meeting earlier this week. Both sides are proposing rather significant reductions in all state agencies and reductions in school funding are also being discussed. I would say it is almost certain that personal services funding will be reduced and the Retirement Incentive Program is seen as a way of accommodating funding reductions without having to lay people off.

The bill passed the House yesterday by a vote of 38-1. It now goes to a conference committee that will resolve some minor differences between the House and Senate versions, and will then go to the Governor for signature into law.

Marilynn, thanks again for bringing CARTA's concerns to my attention. I hope you find the Retirement Division's explanation satisfactory.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a large, light-colored scribble or mark.

Senator Pat Pourchot
Chairman

cc: Vera Gazaway

CARTA

CA12TA2.TXT

RECEIVED APR 3 1989

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

Senator Pat Pourchot, Chairman
Senate State Affairs Committee
PO Box V
Juneau, AK 99811

DOA is preparing response:

- SB 73 doesn't affect soundness of system because all costs (including increasing cost of health insurance) are calculated and paid by the employer/employee

Dear Senator Pourchot:

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.

at the time of R.I.P.

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

I gave Duncan copy of this letter. He has the DOA response too.

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,

Marilynn S. Scott, Ed.D., President

ASRTA & CARTA APPROVE RESOLUTION ON EARLY RETIREMENT

At their separate business meetings Saturday, March 18, both the Alaska Retired Teachers Association (ASRTA) and the Central Alaska Retired Teachers Association (CARTA) passed the following resolution designed to discourage legislative approval of the "early retirement" bills now before the Legislature: SB 73 and HB 77.

WHEREAS: Early retirement poses a threat to the fiscal stability and integrity of the Teachers Retirement System inasmuch as all health costs come from the TRS fund and those costs continue to escalate at an alarming rate;

AND WHEREAS: Health care costs are extremely high for early retirees because of the extended period of time the member, spouse and dependents utilize medical services provided by TRS;

AND WHEREAS: The retirement system was set up for the career educator, but teachers in the prime of teaching experience are being lost to the profession, and indeed are being encouraged by the current TRS statutes to retire prematurely;

AND WHEREAS: There has been no study of the impact on student learning resulting from early retirement of those teachers most experienced in effective teaching;

AND WHEREAS: The early retirement incentive program appears to be a willful use of the Teachers Retirement System to solve the present budget problems of Alaska;

AND WHEREAS: Perpetuation of the early retirement incentive program would revamp the Teachers Retirement System to its detriment;

THEREFORE: Be it resolved that (this association) seek legislation requiring 25-year membership service in order to receive immediate benefits and that persons retiring with less than 25 years be required to attain the age of 55 before gaining eligibility for benefits.

This resolution is being forwarded to the Governor, Lt. Governor, and appropriate House and Senate committees considering the early retirement bills.



Central Alaska Retired Teachers Association

VOLUME III, 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.)

CARTA
c/o Leah A. Peterson
3307 Greenland Avenue
Anchorage, AK 99517

Bulk Rate
U.S. Postage
PAID
Anchorage, AK
Permit No. 335

MEETING SCHEDULE
Apr 8 Health insurance
May 13 Scholarship
winners!
Sept 9 Program TBA

Health insurance cost increases are an issue generally to all retirement funds,

All the costs are calculated & paid.

SENATOR STEVENS PROVIDES MEDICARE COST INFORMATION

At the request of the CARTA Legislative Committee, your president wrote to Senators Stevens and Murkowski and Congressman Young last December on behalf of retired teachers. Responses varied and were not particularly encouraging. However, Senator Stevens enclosed with his letter an Issue Brief: "Catastrophic Health Insurance: Medicare" produced by the Congressional Research Service.

It includes "Adjustment for Persons with Governmental Annuities" and appears to allow us to reduce taxable income to equate with Social Security beneficiaries for computing the Medicare surtax only. This has not been included in other information available, and your president has written again to Stevens asking verification.

There is also reference to duplicated health insurance for federal retirees, but no direct reference to teacher retirees' duplication of insurance. Many unanswered questions still remain.

AUCTION PROVES TO BE HIGHLY SUCCESSFUL EVENT

Under the expert guidance of Ways and Means chair Eleanor Roney, the February white elephant auction produced \$378.15 to benefit the CARTA treasury and the scholarship grant fund.

Connie Rudd, our professional guest auctioneer, added much to the fun. He knew how to get the last nickel out of bidders and make them love it!

"DOOR PRIZES" are now awarded at every meeting. Contribute a dollar and the winner splits the pot with CARTA.

APRIL 8 MEETING TO DEAL WITH ASPECTS OF HEALTH INSURANCE

Many questions have surfaced in recent months about retiree health coverage, especially since rates have changed for Audio-Dental-Visual and Long Term Care. Some are concerned about precisely what Long Term Care insurance really covers. There is also concern about the cost of health insurance to our retirement fund and its effect on an automatic PRPA. Those who have

reached age 65 wonder why they now must pay for part of their health insurance (Medicare, Part B). Hopefully, these questions will be dealt with at our April 8 meeting. Paul Roller of the Alaska Division of Insurance, from Juneau, has agreed to be our speaker, and we also expect to have an Aetna representative with us.

A good turnout is needed. Come and bring your spouse or a retiree friend. Anyone who has not been called by Wednesday, April 5, should phone Pauline Thomas at 561-3123 to make reservations. Or come anyway. There always seems to be plenty.

BRING RECYCLABLES IN APRIL

Help CARTA and the environment. Bring your recyclable newspapers, glass and aluminum cans to the April 8 CARTA meeting. Ted and Marilyn Scott will have their pickup ready to gather them up and take them to the recycling center.

Leah A. Peterson and Gordon and Mary Guffey brought contributions in February. The next Newsletter will list the full recycling honor roll.

PAPERBACKS for resale are also needed. Bring those you've been reading this winter and pick up a fresh supply.

ASRTA SPEAKER URGES : WRITE TO CONGRESSMEN

Laurie Jensen, speaker at the March joint meeting of Carta and the State Association and a member of the AARP National Legislative Council, explained AARP support of the additional coverage in the Medicare Catastrophic Act, but emphasized that AARP had NOT supported the financing method adopted.

She said she had checked with the offices of our Congressional delegation and they were seemingly not aware of our problems. She said the time is NOW to voice our concerns and urge them to support corrections we deem important.

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 EYERITT 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 VW 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 Faiks 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 Uimer, 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 V, Juneau, AK 99811, or through the Legislative Information Office.

Pat - FYI -

Please note - Paragraph

3 -

I discussed this with Bob
Stalaker - Employers have
not finished making these
Contributions & the

Actuary when doing his report
did not take that into account.

He said before the report
is final he will bring it to
the attention of the actuary!

He is confident that actuarial
Soundness will remain when
final employer cont. is made for

• Mairily ^{also Vera} Scott called ^{nom} 4-4-89
→ last RIP, didn't
adequately estimate
increased cost of health
insurance, No provision
in bill to go back to
employer for increased
pay-in to take care of
this. <sup>automatic post-retirement
pension adjustment</sup>

→ also concerned about
quality of education
if urging most experi-
enced teachers to leave

→ TRS Bd. meeting today -
Mentt Olsen / Mutt Barker
get letter from actuary on FIN -
affect rate of contributions?

3

Start in Senate

H-refer only to Fin

HAD
\$80m

at par value

} what does this mean?

deadline for reapprop.

4/12

statute on felons PFDs - authority
for state to spend. Intent lang.
\$1.6m

Legal Opinion

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

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

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

STEVE COWPER, GOVERNOR

April 4, 1989

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

Dear Jim:

You have asked:

1. Are the PERS and TRS funds fiscally stable? If not, has the Retirement Incentive Program caused fiscal instability?

Response: Although both the PERS and TRS funds are considered fiscally stable, the PERS funding ratio of assets to liabilities dropped from 99.6% for FY 87 to 93.0% for FY 88. The actuarial loss for PERS was \$178,121,000 in FY 88, with the RIP accounting for about \$34,000,000 or about 20% of that loss.

The TRS funding ratio of assets to liabilities dropped from 101.2% to 98.8%. The actuarial loss for TRS was \$75,074,000 with the RIP accounting for \$19,000,000 or about 25% of that loss.

We believe that these figures do not take into consideration the remaining employer contributions owed for the completion of the last RIP. Outstanding indebtednesses, when paid, should bring the funding ratios back up.

2. Are health care costs covered in the actuarial cost of the Retirement Incentive Program, and if so, how are they covered?

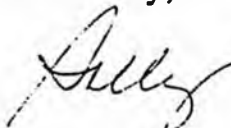
Senator Duncan
April 4, 1989
Page 2

Response: Health care costs are included in the formula for employer contributions and account for approximately one-third of those costs. According to the actuarial valuation for FY 88, increases in medical costs raised the employer contribution rate for PERS by 4.2% and for TRS by 3.12%. Some of this increase is attributable to retirements under the RIP since medical costs are greater for those under the age of 65. Once a retiree turns 65 he or she is covered by Medicare as the primary carrier.

A more direct answer to your question is, "yes, health care costs are covered" as they are for all retirees. Employer contributions are paid against future retirements. Under the RIP the employer contributes to the system the amount that would normally have been contributed for the years credited toward early retirement.

I am hopeful this adequately answers your questions.

Sincerely,



Sally Smith
Director

89 R&B 009

cc: Dean Gottehrer
Special Assistant

Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Falks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling

P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

March 13, 1989

Ms. Patricia Alexander
7243 Old Harbor Avenue
Anchorage, Alaska 99504

Dear Patricia:

I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, approved SB 73. The bill would provide a three year retirement incentive for members of the public employees' retirement system and the teachers' retirement system.

Under the bill, the participation of school districts would be optional. Teachers in participating districts would be eligible for the retirement incentive if they are within three years of retirement and if their retirement would result in cost savings to the district. The three "incentive" years would first be used to allow individuals to meet either the service or age requirement (in most cases, 20 years or age 55). Once the service or age requirement is met, any remaining "incentive" years would be added to the individual's actual length of service and result in an increased benefit payment.

Each TRS member who participates would pay up-front their share of the cost to the retirement system, which amounts to 21% of the member's compensation for the school year in which he or she retires. The employer would pay the balance of the cost to the system.

The State Affairs Committee broadened the application period for teachers from three months to six months (July 1, 1989 through December 31, 1989) and provided for retirement to occur until July 31, 1990. To participate you would need to be eligible for the retirement incentive (i.e., within three years of retirement) by the July 31 date.

I would caution that the bill has a long way to move through the legislative process, and that the periods of application and eligibility may well be revised by other committees along the way. SB 73 now goes to the Senate Finance Committee for their review. I am hopeful that the bill will receive their quick approval. I am convinced that not only can the program save money, but it will ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

SB 73
3/13/99

Record#	LN	FN	TITLE	STNO	ST	UNIT	CITY	ZIP	CONSTITUT	CATEGORY	DISTRICT	PRECINCT	REG	OWEN
1	Alexander	Patricia	Ms.	7243	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	N	x
2	Balensiefer	Tom	Mr. and Mrs.	1604	Nunaka Drive		Anchorage	99504	x	A4	13	149	N,N	x
3	Bethel	Joann	Ms.	277	South Klevin		Anchorage	99508	x	A4	13	146	N	x
4	Birdsall	Cary	Mr.	116	North Lane		Anchorage	99508	x	A4	13	147	D	x
5	Bradshaw	Era	Ms.	728	South Lane		Anchorage	99508	x	A4	13	145	U	x
6	Brewer	Andrew	Mr.	4625	Parsons Avenue		Anchorage	99508	x	A4	13	148	U	x
7	Curran	James	Mr.	4114	Reka Drive	2	Anchorage	99508	x	A4	13	144	D	x
8	Davis	Mary	Ms.	425	North Price	3	Anchorage	99508	x	A4	13	147	N	x
9	Elliott	Katherine	Ms.	6221	Winding Way		Anchorage	99504	x	A4	13	151	D	x
10	Finegan	Thomas	Mr. and Mrs.	1107	Ril Circle		Anchorage	99504	x	A4	13	151	H,U	x
11	Foster	Stephen	Mr. and Mrs.	501	Donna Drive		Anchorage	99504	x	A4	13	152	R,R	x
12	French	Karen	Ms.	434	Irwin Street	1	Anchorage	99508	x	A4	13	147	N	x
13	Fullenkamp	Colleen	Ms.	315	Krane Drive		Anchorage	99504	x	A4	13	152		x
14	Goff	Dennis	Mr.	4132	East 3rd Avenue		Anchorage	99508	x	A4	13	146	N	x
15	Goodwin	Daniel	Mr.	4520	East 7th Avenue		Anchorage	99508	x	A4	13	145	N	x
16	Goodwin	Lynda	Ms.	21-462	Citrus Avenue	F	Elmendorf	99506	x	A4	13	153	D	x
17	Gordon	Lorena	Ms.	500	Jordt Circle		Anchorage	99504	x	A4	13	150	R	x
18	Hadley	Susan	Ms.	411	Scorpio Circle		Anchorage	99508	x	A4	13	146	D	x
19	Hamacher	Florence	Ms.	3535	Parsons Avenue		Anchorage	99508	x	A4	13	148	N	x
20	Haycox	Carolynn	Ms.	5817	East 10th Circle		Anchorage	99504	x	A4	13	151	N	x
21	Higgs	Patricia	Ms.	5901	East 6th Avenue	59	Anchorage	99504	x	A4	13	152	N	x
22	Jackson	Linda	Ms.	7749	Dover Avenue		Anchorage	99504	x	A4	13	150	N	x
23	Jackson	Marleta	Ms.	7200	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	R	x
24	Jarrell	Melvin	Mr. and Mrs.	4181	East 20th Avenue	14	Anchorage	99508	x	A4	13	144	D,D	x
25	Johnson	Nelimae	Ms.	6224	Winding Way		Anchorage	99504	x	A4	13	151	N	x
26	Jones	Samuel	Mr.	258	South Bunn Street		Anchorage	99508	x	A4	13	146	D	x
27	LeBlanc	Adrian	Ms.	5300	East 4th Avenue	112	Anchorage	99508	x	A4	13	146	R	x
28	Long	Eunice	Ms.	7630	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	D	x
29	Lush	Herbert	Mr. & Mrs.	712	North Bragaw Street		Anchorage	99508	x	A4	13	148	U,R	x
30	Matthis	Della	Ms.	6950	Fredericks Drive		Anchorage	99504	x	A4	13	150	R	x
31	McCoy	Rod	Mr. and Mrs.	7749	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	D,R	x
32	McVee	Michael	Mr. and Mrs.	6300	Habicht Court		Anchorage	99504	x	A4	13	152	U,N	x
33	Mendias	Dawn	Ms.	100	Bunnell Street	7A	Anchorage	99508	x	A4	13	146	N	x
34	Monaco	Vincent	Mr. and Mrs.	258	Fireoved Drive		Anchorage	99508	x	A4	13	146	D,D	x
35	Mounds	Leona	Ms.	5816	Winding Way		Anchorage	99504	x	A4	13	151	D	x
36	Muldrow	Marie	Ms.	4441	East 5th Avenue		Anchorage	99508	x	A4	13	146	D	x
37	Noll	Karen	Ms.	1509	Atkinson Drive		Anchorage	99504	x	A4	13	149	R	x
38	Odens	Gary	Mr. and Mrs.	4700	Kenai Avenue		Anchorage	99508	x	A4	13	146	U,N	x
39	Paul	Gaither	Mr. and Mrs.	4325	East 8th Avenue		Anchorage	99508	x	A4	13	145	R,D	x
40	Pawluk	Rose	Ms.	727	Norman Street		Anchorage	99504	x	A4	13	151	N	x
41	Piper	Stephen	Mr.	5600	Craig Drive		Anchorage	99504	x	A4	13	149	D	x
42	Prockish	Nina	Ms.	7600	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	N	x
43	Rice	Viola	Ms.	501	Jordt Circle		Anchorage	99504	x	A4	13	150	N	x
44	Rosene	Karen	Ms.	4620	Reka Drive	B10	Anchorage	99508	x	A4	13	144	H	x

45	Ross	Carol	Ms.	3401	Richmond Avenue		Anchorage	99508 x	A4	13	147	R	x
46	Sharp	Alexandria	Ms.	100	Bunnell Street	10B	Anchorage	99508 x	A4	13	146	D	x
47	Simmons	Theresa	Ms.	1930	Beaver Place		Anchorage	99504 x	A4	13	149	D	x
48	Simmons-Holbrook	Margaret	Ms.	6152	East 12th Avenue	7	Anchorage	99504 x	A4	13	151	D	x
49	Slider	Helen	Ms.	1701	Russian Jack Drive	1	Anchorage	99508 x	A4	13	144	N	x
50	Smith	Collin	Ms.	6440	East 9th Avenue		Anchorage	99504 x	A4	13	151	N	x
51	Smith	Lee	Ms.	4670	Reka Drive	12G	Anchorage	99508 x	A4	13	144	N	x
52	Templeton	Hazel	Ms.	1006	Bench Court		Anchorage	99504 x	A4	13	151	N	x
53	Volz	Marilyn	Ms.	749	Norman Street		Anchorage	99504 x	A4	13	151	R	x
54	Ward	Wenona	Ms.	809	North Irwin Street		Anchorage	99508 x	A4	13	148	D	x
55	Weber	Janet	Ms.	1024	Norman Street		Anchorage	99504 x	A4	13	151	R	x
56	Whitaker	Mary	Ms.	6910	Dickerson Drive		Anchorage	99504 x	A4	13	150	D	x
57	Whittaker	Virginia	Ms.	247	Davis Street		Anchorage	99508 x	A4	13	146	D	x
58	Wyatt	Robert	Mr.	411	Fern Lane		Anchorage	99504 x	A4	13	150	R	x

SB73.LST
SA - teachers early retirement
passed SA
Page 1

(these are others in addition to Jeanne's old list
(teacher))

(wrote in on SB 73)

Mr. Robert Boyd
601 North Flower Street, A
A/A 99508
Bob

Mr. John Corvin
3125 East 17th Avenue
A/A 99508
Mr. Corvin

Mr. John Murphy
1743 Morningtide Court
A/A 99501
Mr. Murphy

Ms. Violeta Zygmung
1626 Sanya Circle
A/A 99508
Ms. Zygmung

Ms. Pam McCarl
President
Anchorage Education Association
1411 West 33rd Avenue
Anchorage, Alaska 99503
~~Ms. McCarl~~ Pam

(wrote in on SB 15)

Ms. Kathryn McCord
1601 Hidden Lane
Anchorage, AK 99501
Kathi

Mr. Rick Natter
5805 Sterling Way
A/A 99504
Rick

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 7, 1989

Jane Ann McNulty
3560 Fairview, #4
Ketchikan, Alaska 99901

*robo to
attached*

Dear Jane Ann:

I am happy to report that yesterday the Senate State Affairs Committee, which I chair, approved SB 73. The bill would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system.

School districts, political subdivisions, and state agencies would be allowed to participate, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees in an effort to maximize program participation and savings.

The bill now goes to the Senate Finance Committee for their review. I am hopeful that the bill will receive their quick approval and reach final passage this session. I am convinced that not only will the program save the state money, but it will ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss

KAYHI NEWS

SCHOOL BUDGET LOOKS BLEAK

The most recent word from the Legislature in Juneau is that funding for next year's budget is in serious jeopardy. This information is particularly disheartening as it comes on the heels of projected increases of insurance and retirement costs, and building maintenance expenses.

Superintendent Dick Clevenger has recommended to the School Board a budget for 1989-90 that is based on a reduction in services in excess of \$600,000. This reflects the loss of 13 personnel positions including a nurse, a teacher at the High School, a special education teacher in the district, the computer coordinator, an elementary teacher, and seven teacher aides. Also included is a significant reduction in overall non-personnel expenditures.

On top of these reductions, it now appears that the Legislature will be reducing the basic number of dollars to support public education by at least 5% and possibly 8 or 10%. The 5% figure represents an additional reduction in the district budget of \$750,000, a cut that will not come easily. At this point, this legislative cut seems imminent.

Until the final bill has passed the House and the Senate, we will not have the final word. You will most certainly be hearing of the progress of this legislation since it has such far-reaching implications. We will also try to keep you informed.

3560 Fairview # 4
Ketchikan, AK
99901
2/26/89

Senator Pat Pourchot
Chairman, Senate State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Pourchot:

I am writing in support of SB 73. As you can see by the enclosed excerpt from our high school paper, vital programs and positions are being cut because of budget deficits. I understand it's too late for this year but passage of this bill would have a very positive effect on future programs. If you allow teachers to take advantage of early retirement, a lot of these programs could be funded. It seems that we will have to be a little creative in order to survive these trying financial times with the least negative impact. I personally know quite a few teachers who would like to have this opportunity and many parents who feel it is a good plan. I urge you to vote yes on SB 73. Thankyou.

Very sincerely,

Jane Ann McNulty

SB 73 MAIL.TXT

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman
Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

February 21, 1989

Jim and Bonna McLeod
Box 8950
Barrow, Alaska 99723

Dear Jim and Bonna:

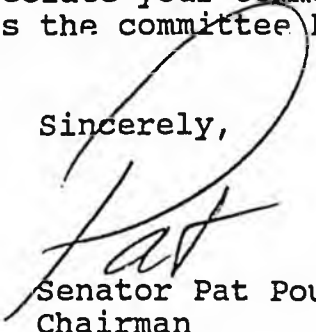
Thank you for contacting me in regard to SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems.

As you may know, SB 73 has been referred to the Senate State Affairs Committee, which I chair. I have heard from several people who are interested in the bill. Not surprisingly, there is a lot of concern over both the effective date and the eligibility dates, with people generally promoting those dates that will allow them personally to participate in the retirement incentive program.

There is also concern over the fiscal implications of the bill. While the program is intended to result in a net reduction in personal services costs to the state or other employers, there is not clear evidence that this was the case when a similar program was in effect a couple of years ago. With our revenue situation as bleak as it is, I feel strongly that the program must be fashioned to ensure that there is no net cost to the state.

An audit of the previous retirement incentive program is to be released this week. I expect to begin hearings on SB 73 shortly thereafter. I do appreciate your comments, and assure you I will keep them in mind as the committee begins its deliberations.

Sincerely,


Senator Pat Pourchot
Chairman

PP/ss

RECEIVED FEB 17 1989

Senator Pat Pourchot
P.O. Box V
Juneau, Alaska
99811

Dear Senator Pourchot,

I am writing in regards to senate bill number 73, " An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

While this is an excellent bill and would provide a means for saving dollars to an individual school district it falls short of obtaining the maximum results by delaying it's effective date until 1990. There are many teachers like myself and my wife who are at or near the top of a salary schedule and had planned on retiring this July. If the bill goes into effect next year it would certainly be to our advantage to work one more year until 1990.

I am asking you to reconsider the effective date of this bill and move it up to become effective 1989. I believe the dollars saved by the state and the local school districts would make this cost effective.

I hope you will give serious consideration of this request and have this bill passed and become effective this year 1989. The content of this bill is excellent, keep up the good work.

Respectfully,

Jim & Bonna McLeod

Jim and Bonna McLeod
North Slope Borough School District
Barrow High School
Box 8950 Barrow, Alaska 99723

73HAVEN.TXT

ALASKA STATE LEGISLATURE



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling

P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 8, 1989

Alan C. Havens
P. O. Box 2383
Palmer, Alaska 99645

Dear Alan:

Thank you for contacting me in regard to SB 73, which would establish a retirement incentive for members of the public employees' retirement system and the teachers' retirement system.

I am happy to report that the Senate State Affairs Committee, which I chair, approved SB 73 earlier this week. I am convinced that the program can not only save the state money, but will ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Regarding your specific concern, it is my understanding that the law was amended last year to allow temporary state employment to be claimed at any time towards retirement. To claim it you would need to notify the State Division of Retirement and pay into the system your share of the retirement costs for the period during which you were temporarily employed. This improves the old law, which required that employees claim their temporary service within a year of becoming vested in the system.

The Division of Retirement can be reached by writing to P.O. Box CR, Juneau 99811 or by phoning 465-4460.

Alan, I hope you find this information useful. Thanks again for sharing your concerns with me.

Sincerely,

Senator Pat Pourchot
Chairman

PP/ss

Alan C. Havens
P.O. Box 2383
Palmer, Alaska 99645
(907) 745-2223
February 25, 1989

Senator Pat Pourchot, Chairman
Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot,

Attached is a proposed amendment to Senator Jim Duncan's early retirement legislation, Senate Bill No. 73, that would save the state additional money. This amendment would credit specified State of Alaska temporary employment toward normal or early retirement.

I respectfully request that you and your committee favorably consider this amendment and I encourage you to support Senate Bill No. 73.

Sincerely,

Alan C. Havens

cc: (letter and attachment):

Senator Jim Duncan
Senator Jay Kerrtula
Senator Paul Fischer
Senator John Binkley
Senator Rick Uehling
Governor Steve Cowper
Alaska State Employees Association
Alaska Public Employees Association

Roxanne? 4766

used to be after 1 yr of vested

pay cost had been paying all along.

*ck 106
SUA 88*

*last yr am Gov bill allows
people to claim temp service at
any time - if do now, will go on
back*

Contact DN Retirement

IN THE SENATE

BY DUNCAN

SENATE BILL NO. 73
IN THE LEGISLATURE OF THE STATE OF ALASKA
SIXTEENTH LEGISLATURE - FIRST SESSION
A BILL

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

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

* Sec. 3. AS 39.35 is amended by adding a new section to read:

Sec. 39.35.375. RETIREMENT INCENTIVE PROGRAM. (g) Notwithstanding other provision of law, a vested member who is a state employee and is participating in the retirement incentive program may receive credit for

(1) temporary full-time state employment between January 1, 1961 and January 1, 1980 for purposes of determining eligibility for retirement under AS 39.35.370; and

(2) municipal employment before the municipality became an employer under the system for purposes of determining eligibility for retirement under AS 39.35.370. The member may not receive credit for those years under [THIS] subsection (g)(2) for purposes of determining benefits. In order for an employee to receive credit under [THIS] subsection (g)(2), the employee's participation in the program must contribute to the overall cost savings of the agency.

INTENT OF PROPOSED LEGISLATION:

To permit persons employed in full-time temporary positions by the State of Alaska, between January 1, 1961 and January 1, 1980 to claim those periods of employment as retirement credited service toward normal and early retirement under this retirement incentive program.

WHY PROPOSED LEGISLATION SHOULD BE INTRODUCED AND PASSED:

- 1) Allowing earlier retirement for eligible employees would save the state money; and
- 2) The passage and enactment of this legislation would eliminate an iniquity in the State of Alaska retirement system, i.e., on January 1, 1980 a bill passed by the Legislature converted most temporary positions to seasonal positions allowing employees to become eligible for benefits. The benefits for these seasonal positions included entitlement to credited service toward vesting and normal and early retirement for periods of employment. Prior to enactment of that legislation, for example, temporary employees filling full-time peace officer positions with the State of Alaska performed the same functions, had the same responsibilities, and took the same risks as permanent peace officer employee positions but without health benefits, retirement benefits and, in many cases, without compensation for overtime. Currently that temporary time (a) cannot be claimed as credited service toward retirement, and (b) is not even considered as employment service to the State of Alaska when giving awards for time served, i.e., 5-year pin, etc.

732030.TXT

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 20, 1989

Nathaniel and Cheryl Good
Box 33
Point Hope, Alaska 99766

Dear Nathaniel and Cheryl:

Thank you for writing to express your support for SB 73, which would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system. I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, gave its approval to the bill.

School districts, political subdivisions, and state agencies would be allowed to participate in the retirement incentive program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees (July 1, 1989 through December 31, 1989 for teachers; October 1, 1989 through March 31, 1990 for state employees) in an effort to maximize program participation and savings.

SB 73 is now under review by the Senate Committee on Health, Education and Social Services. I am hopeful that it will receive their quick approval and reach final passage this session. I am convinced that the program can save the state money and ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

Senator Pat Pourchot
Chairman

PP/ss

March 9, 1989

RECEIVED MAR 16 1989

Box 33

Point Hope, AK 99766

Senator Pat Pourchot
P.O. Box 0
State Capitol
Juneau, AK 99811

Senator Pourchot,

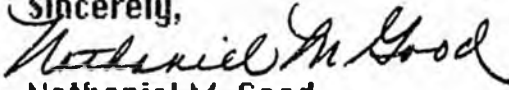
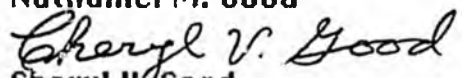
Please consider this a letter of support for SB 73, the Retirement Incentive Plan.

Enclosed is a summary of the Division of Retirement and Benefits results of the last R.I.P. , based on a survey. This report was released on January 30, 1989. The enclosure I have made up shows the 'bottom line', the saving actually realized by the sum total of the entities.

It can readily be seen that the last Retirement Incentive Program saved the reporting political subdivisions almost eighteen million dollars. I believe this figure would be even larger if all the results were available.

The Retirement Incentive Plan is an excellent answer to decreasing revenues. It removes the most expensive employees from the system, and makes it possible to bring in less costly replacements. It will also make it possible to avoid the problems caused by declining revenues. This bill makes possible a reduction in force which would not be accompanied by layoffs. Replacement of retiring individuals might not be necessary in all cases. The benefits to school districts are substantial and irrefutable!

Thank you for your consideration!

Sincerely,

Nathaniel M. Good

Cheryl V. Good

RETIREMENT INCENTIVE PROGRAM

COPPER RIVER SCHOOL DISTRICT	670500
YUKON KOYUKUK SCHOOL DISTRICT	414600
ALASKA GATEWAY SCHOOL DISTRICT	129700
CITY OF WRANGELL	186500
KODIAK ISLAND SCHOOL DISTRICT	527800
LOWER KUSKOKWIM SCHOOL DISTRICT	2220800
NORTH SLOPE SCHOOL DISTRICT	1315500
DILLINGHAM CITY SCHOOLS	773900
CITY OF KETCHIKAN	1214900
VALDEZ CITY SCHOOLS	1630300
FAIRBANKS SCHOOL DISTRICT	2579100
HAINES SCHOOL DISTRICT	1013500
KENAI PENINSULA BOROUGH	639400
JUNEAU SCHOOL DISTRICT	1290400
MUNIC OF JUNEAU	1140400
CITY OF SOLDOTNA	222300
WRANGELL PUBLIC SCHOOLS	81200
ADAK REGION SCHOOL DISTRICT	94100
CORDOVA PUBLIC SCHOOLS	53600
LAKE & PEN S.D.	21400
S.E. RESOURCE CENTER	717000
UNALASKA	122600
COPPER RIVER	670500
GALENA	6600
PETERSBURG	43800
BRISTOL BAY S.D.	36800
DELTA/GREELY S.D.	-39600
CITY OF PALMER	207800
TOTAL SAVINGS TO POLITICAL SUBDIVISIONS BASED ON SURVEY (DIV. OF RETIREMENT, JAN 30, 1989) (based on reports submitted)	\$17,985,400

732030.TXT

ALASKA STATE LEGISLATURE



Sen. Pat Pourchot, Chairman
Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling

P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

March 20, 1989

Jerry Hanson
107 Paula Street
Kenai, Alaska 99611

Dear Jerry:

Thank you for writing to express your support for SB 73, which would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system. I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, gave its approval to the bill.

School districts, political subdivisions, and state agencies would be allowed to participate in the retirement incentive program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees (July 1, 1989 through December 31, 1989 for teachers; October 1, 1989 through March 31, 1990 for state employees) in an effort to maximize program participation and savings.

SB 73 is now under review by the Senate Committee on Health, Education and Social Services. I am hopeful that it will receive their quick approval and reach final passage this session. I am convinced that the program can save the state money and ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss

March 11, 1989

RECEIVED MAR 16 1989

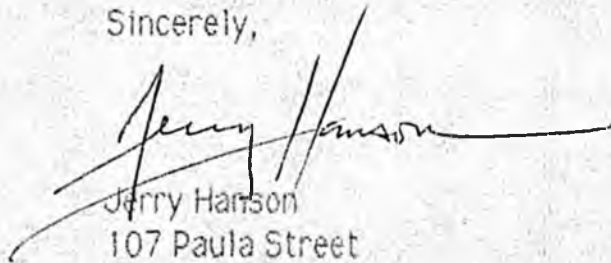
Senator Pat Pourchot
Box V
Juneau, AK 98111

Dear Senator Pourchot:

I would like to ask for your support of SB 73, the teacher early retirement incentive program. This seems to be a win-win situation for everyone interested in public education. Eligible teachers retain the choice of continuing to teach or accepting the offer. School districts, where around 80% of the budget pays for employee costs, will hire younger and cheaper teachers. Many new jobs will open up for recent Alaskan graduates of teaching schools. The public, I believe, wins also. They lose experienced teachers but gain teachers with new enthusiasm and fresh ideas.

I've heard that consideration has been given to opening this program for 12 months starting this summer. I would like to see this wider opening rather than the originally proposed 3 month opening in 1990. Dale Sandahl, 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 becomes 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 input into the impending budget crises.

Sincerely,

A handwritten signature in cursive script that reads "Jerry Hanson". The signature is written in dark ink and is positioned above the typed name and address.

Jerry Hanson
107 Paula Street
Kenai, Alaska 99611

ALASKA STATE LEGISLATURE

73end.txt

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

Violeta Zygmung
1626 Sanya
Anchorage, Alaska 99508

Dear Violeta:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

The application periods for the program are from September 30, 1989 through March 31, 1990 for state employees and employees of political subdivisions; and from June 30, 1989 through December 31, 1989 for University employees and other teachers. If you are interested in participating, you first need authorization from your employer who must certify that your retirement will in fact reduce personnel costs. You would then apply directly to the State Division of Retirement and Benefits.

Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

A handwritten signature in cursive script that reads "Pat".

Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

David Schwantes
8148 East 4th Avenue
Anchorage, Alaska 99504

Dear David:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

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Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

John Murphy
1743 Morningtide Court
Anchorage, Alaska 99501

Dear John:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

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Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling

P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

Jolaine McClure
1625 Dolina
Anchorage, Alaska 99508

Dear Jolaine:

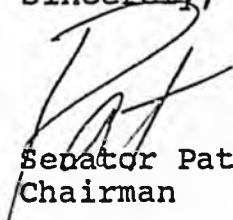
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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,


Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

Barbara Huff
P. O. Box 100392
Anchorage, Alaska 99508

Dear Barbara:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat".

Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

Kathy D. Herrnsteen
3106 Pleasant Drive
Anchorage, Alaska 99502

Dear Kathy:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

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Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

Dennis Haanpaa
1857 N. Salem Drive
Anchorage, Alaska 99508

Dear Dennis:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", with a long horizontal flourish extending to the right.

Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

Timothy Doebler
P. O. Box 104698
Anchorage, Alaska 99510

Dear Timothy:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a horizontal line.

Senator Pat Pourchot
Chairman

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

May 11, 1989

John Corven
3125 East 17th Avenue
Anchorage, Alaska 99508

Dear John:

Recalling your interest in SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems, I am writing to let you know that the bill received final legislative approval and is now awaiting the Governor's signature into law.

In its final form, SB 73 allows school districts, political subdivisions, and state agencies to participate in the program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees can participate if they are within three years of retirement, either by age or years of service, and if their retirement will contribute to the cost savings of the school district, political subdivision, or state agency. In addition, state employees must have been employed since November 1, 1988.

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Thanks again for sharing your views with me. As a supporter of the Retirement Incentive Program, I am happy to be able to report that it will soon be in place.

Sincerely,

A handwritten signature in dark ink, appearing to be "Pat", written over a light-colored background.

Senator Pat Pourchot
Chairman



Official Business

Alaska State Legislature

73 end. tx
9 letters

P.O. Box V
State Capitol
Juneau, Alaska 99811

January 23, 1989

✓ John Corven
3125 East 17th Avenue
Anchorage, Alaska 99508

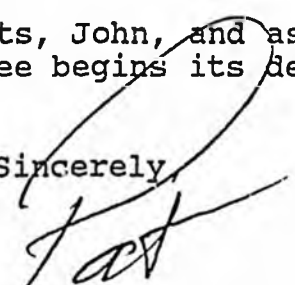
Dear John:

Thank you for contacting me to express your support for Senate Bill 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems. As you may know, this bill has been referred to the Senate State Affairs Committee, which I chair. No hearings have yet been scheduled on the bill but I am beginning to hear from people like yourself who are interested in it.

However, there is general concern over the fiscal implications of the bill. While the program is intended to result in a net reduction in personal services costs to the state or other employers, there is not clear evidence that this was the case when a similar program was in effect a couple of years ago. With our revenue situation as bleak as it is, I feel strongly that the program must be fashioned to ensure that there is no net cost to the state.

I do appreciate your comments, John, and assure you I will keep them in mind as the committee begins its deliberations on SB 73.

Sincerely,


Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman
Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

March 20, 1989

✓ Timothy Doebler
P. O. Box 104698
Anchorage, Alaska 99510

Dear Timothy:

Thank you for writing to express your support for SB 73, which would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system. I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, gave its approval to the bill.

School districts, political subdivisions, and state agencies would be allowed to participate in the retirement incentive program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees (July 1, 1989 through December 31, 1989 for teachers; October 1, 1989 through March 31, 1990 for state employees) in an effort to maximize program participation and savings.

SB 73 is now under review by the Senate Committee on Health, Education and Social Services. I am hopeful that it will receive their quick approval and reach final passage this session. I am convinced that the program can save the state money and ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

Senator Pat Pourchot
Chairman

73 HAANITXT

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 8, 1989

Dennis G. Haanpaa
✓ 1857 North Salem Drive
Anchorage, Alaska 99508

Dear Dennis:

I am writing to follow up on your concern over the retirement dates for state employees under SB 73, the retirement incentive proposal.

Earlier this week the Senate State Affairs Committee, which I chair, approved a revised version of SB 73. The application period for state employees was changed from January-March 1990 to October 1989-March 1990. The retirement date was changed from May 1, 1990 to October 31, 1990. This means that an eligible employee could apply for retirement from October through March, and could actually retire any time before November 1990.

To be eligible, the employee must be a member of an organizational unit approved by the Office of Management and Budget. To receive OMB approval, the organizational unit must demonstrate that the retirement of specific employees will result in reduced personal services costs.

Thank you, Dennis, for bringing your concern to my attention. I hope you find our solution satisfactory. SB 73 is now under consideration by the Senate Finance Committee. I am convinced that the retirement incentive program can save money and reduce the hardship of any layoffs that may have to occur as budgets continue to tighten. I am therefore hoping the bill will reach final passage this session.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a large, light-colored scribble.

Senator Pat Pourchot
Chairman

PP/ss

file SB 73

RECEIVED FEB 19 1989

February 17, 1989

Representative, Pat Pourchot
P.O. Box V
Juneau, AK 99811

Dear Mr. Pourchot:

I am writing you as a follow-up to my phone call to your office on February 15. I have some concerns regarding Senate Bill No. 73 that I would like to pass on to you.

First, I am an employee of the Department of Fish and Game, Division of Commercial Fisheries. I have only 12 years with the State thus my concerns are not personal. What I passed on to your office is the problem of a May 1, 1990 termination date. Our major field season starts April 1 and continues through October 15 in most areas of the State. Our responsibilities involve the management and research of the worlds largest salmon fisheries and some major herring fisheries. The point that I would like to make is:

If the Bill were to pass, with the May 1 termination date, we would lose some very important management and research position at the beginning of the fishing season. The way the system works it would be difficult, if not impossible, to refill these positions prior to August or September. To avoid a loss of position prior to the field season I would encourage you, if you feel the Bill will save the State some money, to move the termination date forward to sometime in the fall or at the end of the calendar year.

A later date will give us the opportunity to conduct an uninterrupted field season and still provide adequate time for us to recruit new biologist to fill these vacant position. I feel that other divisions within our Department would have similar concerns. Your consideration of this matter would be greatly appreciated.

Sincerely,

Dennis G. Haanpaa

Dennis G. Haanpaa
1857 N. Salem Dr.
Anchorage, AK 99508

10/1/89 3/31/90

11/1/90

*Study
file
to*

SB73HERR.TXT

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

February 13, 1989

Kathy D. Herrnsteen
✓ 3106 Pleasant Drive
Anchorage, Alaska 99502

Dear Kathy:

Thank you for contacting me to express your support for SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems. As you know, this bill has been referred to the Senate State Affairs Committee, which I chair. No hearings have yet been scheduled on the bill, as I am waiting for additional information on its fiscal implications.

One of the goals of the retirement incentive program is a net reduction in personal services costs to the state or other emplyers. However, there is not clear evidence that this was the case when a similar program was in effect a couple of years ago. With our revenue situation as bleak as it is, I feel strongly that the program must be fashioned to ensure that there is no net cost to the state.

I do appreciate your comments, Kathy, and assure you I will keep them in mind as the committee begins its deliberations on SB 73.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat".

Senator Pat Pourchot
Chairman

PP/ss

RECEIVED FEB 10 1989

February 7, 1989

Senator Pat Pourchot
P.O. Box V
Juneau, AK 99811

Dear Senator Pourchot,

Re: State Affairs Committee
Senate Bill 73, Early Retirement

I am writing in support of SB 73 which will allow for early retirement for many government employees. I am a teacher with the Anchorage School District and will be 2 years short of normal retirement at the end of the current school year.

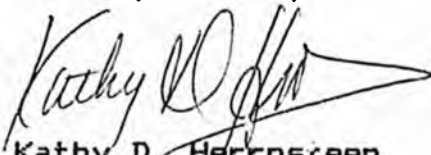
While I support the bill as written, I would like to suggest that the bill be modified to allow, possibly with local school district approval, a retirement option at July 1, 1989.

My arguments for this are twofold. First, the Anchorage School District is facing a possible reduction in the total secondary level teachers hired due to decreasing enrollment. The attached memo from my principal indicates the realities of this situation. Allowing early retirement with an open period from July 1, 1989 to July 1, 1990 would help eliminate the problem of staff reduction and the heavy loss of experience that could occur if there was only one period for retirement.

Additionally, the bill is not an incentive for teachers that are currently eligible for retirement. Many of them may continue teaching (at the high end of the salary scale) for one more year. This would not provide for the cost savings associated with retirement. In some cases, it may encourage the retention of teachers that are less than fully motivated or burned out.

As a supporter of this program, I would also like to offer one additional thought in support of it. Many of my fellow teachers that have retired have remained in Alaska rather than moving outside and taking their money with them. I plan on staying in Alaska when I retire. Yet the older a person is when he retires, the more inclined he may be to leave Alaska. This results in a major loss for the Alaskan economy.

Thank you for your consideration of this matter.



Kathy D. Herrnsceen
3106 Pleasant Drive
Anchorage, AK 99502
907-243-5828

BARTLETT HIGH SCHOOL

MEMORANDUM

January 15, 1989

TO: BARTLETT TEACHERS

FROM: *Bob*
BOB HAHN

SUBJECT: PLANS FOR 1989-90 SCHOOL YEAR

Our projected student enrollment for next year will decrease our staffing by three and one-half to five staff members. I had a meeting this morning and was asked to provide names of individuals and subject areas. I reviewed the situation with the Department Chairmen last night.

I need information from the staff regarding your plans for the 1989-90 school year.

If you plan to retire, request a transfer or a part-time teaching assignment, or desire some sort of leave for 1989-90, please let me know - or turn plans in to Mrs. Hill - as soon as possible. Any information will be helpful, so we can make adjustments as the situation changes.

It is not a decision I enjoy making.

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 7, 1989

Barbara Huff
Anchorage Municipal Employees
Association
✓ P.O. Box 100392
Anchorage, Alaska 99508

Dear Barbara:

I am happy to report that yesterday the Senate State Affairs Committee, which I chair, approved SB 73. The bill would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system.

School districts, political subdivisions, and state agencies would be allowed to participate, the only criteria being that the program result in personnel cost saving over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees in an effort to maximize program participation and savings.

The bill now goes to the Senate Finance Committee for their review. I am hopeful that the bill will receive their quick approval and reach final passage this session. I am convinced that not only will the program save the state money, but it will ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

Senator Pat Pourchot
Chairman

*Hope all
is going well
Pat*

PP/ss

73robo.txt

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 28, 1989

Jolaine McClure
1625 Dolina
Anchorage, Alaska 99508

Dear Jolaine:

Thank you for writing to express your support for SB 73, which would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system. I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, gave its approval to the bill.

School districts, political subdivisions, and state agencies would be allowed to participate in the retirement incentive program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees (July 1, 1989 through December 31, 1989 for teachers; October 1, 1989 through March 31, 1990 for state employees) in an effort to maximize program participation and savings.

SB 73 is now under review by the Senate Finance Committee. I am hopeful that it will receive their quick approval and reach final passage this session. I am convinced that the program can save the state money and ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

Senator Pat Pourchot
Chairman

PP/ss



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

January 12, 1989

John Murphy
✓ 1743 Morningtide Court
Anchorage, Alaska 99501

Dear John:

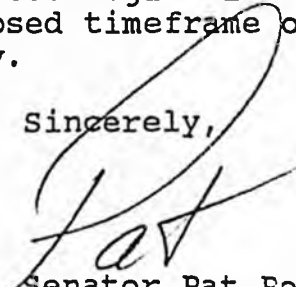
Thank you for contacting me in regard to SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems.

As you may know, this bill has been referred to the Senate State Affairs Committee, which I chair. No hearings have yet been scheduled on the bill but I am starting to hear from people who are interested in it. Not surprisingly, there is a lot of concern over both the effective date and the eligibility dates, with people generally promoting those dates that will allow them personally to participate in the retirement incentive program.

There is also concern over the fiscal implications of the bill. While the program is intended to result in a net reduction in personal services costs to the state or other employers, there is not clear evidence that this was the case when a similar program was in effect a couple of years ago. With our revenue situation as bleak as it is, I feel strongly that the program must be fashioned to ensure that there is no net cost to the state.

I do appreciate your comments, John, and assure you I will keep them in mind as the committee begins its deliberations on SB 73. I'm certain that the proposed timeframe of the program will be something we look at closely.

Sincerely,



Senator Pat Fourchot
Chairman

District

1743 Morningtide Ct.
Anchorage, AK 99501
January 9, 1989

Senator Pat Pourchot
PO Box V
Juneau, AK 99811

RECEIVED JAN 9 1989

Dear Senator Pourchot:

I am writing in reference to SB 73, introduced by Senator Duncan.

The purpose of this bill is to save money for the state and school districts. It will do this by permitting the long time, higher paid employees to retire and allow districts to replace them with newer personnel at a lower salary. This bill will also reduce the financial and emotional trauma and hardship associated with staff layoffs.

The effective date of this bill is January 1, 1990.

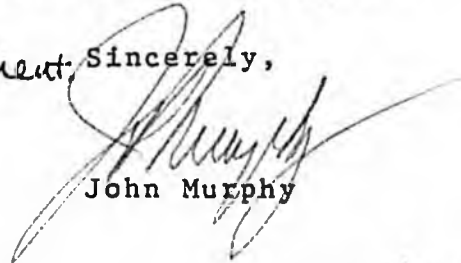
With state revenues being uncertain, why wait until next year to enact this bill? I would encourage you amend SB 73 to provide a local option for school districts this year. This amendment would give districts and employees a two year transition into the program so those districts facing layoffs could offer the retirement opportunity to their employees this year and those employees eligible to retire this year could do so, but those who are uncertain would have another year to decide. The two or three month application time frame could be kept as recommended in the bill. The suggested amendment would just allow employees to choose it this year or next. This bill would then resemble a successful, similiar bill introduced by Mr. Duncan three years ago. Providing the option this year would seem to have no detrimental effect on the bill. Indeed, it would seem to provide the expected savings one year earlier than planned.

Any assistance you can provide in this effort will be appreciated.

DIV. Retirement reluctant to support.

Roxanne (Duncan) 4766

Allow DIV Retirement time to implement; Sincerely,
Allow time to work on - 2 sessions.



John Murphy

Lots of calls wanting changes
Bday comes certain month

Consider during committee process

3 months to apply
must retire 1 mo. later
Intended to space work

73robo.txt

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman
Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

March 13, 1989

✓ David F. Schwantes
8148 East 4th Avenue
Anchorage, Alaska 99504

Dear David:

Thank you for writing to express your support for SB 73, which would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system. I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, gave its approval to the bill.

School districts, political subdivisions, and state agencies would be allowed to participate in the retirement incentive program, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees in an effort to maximize program participation and savings.

The bill now goes to the Senate Finance Committee for their review. I am hopeful that the bill will receive their quick approval and reach final passage this session. I am convinced that the program can save the state money and ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Pat".

Senator Pat Pourchot
Chairman

PP/ss

73 robbott

8148 E. 4th Ave.

Anchorage, Ak. 99504

March 5, 1989

RECEIVED MAR 9 1989

Dear Senator Pouchot,

I am writing to urge your support for SB 73 which establishes an early retirement incentive program. I believe the program two years ago helped save the school districts money when the amount they received from the state was cut. I believe that the same thing can happen again.

Sincerely,

David F. Schwantes
Schwantes

P.S. I would also appreciate any help you can give on SB 15 on binding orb. We really do need it passed this year.



Alaska State Legislature

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

January 24, 1989

✓
Violeta Zygmung
1626 Sanya
Anchorage, Alaska 99508

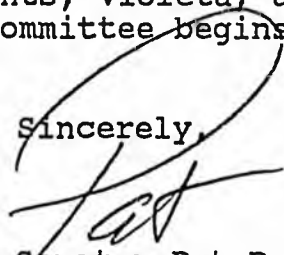
Dear Violeta:

Thank you for contacting me to express your support for Senate Bill 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems. As you may know, this bill has been referred to the Senate State Affairs Committee, which I chair. No hearings have yet been scheduled on the bill but I am beginning to hear from people like yourself who are interested in it.

However, there is general concern over the fiscal implications of the bill. While the program is intended to result in a net reduction in personal services costs to the state or other employers, there is not clear evidence that this was the case when a similar program was in effect a couple of years ago. With our revenue situation as bleak as it is, I feel strongly that the program must be fashioned to ensure that there is no net cost to the state.

I do appreciate your comments, Violeta, and assure you I will keep them in mind as the committee begins its deliberations on SB 73.

Sincerely,


Senator Pat Pourchot
Chairman

PP/ss

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

October 4, 1989

RECEIVED OCT 6 1989

Senator Pat Pourchot
3111 C Street, Suite 545
Anchorage, AK 99503

Dear Senator Pourchot:

In the months since passage of the Retirement Incentive legislation, I have received calls and letters from state employees throughout Alaska who were excluded from participation in the program because of the OMB guidelines on how a savings could be calculated. I am aware that you may also have been contacted by state employees on this issue. As the result of the concerns expressed by these employees, I offered numerous suggestions on ways to change the State's guidelines so a greater number of employees could participate. These suggestions were, for the most part, rejected by OMB.

I recently met with Garrey Peska, the Governor's Chief of Staff, and Bob Evans, the Governor's Legislative Liaison to discuss my concern that a great number of employees for which the Retirement Incentive Program was expressly intended have not qualified under the OMB guidelines. At that meeting, Mr. Peska agreed that the Administration would actively support passage of the following statutory changes to the Retirement Incentive Program in the upcoming legislative session and in response I have had the enclosed bill drafted to do the following:

1. Increasing the period within which a savings must be shown from three years to five years;
2. allowing employees to pay part of the employer's share of the Retirement Incentive cost in order to show a savings;
3. or electing to take an actuarial reduction in benefit in order to reduce the employer's cost and result in a savings.

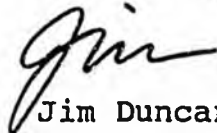
With the knowledge that these changes are likely to result in a substantially higher number of employees qualifying for the program, and that the application period for state employees ends

Retirement Incentive Program
October 4, 1989
Page 2

on March 31, 1990, I have also recommended that OMB and the Division of Retirement and Benefits begin accepting applications from all potential participants as soon as possible.

I believe these changes will enable the State of Alaska to realize the vast savings which the Retirement Incentive Program was designed to create. If you desire further information or would like to discuss the issue, please give me a call at 465-4766. Please let me know if you wish to be listed as a co-sponsor on the bill as soon as possible.

Sincerely,



Jim Duncan
Senator

Enclosure

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 * Section 1. Section 2(b), ch. 89, SLA 1989, is amended to read:

10 (b) The organizational units of a plan must be selected so that
11 implementation of the plan results in maximum savings to the employer
12 in personal services costs within five [THREE] years after the com-
13 mencement of the plan. A plan that results in savings in personal
14 services costs in any amount that is in excess of all costs to the
15 employer qualifies under this section. The designation may include
16 only representatives from job classifications whose inclusion contrib-
17 utes to the overall cost savings.

18 * Sec. 2. Section 2(d), ch. 89, SLA 1989, is amended to read:

19 (d) A participating employer shall prepare and file the re-
20 tirement incentive plan with the administrator. For state employees
21 other than university employees, the administrator may approve a
22 designated organizational unit only if the office of management and
23 budget certifies that the unit's participation in the plan meets the
24 requirements of (b) of this section. The administrator shall approve
25 the plan if it meets the requirements of this section. The plan must

26 (1) identify organizational units and employees eligible to
27 participate in the program;

28 (2) include a reimbursement agreement that

29 (A) requires the employer, for each employee who is

1 retired under the plan, to reimburse the system within three
2 years after the end of the fiscal year in which the employee is
3 appointed to retirement in an amount equal to

4 (i) the actuarial equivalent of the difference
5 between the benefits the participant receives after the
6 addition of the retirement incentive under this section and
7 the amount the participant would have received without the
8 incentive, less the total of the amount the participant has
9 paid on the indebtedness determined under (e) or (f) of this
10 section and the amount paid under (i) of this section, if
11 any; and

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

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

17 * Sec. 3. Section 2, ch. 89, SLA 1989, is amended by adding a new
18 subsection to read:

19 (i) In order to establish eligibility for participation under
20 (b) of this section, and in addition to the employee indebtedness
21 required under (e) or (f) of this section, an employee may elect to
22 assume a portion of the employer liability calculated under (d) of
23 this section. An outstanding indebtedness at the time the employee is
24 appointed to retirement will require an actuarial adjustment to the
25 benefits.

26 * Sec. 4. Section 9(a), ch. 89, SLA 1989, is amended to read:

27 (a) If a participant in the retirement incentive program is
28 reemployed as a member of the public employees' retirement system
29 under AS 39.35 or the teachers' retirement system under AS 14.25 after

1 appointment to retirement under the program, the participant loses the
2 incentive credit received under sec. 2(g) of this Act and is indebted
3 to the system. The amount of the indebtedness is equal to 110 percent
4 of the amount the participant received as a result of participation in
5 the program to which the participant was not otherwise entitled, in-
6 cluding the cost of health insurance. The participant is entitled to
7 a credit to be applied against the reemployment indebtedness in the
8 amount the participant has paid under sec. 2(e), [OR] (f), and ~~3~~ of
9 this Act. Interest accrues on the indebtedness at the rate estab-
10 lished by regulation from the date of reemployment until the member is
11 appointed to retirement and accepts an actuarial adjustment to the
12 member's future benefits or until the amount is paid in full.

13 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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§ 39.26.020

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§ 39.27.010

PUBLIC OFFICERS AND EMPLOYEES

§ 39.27.011

Sec. 39.27.010. Basic salary schedule. [Repealed, § 12 ch 80 SLA 1978. For current law covering the subject matter, see AS 39.27.011.]

Sec. 39.27.011. Salary schedule. (a) The following monthly basic salary schedule is approved as the pay plan for classified and partially exempt employees in the executive branch of the state government who are not members of a collective bargaining unit established under the authority of the Public Employment Relations Act and employees of the legislature under AS 24.10 and AS 24.20:

Range No.	Step A	Step B	Step C	Step D	Step E	Step F
05	1,397	1,425	1,467	1,507	1,552	1,593
06	1,467	1,507	1,552	1,593	1,639	1,687
07	1,552	1,593	1,639	1,687	1,740	1,793
08	1,639	1,687	1,740	1,793	1,845	1,903
09	1,740	1,793	1,845	1,903	1,965	2,020
10	1,845	1,903	1,965	2,020	2,082	2,145
11	1,965	2,020	2,082	2,145	2,217	2,286
12	2,082	2,145	2,217	2,286	2,365	2,445
13	2,217	2,286	2,365	2,445	2,531	2,623
14	2,365	2,445	2,531	2,623	2,715	2,818
15	2,531	2,623	2,715	2,818	2,910	3,020
16	2,715	2,818	2,910	3,020	3,129	3,242
17	2,910	3,020	3,129	3,242	3,353	3,468
18	3,129	3,242	3,353	3,468	3,582	3,717
19	3,353	3,468	3,582	3,717	3,831	3,974
20	3,582	3,717	3,831	3,974	4,095	4,246
21	3,831	3,974	4,095	4,246	4,379	4,537
22	4,095	4,246	4,379	4,537	4,687	4,859
23	4,379	4,537	4,687	4,859	5,021	5,209
24	4,687	4,859	5,021	5,209	5,385	5,568
25	5,021	5,209	5,385	5,568	5,773	5,990
26	5,209	5,385	5,568	5,773	5,990	6,206
27	5,385	5,568	5,773	5,990	6,206	6,442
28	5,568	5,773	5,990	6,206	6,442	6,666
29	5,773	5,990	6,206	6,442	6,666	6,901
30	5,990	6,206	6,442	6,666	6,901	7,144

(b) *[Repealed, § 38 ch 3 SLA 1980.]*

(c) If a state officer or employee is appointed a deputy department head or a division director and, at the time of appointment, the officer or employee is receiving a salary higher than that set for the position to which appointment has been made, the officer or employee is entitled to continue receiving the higher salary. This subsection does not apply to the salary of a person appointed to a position other than a deputy department head or a division director. (§ 12 ch 148 SLA 1976; am § 1 ch 92 SLA 1977; am §§ 1, 10 ch 80 SLA 1978; am §§ 1, 16, 30,

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PERS
§ 39.35.370

Article 6. Benefits.

Section

- 370. Retirement benefits
- 385. Conditional service retirement benefits
- 395. Voluntary contribution benefit
- 400. Nonoccupational disability benefits
- 410. Occupational disability benefits
- 415. Reemployment of disabled employees
- 420. Nonoccupational death benefits
- 430. Occupational death benefit
- 440. Death after occupational disability
- 450. Joint and survivor option
- 451. Spouse survivor benefits under Public Employees Retirement Act of 1949
- 455. Rights under qualified domestic relations order
- 460. Level income option
- 475. Post-retirement pension adjustment
- 480. Cost-of-living allowance

Section

- 485. Minimum benefit
- 490. Designation of beneficiary
- 495. Time limit for application
- 500. Safeguard of employee funds held by the system
- 505. Exemption of employee funds and benefits
- 510. Voluntary waiver of benefits
- 520. Adjustments
- 522. Waiver of adjustments
- 525. Limitation on use of credited service as peace officer or fireman
- 527. Election to terminate coverage as a peace officer or fireman
- 530. Limit on pension
- 535. Medical benefits
- 541. Actuarial reduction of benefit
- 546. Tax exemption
- 547. Effect of amendments

NOTES TO DECISIONS

Vested benefits. — Benefits under Public Employees' Retirement System are in the nature of deferred compensation and the right to such benefits vests immediately upon an employee's enrollment in that system. *Hammond v. Hoffbeck*, Sup. Ct. Op. No. 2345 (File No. 4742), 627 P.2d 1052 (1981).

The vested benefits protected by Alaska Const., art. XII, § 7, necessarily include not only the dollar amount of the benefits payable, but the requirements for eligibility as well. *Hammond v. Hoffbeck*, Sup.

Ct. Op. No. 2345 (File No. 4742), 627 P.2d 1052 (1981).

The fact that rights in Public Employees' Retirement System vest on employment does not preclude modifications of the system; that fact does, however, require that any changes in the system that operate to a given employee's disadvantage must be offset by comparable new advantages to that employee. *Hammond v. Hoffbeck*, Sup. Ct. Op. No. 2345 (File No. 4742), 627 P.2d 1052 (1981).

Sec. 39.35.370. Retirement benefits. (a) Subject to AS 39.35.450, a terminated employee is eligible for a normal retirement benefit

(1) at age 60 with at least five years credited service, or

(2) with at least 20 years of credited service as a peace officer or fireman, or

(3) with at least 30 years of credited service for all other employees.

(b) Subject to AS 39.35.450, a terminated employee is eligible for an early retirement benefit at age 55 with at least five years credited service. An actuarial adjustment must be made to retirement benefits paid under this section for an early retirement benefit.

(c) The monthly amount of a retirement benefit for a peace officer or fireman is two percent of the average monthly compensation times the years of credited service through 10 years, plus two and one-half

percent of the average monthly compensation times the years of service over 10 years. For all other employees it is

(1) two percent of the average monthly compensation times all years of service before July 1, 1986, and for years of service through a total of 10 years; plus

(2) two and one-quarter percent of the average monthly compensation times all years of service after June 30, 1986, over 10 years of total service through 20 years; plus

(3) two and one-half percent of the average monthly compensation times all years of service after June 30, 1986, over 20 years of total service.

(d) The monthly amount of a retirement benefit for a deferred vested member shall be determined in accordance with (c) of this section as it was in effect on the date of the employee's termination of employment.

(e) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) the member meets the eligibility requirements of this section; (2) the member terminates employment; and (3) the member applies for retirement. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which a benefit is payable under this section.

(f) A member who is vested in the system as a peace officer or fireman at the time the member incurs a permanent disability of at least 33 $\frac{1}{3}$ per cent under workers' compensation and who (1) undergoes retraining because of the disability; and (2) is subsequently employed with the state or other employer in a position other than peace officer or fireman, is eligible for a normal retirement benefit as a peace officer or fireman under (a) and (c) of this section upon completing 20 years of credited service. (§ 18 ch 143 SLA 1960; am § 2 ch 102 SLA 1963; am § 7 ch 155 SLA 1966; am § 5 ch 235 SLA 1968; am § 6 ch 109 SLA 1970; am §§ 6, 7 ch 159 SLA 1972; am § 15 ch 47 SLA 1974; am § 34 ch 128 SLA 1977; am § 33 ch 146 SLA 1980; am §§ 22 — 24 ch 82 SLA 1986; am §§ 34, 35 ch 117 SLA 1986)

Cross references. — For 1980 adjustment to pensions of retirees who were disabled at the time of retirement, see § 49, ch. 146, SLA 1980 in the Temporary and Special Acts and Resolves; for 1986 increase in retirement benefits for certain employees of the Territory of Alaska, see § 54, ch. 82, SLA 1986 in the Temporary and Special Acts and Resolves.

Effect of amendments. — The first 1986 amendment substituted "60" for "55"

in paragraph (1) of subsection (a), substituted "55" for "50" in the first sentence and added the second sentence in subsection (b), and, in subsection (c), added the paragraph designations, added "before July 1, 1986, and for years of service through a total of 10 years; plus" in paragraph (1), added the provisions of paragraphs (2) and (3), deleted the former last sentence which read "An actuarial adjustment must be made for an early retire-

Article 8. General Provisions.

Section
680. Definitions

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) "compensation" means the total remuneration earned by an employee for personal services rendered to an employer, including employee contributions under 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 AS 39.35.385(b) or (f);

(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"

151 SLA 1966; am § 5 ch 138 SLA 1970; am § 5 ch 66 SLA 1973; am § 22 ch 91 SLA 1987; am § 11 ch 106 SLA 1988)

Effect of amendments. — The 1988 amendment, effective June 5, 1988, substituted "system" for "retirement fund."

TRS

Sec. 14.25.110. Retirement benefits. (a) Subject to AS 14.25.167, a member is eligible for a normal retirement benefit if the member

(1) was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service;

(2) has attained the age of 55 years and has at least eight years of membership service;

(3) has attained the age of 55 years, has at least five years of membership service, and has at least three years of Alaska BIA service;

(4) has at least 25 years of credited service, the last five of which have been membership service;

(5) has at least 20 years of membership service;

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service; or

(7) has at least one-half year of membership service as a part-time teacher for each of 20 school years.

(b) Subject to AS 14.25.167, a member is eligible for an early retirement benefit upon completing any one of the service requirements in (a)(1), (2), or (3) of this section and attaining the age of 50 years.

(c) The burden is on the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator.

(d) The monthly amount of a retirement benefit for a member who has paid the full amount of any indebtedness is two percent of the member's average base salary during any three school years of membership service times the years of credited service, including credited fractional years, divided by 12. An actuarial adjustment must be made for early retirement.

(e) The monthly amount of a retirement benefit must be determined in accordance with (d) of this section as it is in effect on the date of termination of the retiring member's last segment of employment.

(f) The annual amount of retirement benefits for a retiring member who was a member of the retirement system established by the Retirement Act of 1945 may not be less than \$975 plus 10 percent of the total contribution made by the member to the retirement fund of 1945.

(g) A member who is eligible for a service retirement salary under this chapter or under the Retirement Act of 1945 is entitled to a benefit of at least \$25 per month for each year of credited service, excluding adjustments made under AS 14.25.142 or 14.25.143. If the

member elected option two under former AS 14.25.063(b)(2) for payment of any indebtedness when the member initially applied for a retirement benefit, or if the member elected to receive an early retirement benefit under (b) of this section, the resulting benefit reduction continues in effect.

(h) The monthly retirement benefit for a member who was receiving a retirement benefit on July 1, 1955, is \$50 a month if the member was at least 55 years of age on July 1, 1955.

(i) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) the member meets the eligibility requirements of this section; (2) the member terminates employment; and (3) the member applies for retirement. Benefits are not payable under this section during a school year in which credit for a full year of service is granted. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment must be made for the month in which a benefit is payable under this section. The last payment shall be for the month in which the member dies or is no longer eligible for a benefit under this section. (§ 12 ch 145 SLA 1955; am § 4 ch 142 SLA 1957; am § 9 ch 89 SLA 1960; am § 4 ch 86 SLA 1963; am § 6 ch 151 SLA 1966; am § 2 ch 85 SLA 1971; am § 8 ch 66 SLA 1973; am § 1 ch 77 SLA 1973; am § 2 ch 57 SLA 1974; am §§ 1 — 3 ch 173 SLA 1975; am § 5 ch 169 SLA 1976; am § 14 ch 13 SLA 1980; am § 2 ch 146 SLA 1980; am § 9 ch 137 SLA 1982; am § 1 ch 81 SLA 1986; am §§ 1, 2 ch 117 SLA 1986; am § 22 ch 85 SLA 1988)

Effect of amendments. — The 1988 amendment, effective June 2, 1988, inserted "former" in the second sentence in subsection (g).

Sec. 14.25.143. Post retirement pension adjustment. (a) When the administrator determines that the cost of living has increased and that the financial condition of the system permits, the administrator shall increase benefit payments to persons receiving benefits under this system.

(b) The amount of the increase in benefit payments may not exceed the lesser of

(1) the increase in the cost of living since the date of retirement; or

(2) four percent of the retirement benefit compounded for each year of retirement.

(c) The administrator shall implement this section by regulation.

(d) A person receiving benefits under this chapter shall be granted a 10 per cent increase in the current base benefit if the person was receiving benefits on July 1, 1976. The increase shall be effective July 1, 1977.

(e) If at the time of first receiving a retirement benefit a member was receiving a disability benefit, the administrator shall include the

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Sec. 14.25.200. Exemption from taxation and process.

(a) Member contributions and other amounts held in the system on behalf of a member or other person who is or may become eligible for benefits under the system are exempt from Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before they are received by the person entitled to the amount under the terms of the system, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to amounts accrued in the system is void. However, a member's right to receive benefits may be assigned under a qualified domestic relations order.

(b) Member contributions and other amounts held in the system and benefits payable under this chapter are exempt from garnishment, execution, or levy as provided in AS 09.38 (exemptions). (§ 22 ch 145 SLA 1955; am § 17 ch 89 SLA 1960; am § 13 ch 84 SLA 1969; am § 22 ch 13 SLA 1980; am § 3 ch 62 SLA 1982; am § 3 ch 82 SLA 1986; am § 18 ch 117 SLA 1986; am § 17 ch 106 SLA 1988)

Effect of amendments. — The 1988 amendment, effective June 5, 1988, substituted "in the system" for "in the retirement fund" twice in the first sentence in subsection (a) and in subsection (b), and made a minor punctuation change in subsection (b).

Sec. 14.25.220. Definitions. In this chapter, unless the context requires otherwise,

(1) "active member" means a member who is employed by an employer, is receiving compensation on a full-time or part-time basis and is making contributions to the system, or a member making contributions under AS 14.20.330 or 14.20.345;

(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 14.25.015;

(4) "annuitant" means a retired member or a disabled member who is receiving a benefit under this system;

(5) "average base salary" means the result obtained by dividing the sum of the member's three highest years' base salary by three, or if a member does not have three years base salary, then by dividing the sum of all base salaries by the number of years of base salary; the base salary for a year in which credit is granted for disability totaling more than one-third of a year may not be used in the computation of the average base salary; the base salary in a school year for which the member receives compensation for less than two-thirds of a year may not be used in the computation of the average base salary; if compen-



sation is received for more than two-thirds of a year, the full base salary for that school year shall be used in the computation of the average base salary;

(6) "base salary"

(A) means the total remuneration payable under contract for a full year of membership service, including addenda to the contract;

(B) has the same meaning as "compensation" under AS 39.35.680(8) when applied to a state legislator who elects membership under AS 14.25.040(b);

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

(8) "BIA service" means service, including partial years, as a teacher, a certificated person employed in a full-time position requiring a teaching certificate as a condition of employment, or a Bureau of Indian Affairs professional educator in a school or school system operated by the Bureau of Indian Affairs in Alaska;

(9) "board" means the Alaska Teachers' Retirement Board established under AS 14.25.035.

(10) "compensation" means the total remuneration paid under contract to a member for services rendered during a school year, including cost-of-living differentials, payments for leave that is actually used by the member, the amount by which the member's wages are reduced under AS 39.30.150(c), and the amount deferred under an employer-sponsored deferred compensation plan or the tax shelter annuity plan approved by the Department of Education, but does not include retirement benefits, welfare benefits, per diem, expense allowances, workers' compensation payments, or payments for leave not used by the member, whether those leave payments are scheduled payments, lump-sum payments, donations, or cash-ins; for purposes of AS 14.25.050, compensation paid includes any payment made after June 30 of a school year for services rendered before the end of the school year;

(11) "credited service" means

(A) all membership service as defined in this section, territorial employment as defined in this section, plus outside, military, and Alaska BIA service, with outside and military service limited to 10 years except under the conditions set out in AS 14.25.100;

(B) for purposes of eligibility for benefits under this chapter, service for which no indebtedness is owed;

(12) "deferred vested member" means an inactive member who meets the service requirements of a vested member.

(13) "dependent child" means an unmarried child of a member, including an adopted child, who is dependent upon the member for support and who is either (A) less than 19 years old, or (B) less than 23 years old and registered at and attending on a full-time basis an accredited educational or technical institution recognized by the De-

partment of Education; the age limits set out in this paragraph do not apply to a child who is totally and permanently disabled;

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

(15) "early retirement" means retirement under AS 14.25.110(b);

(16) "employer" means a public school district, the Board of Regents of the University of Alaska, the Department of Education, the National Education Association of Alaska, the Regional Resource Centers or the state legislature with respect to a state legislator who elects membership under AS 14.25.040(b);

(17) "former member" means a member who is terminated and who received a total refund of the balance of the mandatory contribution account, or who has requested in writing a refund of the balance of the mandatory contribution account;

(18) "full-time teacher" means a teacher occupying a position requiring teaching on a regular basis for the normal work period per day or week at a teaching assignment, excluding teaching as an assistant or graduate assistant or teaching on a substitute, temporary, or per diem basis;

(19) "inactive teacher or member" means a member who is terminated and who has not received a refund from the system or a member who is on leave of absence and who is not making contributions under AS 14.20.345;

(20) "member contribution account" means the total maintained by the system of the member's mandatory contributions, indebtedness principal and interest contributions, interest credited to each of those accounts, and adjustments to the account in accordance with AS 14.25.170;

(21) "membership service" means

(A) full or part-time service as a teacher in a public school in the Territory or State of Alaska, or both, under the supervision and control of the Territorial Board of Education or the Department of Education or the school board of a city, regional educational attendance area, or borough school district;

(B) full-time or part-time teaching at the University of Alaska or a full-time administrative position at the University of Alaska which requires academic standing and which has been approved for inclusion in the system by the administrator;

(C) any period during which the teacher receives a disability benefit under this system or is on an approved sabbatical leave granted in accordance with AS 14.20.310;

(D) continuous service as a state legislator when performed by a state legislator who elects membership under AS 14.25.040(b), subject to the requirements of AS 14.25.040(c);

3/6/89

SENATOR JIM DUNCAN

CURRENT WINDOW PERIODS IN SB 73 - THE RETIREMENT INCENTIVE

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
State	January-March, 1990	May 1, 1990
Teachers	March-May, 1990	July 1, 1990
University	May-July, 1990	September 1, 1990
Municipal	July-September, 1990	November 1, 1990

SENATOR DUNCAN'S PROPOSED WINDOWS 3/1/89

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
Teachers	July 1, 1989-June 30, 1990	August 1, 1990
University	" "	" "
State	Oct. 1, 1989-Sept. 30, 1990	Nov. 1, 1990
Municipal	" "	" "

STATE AFFAIRS CS PROPOSED WINDOWS 3/6/89

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
Teachers	July 1, 1989-Dec. 31, 1989	August 1 ^{July 31} , 1990
University	" "	" "
State	Oct. 1, 1989-March 31, 1990	Nov 1 ^{Oct 31} , 1990
Municipal	" "	" "

Finance CS (HESS CS)

Teachers } Univ	6/30/89 - 12/31/89	8/1/90
State } Muni	9/30/89 - 3/31/90	11/1/90

Per Bob Stalnaker
x4460 3-7-89

SB 73

Application of RIP to TRS

Under TRS, benefit =
yrs. of service x average salary
↑
av. of 3 high yrs.
over entire period
of teaching

RIP's 3 yrs. can be used to reach age 55
or 20 yrs.

- EX:
- 19 yrs. > 1 yr. RIP used to satisfy 20 yrs.
age 45 > 2 addl. yrs. RIP add to the 19, so benefit based on

 - 17 yrs. > use 3 RIP yrs. to satisfy 20 yrs, so
age 45 > benefit based on 17 yrs.

 - 22 yrs. > need no RIP yrs. to satisfy 20 yrs, so
age 50 > benefit based on 25 yrs.

 - 15 yrs. > 1 yr. added to age, apply other 2 RIP yrs. to yrs.
age 54 > of service, so calculate benefit based on 17 yrs.

2-24-89

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 conducted 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. *would have applied to either*
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.

7.11 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	84,168	-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)
<u>Department of Labor</u>							
Positions Matched with FY 89 Payroll File	42	\$ 1,771,523	\$1,597,985	\$ 173,538	\$	\$	\$
<u>Positions Not Matched with FY 89 Payroll File:</u>							
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-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>11</u>	<u>392,794</u>	<u>-0-</u>	<u>392,794</u>			
<u>Total Department of Labor</u>	<u>53</u>	<u>2,164,317</u>	<u>1,597,985</u>	<u>566,332</u>	<u>1,698,996</u>	<u>1,116,175</u>	<u>582,821</u>
<u>Department of Commerce and Economic Development</u>							
Positions Matched with FY 89 Payroll File	19	851,652	724,308	127,344			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
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-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>9</u>	<u>410,784</u>	<u>-0-</u>	<u>410,784</u>			
<u>Total Department of Commerce and Economic Development</u>	<u>28</u>	<u>1,262,436</u>	<u>724,308</u>	<u>538,128</u>	<u>1,614,384</u>	<u>646,136</u>	<u>968,248</u>
<u>Department of Military and Veterans' Affairs</u>							
Positions Matched with FY 89 Payroll File	3	176,016	162,372	13,644			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
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-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>1</u>	<u>77,268</u>	<u>-0-</u>	<u>77,268</u>			
<u>Total Department of Military and Veterans' Affairs</u>	<u>4</u>	<u>253,284</u>	<u>162,372</u>	<u>90,912</u>	<u>272,736</u>	<u>230,541</u>	<u>42,195</u>
<u>Department of Natural Resources</u>							
Positions Matched with FY 89 Payroll File	37	1,338,597	1,241,732	96,865			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
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-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>27</u>	<u>1,131,478</u>	<u>-0-</u>	<u>1,131,478</u>			
<u>Total Department of Natural Resources</u>	<u>64</u>	<u>2,470,075</u>	<u>1,241,732</u>	<u>1,228,343</u>	<u>3,685,029</u>	<u>1,400,476</u>	<u>2,284,553</u>
<u>Department of Fish and Game</u>							
Positions Matched with FY 89 Payroll File	47	2,107,741	1,780,873	326,868			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
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-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>30</u>	<u>1,216,544</u>	<u>-0-</u>	<u>1,216,544</u>			
<u>Total Department of Fish and Game</u>	<u>77</u>	<u>3,324,285</u>	<u>1,780,873</u>	<u>1,543,412</u>	<u>4,630,236</u>	<u>2,686,220</u>	<u>1,944,016</u>
<u>Department of Public Safety</u>							
Positions Matched with FY 89 Payroll File	64	3,022,535	2,745,096	277,439			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
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-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>37</u>	<u>1,928,935</u>	<u>-0-</u>	<u>1,928,935</u>			
<u>Total Department of Public Safety</u>	<u>101</u>	<u>4,951,470</u>	<u>2,745,096</u>	<u>2,206,374</u>	<u>6,619,122</u>	<u>4,209,418</u>	<u>2,409,704</u>

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF FIF CCST 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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OMB Instructions on R.I.P.

MEMORANDUM

State of Alaska

TO: ALL COMMISSIONERS

DATE: June 11, 1986

FILE NO: DGE38

TELEPHONE NO: 465-3568

FROM: Jay Hogan *David Gentry*
Associate Director
Division of Budget Review
Office of Management and Budget

for

SUBJECT: Retirement Incentive Program

Governor Sheffield has signed into law (Chapter 26 SLA 1986) HB 382 creating a retirement incentive program for members of the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS). The program provides vested members of each retirement system, who are eligible to retire within three years, a credit of three years. The aim of the program is to reduce the cost of state employees (i.e. save money) and to minimize the number of involuntary layoffs.

The purpose of this memorandum is to provide detailed guidelines to state agencies (including the Legislature and Alaska Court System) regarding implementation of the program. The University of Alaska will receive separate guidelines.

Agencies should read the law carefully in conjunction with the guidelines. If questions arise that are not answered in these guidelines, please do not hesitate to call David Gentry in the Office of Management and Budget at 465-3568.

A. Eligibility, Job Classifications and Organizational Units

An individual cannot participate in the retirement incentive program until all requirements relating to personal eligibility, designated organizational units and certification of savings have been completed. Eligibility of a State employee to take part in the retirement incentive program is determined in two ways.

First, an individual must meet basic requirements of age, length of service to the State and status with regard to PERS or TRS. Any detailed questions regarding these requirements should be directed to the Division of Retirement and Benefits, Department of Administration.

Second, the individual also must be employed in a position falling within agency assigned job classification, and authorized in and paid from a designated organizational unit. Savings must be shown to occur within job classifications within designated organizational units before any individual can retire under the program.

For the purposes of this program, job classification is defined as any grouping of job class titles included in the State Classification Outline. There are three levels or hierarchies within the outline: the job class for a single position (four digit number); the occupational family (two digit number); and, the occupational group or greatest aggregation of position classification (one digit number). Agencies may choose any of these three levels to apply within a designated organizational unit in order to show savings. Only one job classification at a time can be the basis for a calculation of savings. In other words, if an agency chooses the four digit job class title, then the job classification will be only one job class. Agencies may not group two or more four digit job class titles to form a job classification except all those four digit job classes that form an occupational family. Attached is a complete copy of State Classification Outline.

Agencies may choose any generally recognized organizational unit within which cost savings must be shown to occur within the selected grouping of job classifications. For example, this would include section, division or agency. Also, agencies may use budget structure (i.e. component, BRU, agency) as organizational units. Agencies have complete freedom to select job classifications and organization units of the greatest detail (smallest or most restrictive) or least detail (largest or most encompassing).

Once individuals have stated to the agency head a desire to participate in the program, and agencies have decided on the appropriate job classifications and designated organizational units, evidence of cost savings must be forwarded to the Office of Management and Budget (see Section B below).

Certification of savings by OMB constitutes a financial obligation allowing an agency to encumber funds (see Section C below regarding use of FY 86 funds).

An individual may apply to participate in the program over the course of a full year. For an individual meeting basic personal requirements, and who falls within a job classification and designated organizational unit already certified by OMB, the agency should forward the application to the Division of Retirement and Benefits. The agency also must complete the PCN Detail form and a revised Summary form. If the individual does not fall within a job classification and organizational unit already designated and certified by OMB, then the agency may go through the certification process for that job classification and organizational unit at any time over the course of the year. In both instances agencies are encouraged to batch or group information and submit it to OMB only on a quarterly basis. This will minimize paperwork and allow greatest perspective over implementation of the incentive program.

Once established, agencies may not change job classifications or the designated organizational unit. A given PCN cannot be included in more than one job classification and organizational unit.

Eligibility for the program is not limited to employees paid for only by general funds. No state employee will be excluded because his or her salary and benefits is paid, for example, by federal funds or some source of funding other than general funds.

B. Calculation of Savings

Since the law was created partly as an effort to save the State money, it is incumbent on agencies to demonstrate that savings will occur due to individuals participating in the program. The law provides that agencies must pay the cost of an individual participating in the program within three years of the end of the fiscal year in which the person retires (Section 5 (a) (2) (A) of the law). OMB interprets the law to imply that agencies must save enough to pay the cost of the program within that same time period. However, savings to the state will accrue for some time following the three year period. Given this fact, OMB feels that showing savings is equivalent to identifying funds needed to pay the cost of the program.

Savings must be demonstrated to occur within a job classification within a designated organizational unit. The larger the job classification and organizational unit, or the greater number of positions included in the job classification and organizational unit, the greater the ability of the agency to average or spread excess savings in one position where an individual participates in the program to help cover the cost of another participating individual for whom sufficient savings cannot be identified.

Although signed waivers are not required, savings must be based on reasonable assumptions regarding the number of potentially eligible individuals that chose not to take part in the program.

When calculating savings, agencies must include all those individuals personally meeting age, length of service, vesting and other personal requirements and who wish to participate in the program. Within a job classification and designated organizational unit either all those individuals must be able to participate or none can. In other words, an organizational unit cannot be designated unless all those who meet basic requirements and want to participate are included in the calculation of savings.

Regardless of the current source of funds to pay salaries and benefits for a participant in the program, the agency must identify savings for the job classification and designated

organizational unit according to the PCN Detail and Summary forms.

Agencies must show savings stemming from a position authorized in the FY 87 budget. Only authorized positions include budgeted funding that can be used to pay the cost of the program.

Administrative cost paid to the Division of Retirement and Benefits need not be included in the costs of the program for which funding must be identified and savings calculated.

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

If the position in which a participant retires is authorized in the FY 87 budget, the savings calculation may include savings resulting from the replacement employee being paid at a lower range or step, the position being reclassified downward to a lower range or step, or the position held vacant. In addition, agencies may hold vacant other positions, within the same job classification and designated organizational unit, positions that were not filled by participants in the incentive program.

If the position in which a participant retires is not authorized in the FY 87 budget or if a person retires who was laid off between January 1, 1986 and June 30, 1986, funds necessary to pay the cost of the program for that participant may come from holding other positions vacant. The other position held vacant must be within the same job classification and designated organizational unit as the participant benefiting from the available funding.

Because payment of the participant costs to the Division of Retirement and Benefits must be made within three years of the end of the fiscal year in which he or she retires, agencies may calculate savings stemming from lower range, lower step and vacancy over four full years rather than three, beginning with the fiscal year in which retirement takes place. This generous rounding is due to the fact that the state will benefit financially long after the three year payment period ends.

When calculating savings over the four year period, agencies may assume that annual merit increases and longevity steps will be conferred. If an agency assumes merit increases for the participant's position, the agency must do the same for the replacement's position in the calculation of savings. Agencies must not assume any salary increases.

The attached forms must be completed for PCNs included in job classifications within designated organizational units

participating in the program. In addition, the detailed form must be completed for PCNs not involving a participant but which are held vacant in order to fund participants in the program. The forms constitute a personal services plan to which the agency must be committed. The forms represent the means by which funds would be made available to pay the cost of the program if personal services lapse funds were not available.

The detailed forms may be completed by hand or typed. If handwritten, black or blue ink must be used. The summary form must be typewritten. In addition, agencies are encouraged to present dollar information in thousands, as in budgets.

The two forms on which to provide information to show savings, the PCN Detail and the Summary, are intended to be straightforward. Specific points, not already covered, to be kept in mind when completing the forms are given below.

Agencies may revise the calculation of savings as of December 1, 1986 and as of July 1 of each following year for which an agency is indebted to the retirement systems. The revision should show how funds are made available to match the remaining cost of the program (for those participants who have retired by October 1, 1986 and July 1, 1987) within the designated organizational unit and agency assigned job classification. Only the summary form need be revised. If a PCN formerly was to be held vacant but is no longer necessary to be held vacant, the agency should simply not show funds available in columns 3. Agencies include on the revised summary all PCNs that were part of the original certification of savings by OMB.

When revising the forms and plans for funding the program as of December 1, 1986, agencies must explain how they assume the payments already made are allocated in order to reduce the future cost or the indebtedness. For example, agencies may prorate the payments already made to reduce the future costs proportionately for all participants. Or an agency may indicate it has completely paid off its indebtedness for certain designated organization units and job classifications. In either case, the total future cost or indebtedness must be based on the latest estimate provided by the Division of Retirement and Benefits.

PCN DETAIL

1. No one knows the budget or number of authorized positions beyond FY 87. Agencies must assume that a position authorized in FY 87 will be authorized in FY 88 through FY 91.
2. Indicate the month and year up to which a position will be held vacant in order to make funds available for the

program. This will constitute an agency plan and commitment.

3. If a position is to be held vacant in order to generate funding for the program, do not complete lines 3 and 4 for the period in which the position is held vacant. In addition, for such positions agencies may not add merit increases or longevity steps in FY 88 or beyond.
4. If a position is not authorized in FY 87 and beyond, do not complete lines 1 (except for current range, step and cost column) through 5.
5. A negative number on line 5 or 7 indicates costs exceeding funding available for the individual PCN. Savings, or funding greater than costs, shows as a positive number.
6. For positions to be held vacant to generate funds for the program and which were not last filled by someone participating in the retirement program, do not show costs in line 6 and put N/A in the field for intended date of retirement.
7. The Retirement and Benefits estimate of cost savings appearing on line 6 should be the one provided by Retirement and Benefits over the next several months which assumes payment by June 30, 1987. However, agencies are not committed to that payment schedule.

SUMMARY

1. Totals for a Summary form or set of Summary forms should represent totals for job classification within a designated organizational unit.
2. Information showing in column 3, Funds Available to Pay Cost, should be the same for each PCN as line 5 of the PCN Detail form, column 4 the same as line 6, and column 5 the same as line 7.
3. PCNs showing on this form within one job classification and designated organizational unit, should be grouped by budget component and BRU.

When completing the Retirement Incentive Program agreement between the agency, Division of Retirement and Benefits and OMB, one agreement must be signed incorporating one designated organizational unit and one job classification. The purpose of the agreement is to demonstrate a commitment on the part of agencies to pay the cost of program participants from the agency, and for OMB to certify that savings will result from participation in the program.

C. Sources of Funds, Payment, Procedures and Amounts

Reimbursable Services Agreement, or RSAs, should be prepared between each agency and the Division of Retirement and Benefits to pay the cost of the program. Agencies must complete payment to the Division of Retirement and Benefits for participant costs within three years of the end of the fiscal year in which an individual retires under the program. It is to an agency's benefit to pay the Division earlier rather than later since the payments will be lower if there is more time for the funds to be invested.

The RSA must draw on funding that can legitimately be used to pay for this program. Agencies should be prepared to provide detailed documentation supporting the use of some other non-general fund source of funding is used. This is particularly true of CIP Receipts. If there is a reasonable alternative to the use of CIP Receipts, OMB will not accept the use of CIP Receipts to actually pay for the program.

Two RSAs for an entire agency may be prepared each fiscal year and may draw upon a number of allocations and appropriations. The first RSA is to pay administrative costs of the program. The Division of Retirement and Benefits incurs special one-time costs to administer the program. For the first year, the annual administrative costs are prorated among agencies on the basis of the proportion of potentially eligible individuals. This information will be provided by OMB to agencies shortly. For the second, third and possibly fourth year, the annual administrative costs will be prorated among agencies based on the number of actual participants in the program. Agencies may use FY 86 lapse personal services funds to pay the FY 87 administration costs. In order to do this, the RSA must be signed by OMB by June 30, 1986 (possibly without an AKSAS financial transaction because agencies may not know the lapse amount in different allocations and appropriations).

The second RSA is for the the amount designed to pay the actuarial cost of the retirement benefits. The Division of Retirement and Benefits shall annually notify each agency of their indebtedness to PERS and TRS under this program. The Division may determine, and notify each agency, of the date each year by which they will report the indebtedness.

FY 86 funds may be used to pay a portion or all (if possible) of an agency's financial obligations under this program. The cost of all participants in the program for which OMB has certified before July 1, 1986 that savings will result, and who will retire on or before October 1, 1986, may be covered through the use of lapsing personal services funds. Agencies may encumber lapsing funds in the 71000 account between July 25, 1986 and August 31, 1986 for this purpose. (The reason for the delay after July 1, is to allow the Department of Administration to adjust the lapse downward to fund the terminal leave account, as

authorized in HB 113.) Lapsing personal services funds may be encumbered in whatever component or BRU and in whatever amount available - in other words, lapsing personal services funds in component or BRU may be encumbered and spent for the cost of the retirement incentive program even though there were no participants in the program in that component or BRU. Please note that regardless of the source of dollars to pay the cost of the program, the agency must demonstrate and OMB must certify that savings will result from participation in the program.

On or before October 15, 1986 agencies must report to OMB the number of individuals actually retiring who intended to retire by October 1 under the retirement incentive program. The amount of FY 86 funds encumbered for the purpose of paying the cost of the program for the individuals who failed to retire by October 1 must be released in the accounting system and allowed to lapse. Agencies must provide an audit trail report to show encumbrances reduced to the proper amount.

DETAILED COST SAVINGS BY POSITION

PCN _____
 JOB CLASS TITLE _____
 JOB CLASS CODE _____

DESIGNATED ORGANIZATIONAL UNIT _____
 AGENCY ASSIGNED JOB CLASSIFICATION _____
 BUDGET BRU _____
 BUDGET COMPONENT _____
 POSITION TO BE HELD VACANT UNTIL (If Applicable) _____
 (month) (year)
 INTENDED DATE OF RETIREMENT _____

AUTHORIZED IN FY 87 Budget YES NO

Does the Person Currently Filling This PCN Intend to Retire Under the Retirement Incentive Program YES NO

CALCULATION OF SAVINGS

	<u>Current (June 1986)</u>	<u>Authorized FY 87</u>	<u>Estimated FY 88</u>	<u>Estimated FY 89</u>	<u>Estimated FY 90</u>	<u>Estimated FY 91</u>	<u>Total</u>
1. Current Range and Step	_____	_____	_____	_____	_____	_____	_____
2. Salary and Benefit Cost	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
3. Replacement Range and Step	_____	_____	_____	_____	_____	_____	_____
4. Salary and Benefit Cost		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
5. Funds Available (line 2 minus line 4)		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6. Retirement and Benefits estimate of cost to the State (not including the participants share of the cost) for this individual to take part in the retirement incentive program.							\$ _____
7. Savings for this PCN (line 5 minus line 6)							\$ _____

RETIREMENT INCENTIVE PROGRAM

SUMMARY OF SAVINGS

DESIGNATED ORGANIZATIONAL UNIT _____

JOB CLASSIFICATION _____

1. PCN

2. BRU/COMPONENT

3. FUNDS AVAILABLE

4. COST TO THE STATE

5. SAVINGS

original RIP

Chapter 26

200 ACT

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

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

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

PERS, TRS

apply

retire: Univ 1-1-88
state teachers 10-1-87
other PERS 4-1-88
10/1/86-9/30/87
5/86-6/30/87
1/1/87-12/1/87

Chapter 26

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

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

(c) Notwithstanding (b) of this section and sec. 5(c) 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 EMPLOYERS 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 AC 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 EMPLOYERS IN THE TEACHERS' RETIREMENT SYSTEM. A school

Chapter 26

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

(1) the actuarial equivalent of the difference between the benefits the member receives after the addition of the

Chapter 26

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

(1) 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) 10 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

lower than SB 73

employee's participation in the program will contribute to the overall cost

of the program.

(1) To recover a delinquency owed by an employer other than the state

of Alaska, the amount of the delinquency shall be credited to the delinquent

agency and that the amount withheld be credited to the delinquency.

(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.

(3) Sec. 6. OFFICE OF PAYMENT AND MGMT. (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 general 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

general services cost and operation.

(c) The office of management and budget shall report to the legisla-

ture in January 1987 and 1988 on the effect of the retirement incentive

program on state operation and general services costs.

Sec. 7. RETIREMENT ON REEMPLOYMENT. If a participant in the re-

employment incentive program is reemployed as a member of the public in-

tervention retirement system under AS 39.15 or the teachers' retirement

system under AS 40.25 after a participant is reemployed under the program,

the participant loses the incentive credit received under sec. 5 (c) of

this act and is limited to the system. The amount of the delinquency is

equal to 10 percent of the amount the participant received as a result of

the credit.

Chapter 26

and three-quarters percent for other members, of the member's actual

calendar year in which the member who

participated in the program, for the calendar year in which the member

participated in the program, for the calendar year in which the member

participated in the program, for the calendar year in which the member

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Chapter 26

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

9 * Sec. 8. DEFINITIONS. The definitions set out in AS 14.15.220 apply
 10 to this Act for members of the Teachers' Retirement System. The defi-
 11 nitions set out in AS 19.35.680 apply to this Act for members of the Public
 12 Employees' Retirement System.

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

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

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

25 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
 26 10.030(c).

EFF. 5/16/86

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Relating to arrest
 and service of process.

* Section 1. AS 12.25.01

(b) In addition to
 section, a peace officer
 the peace officer has re-
 committed a crime or
 or has violated an order
the elements of a crime
 when the victim is a spec-
 ized the crime; a parent
 person who committed the
 of those living together
 mitted the crime; or an-
 spouse of the person who
 in a spousal relationship.

* Sec. 2. AS 22.20.110 is

Sec. 22.20.110. THE
 STATE, THE SUPERIOR COURT
 supreme court, and except
 commissioner shall serve
 of appeals, the superior c

Chapter 76

AN ACT

Relating to territorial service and BIA service under the retirement incentive program; and providing for an effective date.

* Section 1. Section 3(b), ch. 26, SLA 1986, is repealed and reenacted to read:

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

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

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

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

(a) 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. Except as provided in (h) of this section, a [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

-1- CSSB 42(Fin)

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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.

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

(h) Notwithstanding (e) of this section, a member of the Teachers' Retirement System, including a member employed by the state, who is employed in a position in a designated unit and who becomes qualified to retire under the retirement incentive program only because of the amendment to (b) of this section enacted by sec. 1 of this Act, may apply for participation in the retirement incentive program until June 30, 1988. An application is not timely unless it is received by the division of retirement and benefits in the Department of Administration on or before June 30, 1988. If the member is not a member of a designated unit, the member may request the member's employer to designate the member's position as belonging to a designated unit. Notwithstanding (a) of this section, the administrator shall accept the application of a vested member who is eligible under this subsection if the member will be appointed to retirement on or before August 1, 1988.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Eff. 5/29/88

CSSB 47(Fin)

-2-

RETIREMENT INCENTIVE PROGRAM

MAY 1986 - DECEMBER 1987

STATUS REPORT

**DIVISION OF RETIREMENT AND BENEFITS
DEPARTMENT OF ADMINISTRATION**

JANUARY 15, 1988

RETIREMENT INCENTIVE PROGRAM

STATUS REPORT

TABLE OF CONTENTS

- I. INTRODUCTION AND EXPLANATION OF PROGRAM
- II. INDIVIDUALS RETIRED UNDER RIP
- III. AMOUNTS PAID AND OWED TO PERS AND TRS
- IV. AGENCY RIP CONTRACTS - DESIGNATED UNITS
- V. AGENCY PROJECTED SAVINGS
- VI. SAMPLE RIP AGREEMENT FORM
- VII. RIP STATUTE

INTRODUCTION

This report on the Retirement Incentive Program (RIP) provides the most current information on the RIP which falls within the purview of the Department of Administration. This section gives a brief overview and explanation of the program; succeeding sections will give statistics on the number of individuals retired, provide figures on the amounts employers have paid into the program and the amounts they still owe, and finally will provide an example of a RIP agreement and show how the 196 state RIP agreements are distributed by department.

There seems to be general agreement that the principal valid reason for instituting a retirement incentive program (RIP) is to produce voluntary turnover and reduce the work force in certain areas with a minimum number of layoffs. There are three reasons frequently cited for avoiding layoffs through a RIP: (1) humanitarian reasons, lessen hardship to employees; (2) improve community economics by substituting retirees with money to spend for unemployed persons drawing on services; and (3) produce turnover among the more senior, higher paid, possibly less vigorous, employees who would not be laid off in any event.

A RIP also receives support from potentially eligible employees who feel that they might reap a substantial direct benefit from the program.

The most telling argument against a RIP is, of course, that it costs employers money to provide the incentive to employees. A distant second argument is that the sudden loss of a large number of senior employees constitutes a "brain drain" that impairs efficiency in some areas.

It has been generally acknowledged that, while it is possible to demonstrate savings in many cases under a RIP, more pure or immediate savings would almost certainly be realized through layoffs.

The Retirement Incentive Program (RIP) for the State of Alaska was established by law (Ch. 26, S.L.A. 1986, copy attached), effective May 16, 1986. The RIP was established because it might "... reduce the hardship of layoffs ..." and was intended "... to result in a net reduction in personal services costs to the state or other employer during a period of declining revenue."

An incentive credit of three years was made available to employees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) who were either eligible for retirement or within three years of being eligible if they were in a unit designated by their employer. The law further provides that an eligible employee who elects to retire under the RIP must contribute essentially three years worth of employee contributions and that the employer pay the remainder of the costs of the incentive for that employee. Employees were not required to pay cash, they could elect to satisfy their indebtedness entirely through actuarial reductions in their benefits. Employers are required to pay the administrative costs of the program and to pay their share of the costs over a period of three years or less.

The law provided "windows of opportunity," periods during which eligible employees could apply for retirement and retire under RIP. These window

periods were staggered to spread the expected flood of applications and were as follows:

<u>Group</u>	<u>Application Period</u>	<u>Must Retire By</u>
State Employees	May 10, 1986 - June 30, 1987	Oct. 1, 1987
Teachers - (Non U. of A.)	May 16, 1986 - June 30, 1987	Oct. 1, 1987
University of Alaska	Oct. 1, 1986 - Sep. 30, 1987	Jan. 1, 1988
Political Subdivisions	Jan. 1, 1987 - Dec. 31, 1987	Apr. 1, 1988

The second section of this report provides statistics on the number of individuals who were potentially eligible, were designated and who have retired under the program.

Finally the law provides that an employee who retired under the RIP would have to repay the amount of the RIP bonus he or she received, along with a 10 percent penalty upon return to employment covered by either the PERS or the TRS. Since one of the objectives of the program was to help reduce the hardship of layoffs, this provision encourages "true" retirement rather than merely switching jobs or taking a paid leave of absence and then returning to the work force and displacing another worker.

A question frequently asked is whether or not the RIP has "been a success?" We cannot give an unqualified answer to this question. We can say that the program has greatly increased voluntary employee turnover, particularly in state government. One thousand seventy-six State employees have retired since the inception of RIP. This is compared to less than 500 state retirements during a similar period before the RIP. We can also say that the total state cost for the incentives for these retirees will be about \$30 million. We cannot say what cost savings may have been achieved or what the overall impact on personal services costs may be; this information is called for in the Office of Management and Budget's report to the legislature. In terms of the "brain drain" effect, we can only report that, subjectively, such an effect was present; the State of Alaska lost a large number of experienced employees in a short time and this imposed a real burden on the remaining employees to take up the slack in knowledge and experience.

Under the current RIP, agency heads designated RIP units at their discretion; the fact that over 80 percent of the potentially eligible individuals were in designated units shows how widely this RIP was offered. If future RIP's are proposed, consideration might be given to specific targeting in the legislation so that the offering is restricted to those groups of employees where significant reductions in the work force are imminent.

Our experience supported the conclusion that a high percentage of those retiring under a RIP waited until near the end of the window period to retire. Shorter window periods could improve precision since feedback is available much more quickly and informed decisions about subsequent actions can be implemented.

Finally, we would suggest that any future RIP be tied to more specific objectives. Windows might be established by executive order for an agency only when certain conditions were met and documentation was complete. Cost savings requirements could be quantified and the method of computing those savings specified.

SECTION II

This section of the report provides current statistics on the number of people eligible, designated and retired under the Retirement Incentive Program (RIP).

Table 1 gives these figures for the state, by agency, and for the University of Alaska, School Districts (TRS) and for the political subdivisions (PERS). The "Applied" column shows the number who have applied for retirement but have not yet been appointed; for the school districts and the state where the windows have closed, the "Applied" numbers are fairly firm although a few of these individuals will fail to actually retire at the last possible moment.

The figures for the University of Alaska (including the Geophysical Institute) should be reasonably reliable even though the retirement deadline has not been reached. The figures for political subdivisions must be considered very preliminary.

These figures illustrate the tremendous impact of the program in terms of the number of individuals retired. With the total number of retirees under the program in its 18 months of existence approaching 2,300 and with over 450 non-RIP retirements during the same period, the Division of Retirement and Benefits has been very busy indeed. By comparison, a total of 629 individuals were retired in the PERS and TRS in FY 86 prior to RIP.

The voluminous workload in the Division of Retirement and Benefits has resulted in backlogs in some areas such as correspondence but, so far, retirement checks have been late for only two months, July and August. Even with 672 retirements effective in July 1987 (more retirements in one month than in all of FY 86), no retirement check has been over one month late when all necessary paperwork has been submitted by both the employee and employer. During the RIP, the retirement section has responded to and logged over 42,000 telephone inquiries -- more than 140 per working day. More than 9,200 individuals came into the two retirement offices in Anchorage and Juneau for counseling.

TABLE 1
RIP-INDIVIDUALS

EARLY RETIREMENT INCENTIVE PROGRAM
STATUS REPORT
December 15, 1987
(INDIVIDUALS)

<u>EMPLOYER</u>	<u>ELIGIBLE BY AGE/SVC</u>	<u>DESIGNATED BY DEPT</u>	<u>RETIRED AS 12/15/87</u>	<u>APPLIED, NOT YET APPOINTED</u>
Governor's Office	30	5	5	0
Administration	229	174	101	0
Law	41	18	11	0
Revenue	55	29	23	0
Education - PERS	72	71	28	0
Education - TRS	38	36	19	0
Health & Social Services	335	304	150	0
Labor	147	138	54	0
Commerce	88	55	28	0
Military Affairs	29	6	4	0
Natural Resources	160	139	65	0
Fish and Game	160	143	78	0
Public Safety	193	182	101	0
Environmental Conv.	36	34	12	0
Corrections	154	139	38	0
Comm. & Reg. Affairs	21	18	7	0
Transportation	854	809	355	0
Ombudsman	1	0	0	0
Legislative Affairs	53	20	13	0
Legislative Finance	2	0	0	0
Legislative Audit	5	3	3	0
Court System	98	0	0	0
TOTAL STATE PERS	2762	2287	1076	0
TOTAL STATE TRS	38	36	14	0
University of AK - TRS	372	347	47	64
Geophysical Instit - TRS	38	35	3	5
University of AK - PERS	325	319	72	56
Geophysical Instit - PERS	27	27	11	2
TOTAL UNIVERSITY - TRS	410	382	50	69
TOTAL UNIVERSITY - PERS	352	346	83	58
TOTAL POLY-SUBS PERS	2661	1272	245	96
TOTAL SCHL DIST - TRS	1773	1669	600	0
GRAND TOTAL PERS	5775	3905	1404	154
GRAND TOTAL TRS	2221	2087	669	69
OVERALL TOTAL	7996	5992	2073	223

SECTION III

This section provides figures in Table 2 showing the costs agencies have incurred as a result of the RIP, how much they have paid into the retirement systems and how much they still owe.

The figures for the State of Alaska are reasonably firm at this stage even though the costs for those who have applied but not yet been appointed will fall slightly since a few of these individuals have not terminated their employment. The "Estimated Total Cost" for state agencies will also fall slightly over the next few weeks.

As indicated earlier, estimates of cost savings, if available, must come from the Office of Management and Budget in its report to the legislature.

Estimated total costs are also given for entities other than the state. The billing process has not commenced for these entities and, consequently, the amounts paid to date have not been meaningful.

In administrative costs for the program, the Division of Retirement and Benefits spent and has still encumbered a total of about \$233,000 in FY 87. With approximately \$154,000 available to spend in FY 88, total administrative costs amount to about 0.7 percent of the \$53 million in employer costs incurred so far for the incentives to retirees under the program; this percentage will fall as more applications are received from employees of political subdivisions.

TABLE 2
RETIREMENT INCENTIVE PROGRAM COSTS
(as of 01/06/88)

STATE OF ALASKA

<u>DEPARTMENT</u>	<u>Final Cost RIP Retirees</u>	<u>Amount Paid</u>	<u>Amount Encumbered</u>	<u>Balance Due</u>
Office of the Governor	\$106,746.00	\$ 106,746.00	\$ 0	\$ 0
Administration	2,268,563.77	1,436,990.00	233,976.00	598,597.77
Law	277,015.76	89,762.00	187,253.22	.54
Revenue	495,728.56	317,832.59	196,336.77	[18,440.80]
Education	1,123,983.88	341,150.13	30,170.06	752,663.69
Health and Social Services	3,198,794.88	2,104,817.27	0	1,093,977.61
Labor	1,133,053.40	569,410.00	550,664.00	12,999.40
Commerce and Economic Devel.	646,136.24	506,127.00	8,868.65	131,140.59
Military and Veterans Afrs.	230,540.94	98,689.00	102,298.00	29,553.94
Natural Resources	1,435,935.01	807,200.00	346,800.00	281,936.01
Fish and Game	2,740,224.99	679,947.00	1,101,116.00	959,161.99
Public Safety	4,209,417.81	2,738,089.46	1,131,707.54	339,620.81
Environmental Conservation	241,086.55	93,557.00	0	147,529.55
Corrections	1,013,946.15	190,008.00	747,865.04	76,073.11
Community and Regional Afrs.	174,106.46	170,276.72	3,829.74	0
D.O.T.P.F.	10,333,906.61	1,920,740.00	10,275,466.00	[1,862,299.39]
Legislative Affairs	214,280.65	78,596.32	100,912.68	34,771.65
Legislative Audit	55,327.10	14,592.00	40,735.10	0
TOTAL STATE	\$29,898,795.76	\$12,263,530.49	\$15,057,978.80	\$ 2,577,286.47

UNIVERSITY OF ALASKA

	<u>Total Costs</u>	<u>Paid</u>	<u>Due</u>
PERS	2,637,710.00	863,178.55	1,774,531.45
TRS	<u>3,327,723.00</u>	<u>1,690,734.00</u>	<u>1,636,989.00</u>
TOTAL UNIVERSITY	\$5,965,533.00	\$2,553,912.55	\$3,411,520.45
TOTAL POLY-SUB/PERS	----	----	----
TOTAL POLY-SUB/TRS	\$16,286,093.10	\$1,991,688.78	\$14,294,404.32

6/6K2/1014-87

SECTION IV

This section shows how the 196 state RIP agreements are distributed by agency. Table 3 gives the number of individuals designated under each agreement and the title of the designated group.

TABLE 3.

RETIREMENT INCENTIVE PROGRAM
STATE OF ALASKA DESIGNATED ORGANIZATIONAL UNITS

DEPARTMENT	UNIT NO.	GROUP COVERED	NO.
01 OFFICE OF THE GOVERNOR	01-01-01	OMB CEN SER EX S I	1
	01-01-02	GOV HOU EX RES HK	1
	01-01-03	FFO- SPCL STFF ASS	1
	01-01-04	NOME -SPCL STFF ASS	1
	01-01-05	WDC POL PRM SPEC	1
01 DEPARTMENT TOTAL			5
02 ADMIN	01-02-01	P B A H COOK II	5
	01-02-02	PIN BEN MM WG GRII	3
	01-02-03	PNR BEN STKP WG VI	1
	01-02-04	DOA STHL WG VII	2
	01-02-05	PNR BEN HK SUP WGV	5
	01-02-06	P B F H HKA WGVIII	1
	01-02-07	PBSFP-HKA WG X	3
	01-02-08	OAC EM- SEC SPEC	1
	01-02-09	DOA F C & ADMIN	74
	01-02-10	DOA MED PUB HEL R	45
	01-02-11	DOA COOK II	1
	01-02-12	DOA-GSS-JC 35XX	2
	01-02-13	DOA-RM-RM OFF II	1
	01-02-14	DOA-PB-SOC WK II	4
	01-02-15	DOA-TO-EL MAT SUP	1
	01-02-16	DOA-DPB PALMER CI	1
	01-02-17	DOA-DPB PALMER CII	2
	01-02-18	DOA-DTO ELEC TECH	3
	01-02-19	DOA-DTO EL TECH II	9
	01-02-20	DOA-R&B ELIGIBLE	3
	01-02-21	DOA-APH SFSW	2
02 DEPARTMENT TOTAL			174
03 LAW	01-03-01	TRANS SEC -- ATT 6	1
	01-03-02	PRETL DIV-ASS ATTI	1
	01-03-03	CRIM DIV-ATTY V	1
	01-03-04	JUN AGO-11XX	2
	01-03-05	AAG'S LEG SEC	7
	01-03-06	JAG'S ATTORNEY VI	1
	01-03-07	FAG'S LEG SEC	1
	01-03-08	OSP & A LEG SEC	1
	01-03-09	ADA LEG SEC	2
	01-03-10	3RD JD ATTORNEY V	1
03 DEPARTMENT TOTAL			18

TABLE 3

page 2

DEPARTMENT	UNIT NO.	GROUP COVERED	NO.
04 REVENUE	01-04-01	EN DIV PFD SPECIII	1
	01-04-02	ACC & LIC-ACC SUP3	1
	01-04-03	F & G LIC-ACC CK3	1
	01-04-04	PFD AM SV-C F ADM	2
	01-04-05	CSED COLL-C S E A	1
	01-04-06	REV-O COMM-AP V	1
	01-04-07	AK PERM FD-ACCTNT	1
	01-04-08	AUD APP BR-REV AD3	1
	01-04-09	AUD OP-REV AUD 3	1
	01-04-10	CSED - ACCOUTING	3
	01-04-11	EST&MOD SEC CSEOII	2
	01-04-12	CSED CSEO III	2
	01-04-13	CSEDEMS CSEA	1
	01-04-14	CSEDCS-CSEO II	1
	01-04-15	CSEDEMS-CTIII	1
	01-04-16	ACCT & FISCAL	1
	01-04-17	BUSS & FIN	1
	01-04-18	REV AUDT IV	1
	01-04-19	REV AUDT V	1
	01-04-20	PFD PS ACC & FISC	1
	01-04-21	CORPORATE TAX	1
	01-04-22	ADMIN SERV-CL & SC	2
	01-04-23	PFD ADMIN SERV AF	1
04 DEPARTMENT TOTAL			29
05 EDUCATION	01-05-01	POST SEC COM EXEMP	3
	01-05-02	MT EDGE EN PH SCI	1
	01-05-03	LIB MUS C F ADM	5
	01-05-04	LIBRARIES ED ALL	9
	01-05-05	COMM OFF CL FIS AD	1
	01-05-06	ED FIN SUPP SP SR	1
	01-05-07	DOE LAB TRDS CRAFT	4
	01-05-08	ED PRG SUP ED & AL	3
	01-05-09	AD VOC ED AD B I L	1
	01-05-10	AV TECH ED & ALL	1
	01-05-11	VOC REHAB ED & ALL	9
	01-05-12	VOC REHAB C F & AD	13
	01-05-13	MUSEUM ED & ALL	3
	01-05-14	ED SUP PRG C F & A	1
	01-05-15	ED FIN SUP ED & AL	1
	01-05-16	AK VOC TECH SC SR	1
	01-05-17	AK VOC TECH M P R	1
	01-05-18	AK VOC TECH L J LE	3
	01-05-19	AK VOC TECH C F A	5
	01-05-20	ED FIN SUP SER CFA	5
05 DEPARTMENT TOTAL (PERS)			71

TABLE 3

page 3

DEPARTMENT	UNIT NO.	GROUP COVERED	NO.
05 DOE-TEACHERS	37-00-01	ED PRG SUP-TEACHER	3
	37-00-02	AK VOC TECH-TEACH	11
	37-00-03	POST SECONDARY ED.	1
	37-00-04	MUSEUM	1
	37-00-05	LIBRARIES	1
	37-00-06	ED.PGM.SPT.-E & A	15
	37-00-07	ED.PGM.SPT.-ADMIN	1
	37-00-08	ED.FINANCE SPT.	2
	37-00-09	PTPC-EXEC SEC	1
05 DEPARTMENT TOTAL (TRS)			36
06 H & SS	01-06-01	5367	3
	01-06-02	5451	2
	01-06-03	SERIES 1000	4
	01-06-04	LAB TRD & CRT 9	2
	01-06-05	PUB HEAL ADMIN 59	1
	01-06-06	MED PROFES 52	3
	01-06-07	NURSING 51	29
	01-06-08	SOCIAL SERVICE 4	3
	01-06-09	BUS IND & LM 2	1
	01-06-10	DPH CL FC & ADMIN	25
	01-06-11	REHAB & SEC 7000	6
	01-06-12	DFYS 4000 SERIES	38
	01-06-13	CLR FIS & ADM 1000	9
	01-06-14	CLASS CODE 5	49
	01-06-15	CLASS CODE 9	27
	01-06-16	CLASS CODE 1DIV MH	9
	01-06-17	CLASS CODE 7	4
	01-06-18	C C 1 ADMIN SER BR	23
	01-06-19	D P A - 1000 CF A	11
	01-06-20	SOC SER 4000	34
	01-06-21	9517 COOK II WGVII	2
	01-06-22	MCLA YC 9568 CODE	1
	01-06-23	DMHDD-0676 MED OFF	1
	01-06-24	DPH-LAB & TECH	7
	01-06-25	DPH-HS & ED	5
	01-06-26	DMA-CLASS CODE 4	1
	01-06-27	NYF - CODE 9516	1
	01-06-28	MYC MAN MAT II	1
	01-06-29	FYF COOK III	1
	01-06-30	DIV MED ASST #54	1
06 DEPARTMENT TOTAL			304
07 LABOR	01-07-01	SOC SEV 4XXX	90
	01-07-02	BUS IND & LM 2XXX	6
	01-07-03	CLK FIC & AM 1XXX	29
	01-07-04	LEG JUD & LE 7XXX	3
	01-07-05	LAB TRD & CS 9XXX	9
	01-07-06	PCN 5184	1
07 DEPARTMENT TOTAL			138

TABLE 3

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DEPARTMENT	UNIT NO.	GROUP COVERED	NO.
08 COMM & EC	01-08-01	O & G CON X300JF	12
	01-08-02	O & G COM #1122JF	1
	01-08-03	MEAS STAN WSOP I	6
	01-08-04	ADMIN SER * SO-II	1
	01-08-05	DBSC 1XXX JG	5
	01-08-06	APUC 1XXX JG	26
	01-08-07	APUC 23XX JF	2
	01-08-08	DBS & C 2000JG	5
	01-08-09	APA CIP PC	3
	01-08-10	ADMIN SERV-14XX JF	1
	01-08-11	OCC LIC-77XX JF	3
	01-08-12	ADM SER-12XX JF	3
	01-08-13	X300 JOB FAMILY	2
	01-08-14	DIV OCC LIC CLK 4	1
	01-08-15	DIV INS JF 2300	5
	01-08-16	D MIN&FP CODE 2288	1
	01-08-17	O & G COM # 1912	1
	01-08-18	DIV TOUR DIRECTOR	1
08 DEPARTMENT TOTAL			55
09 M & V AFF.	01-09-01	D M & V DIV DIR	3
	01-09-02	DIV EM SERV EMS	2
	01-09-03	AANG AA I	1
09 DEPARTMENT TOTAL			6
10 D N R	01-10-01	DNR-OCC GRP 8XXX	25
	01-10-02	DNR-OCC GRP 7XXX	10
	01-10-03	DNR-OCC GRP 6XXX	58
	01-10-04	DNR-OCC GRP 1XXX	45
10 DEPARTMENT TOTAL			138
11 A D F & G	01-11-01	LAB TRDS & CRFTS	6
	01-11-02	BIO SERVICES	102
	01-11-03	ENGINEERINGIN	2
	01-11-04	CLERK & ADMIN	28
	01-11-05	CFEC-ADMIN CLERIC	5
11 DEPARTMENT TOTAL			143
12 PUB. SAFE	01-12-01	DPS-LD TD & CRFTS	7
	01-12-02	CK FIS & ADMIN	40
	01-12-03	LEG JUD & LE	128
	01-12-04	D PS E&PS	1
	01-12-05	BIO SERVICES	3
	01-12-06	ED & ALLIED	3
12 DEPARTMENT TOTAL			182

TABLE 3

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DEPARTMENT	UNIT NO.	GROUP COVERED	NO.
18 ENVIRON CON	01-18-01	DEC-OCC GRP 1	14
	01-18-02	DEC-OCC GRP 2	1
	01-18-03	DEC-OCC GRP 5	2
	01-18-04	DEC-OCC GRP 8	17
18 DEPARTMENT TOTAL			34
20 CORRECTIONS	01-20-01	2XXX B I & LM	1
	01-20-02	9XXX LAB TRD & CRT	14
	01-20-03	7XXX LEG JUD & LE	75
	01-20-04	5XXX MED PUB H & R	4
	01-20-05	1XXX CLR ADM & FC	26
	01-20-06	4XXX SOC SERV.	19
20 DEPARTMENT TOTAL			139
21 COMM & REG A	01-21-01	DCRA-2000 SERIES	6
	01-21-02	C & RA CLERK-ADMIN	10
	01-21-03	SOC SERVICES	2
21 DEPARTMENT TOTAL			18
25 D O T & P F	01-25-01	JOB CLASS 9500	41
	01-25-02	JOB CLASS 9300	188
	01-25-03	JOB CLASS 9700	11
	01-25-04	JOB CLASS 8000	175
	01-25-05	JOB CLASS 3000	2
	01-25-06	JOB CLASS 2000	41
	01-25-07	JOB CLASS 1000	115
	01-25-08	JOB CLASS 9400	8
	01-25-09	JOB CLASS 7000	25
	01-25-10	VEMHS-ALL 0000 EXC	204
25 DEPARTMENT TOTAL			810
30 OMBUDSMAN		No Agreement Filed	
30 DEPARTMENT TOTAL			0
31 LEG. AFFAIRS	01-31-01	MAINTENANCE FOREMA	1
	01-31-02	MAINTENANCE CUSTOD	3
	01-31-03	CLASS CODE X302	1
	01-31-04	ADMIN SERVICES	9
	01-31-05	LEGAL SERV X402	2
	01-31-06	PUBLIC SERV X207	3
	01-31-07	ADMIN SVC PRT SHP	1
31 DEPARTMENT TOTAL			20
32 LEG. FINANCE		No Agreement Filed	
32 DEPARTMENT TOTAL			0

TABLE 3

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DEPARTMENT	UNIT NO.	GROUP COVERED	NO.
33 LEG. AUDIT	01-33-01	LEG AUD-EXEC SEC	1
	01-33-02	LEG AUD-EXEC SEC	1
	01-33-03	LEG AUD-SEN AUD	1
33 DEPARTMENT TOTAL			3
41 AK COURT SYS		No agreement Filed	
41 DEPARTMENT TOTAL			0
STATE TOTAL		(PERS = 2287 + TRS = 36)	2323

SECTION V.

AGENCY PROJECTED SAVINGS

STATE AGENCY PROJECTED SAVINGS

Table 4 depicts by Agency the Calculation of Potential Savings submitted to OMB to support the Agency's request for a designated unit. These calculations were based on a RIP instructional memorandum issued by the Division of Budget Review to all Agencies dated June 11, 1986.

A simple illustration of the calculation follows. Suppose you wish to designate a unit composed of one person. The individual has a personal services cost of \$50,000. The amount owed to the Retirement fund is \$20,000. To calculate the savings, the Agency would do the following:

Cost if employee remained 5 years	=	\$250,000
Cost to replace employee *	=	0
Amount owed to Retirement	=	(\$20,000)
Net Savings	=	\$230,000

* Agency is going to delete position and not refill.

Most agencies completed their request to establish RIP units during 1986, with some units created early in 1987.

It is quite evident that the individual agencies accrued sufficient savings with the RIP program to at-a minimum pay their bills to the Retirement System. Each Agency has three years to pay their bills from the date of an individual's retirement. One only has to review the table included in this report regarding amounts owed by Agencies to the Retirement System, to see that most agencies are exceeding the goal to pay off the debt within three years.

The real test to determine if RIP created a net savings to personnel costs requires reviewing FY 86 personal services costs as compared with FY 91 personal services costs to see if the amounts actually expended by designated units are comparatively less.

RIP PROJECTED SAVINGS

GOV	75.8
ADM	2150.3
LAW	752.3
REVENUE	383.2
DOE PERS	652.0
DOE TRS	381.9
DHSS	2402.1
LABOR	153.6
COMMERCE	636.1
MILITARY AFF	4.1
DNR	143.9
FISH & GAME	936.2
PUB. SAFETY	115.1
DEC	318.8
CORRECTIONS	374.5
C&RA	72.9
NOT	8514.2
OMBUDSMAN	0.0
LEG. AFFAIRS	1159.6
LEG. FINANCE	0.0
LEG. AUDIT	508.1
AK COURT SYS	0.0
STATE TOTAL	19734.7

TABLE 4

PROJECTED SAVINGS
RETIREMENT INCENTIVE PROGRAM
STATE OF ALASKA DESIGNATED ORGANIZATIONAL UNITS

DEPARTMENT	DESIGNATE UNIT NO	NO. ELIGIBLES	PROJECTED NET SAVINGS
01 OFFICE OF THE GOVERNOR	01-01-01	1	8.3
	01-01-02	1	6.4
	01-01-03	1	4.7
	01-01-04	1	33.0
	01-01-05	1	23.4
01 DEPARTMENTAL TOTAL		5	75.8
02 ADMIN	01-02-01	5	98.7
	01-02-02	3	5.3
	01-02-03	1	16.3
	01-02-04	2	36.9
	01-02-05	5	1.3
	01-02-06	1	.4
	01-02-07	3	6.2
	01-02-08	1	.1
	01-02-09	74	1133.3
	01-02-10	45	453.5
	01-02-11	1	2.9
	01-02-12	2	3.5
	01-02-13	1	3.7
	01-02-14	4	30.9
	01-02-15	1	26.8
	01-02-16	1	32.9
	01-02-17	2	13.1
	01-02-18	3	164.9
	01-02-19	9	74.7
	01-02-20	8	35.3
	01-02-21	2	9.6
02 DEPARTMENTAL TOTAL		174	2150.3
03 LAW	01-03-01	1	33.0
	01-03-02	1	212.3
	01-03-03	1	308.8
	01-03-04	2	3.6
	01-03-05	7	55.2
	01-03-06	1	15.8
	01-03-07	1	4.0
	01-03-08	1	5.6
	01-03-09	2	7.1
	01-03-10	1	106.9
03 DEPARTMENTAL TOTAL		18	752.3

DEPARTMENT	DESIGNATE UNIT NO	NO. ELIGIBLES	PROJECTED NET SAVINGS
04 REVENUE	01-04-01	1	10.0
	01-04-02	1	1.3
	01-04-03	1	7.5
	01-04-04	2	1.9
	01-04-05	1	.3
	01-04-06	1	16.0
	01-04-07	1	.2
	01-04-08	1	64.7
	01-04-09	1	63.3
	01-04-10	3	13.3
	01-04-11	2	53.5
	01-04-12	2	3.1
	01-04-13	1	1.2
	01-04-14	1	.5
	01-04-15	1	6.1
	01-04-16	1	11.0
	01-04-17	1	65.1
	01-04-18	1	14.5
	01-04-19	1	14.4
	01-04-20	1	10.6
	01-04-21	1	12.6
	01-04-22	2	7.4
	01-04-23	1	4.7
04 DEPARTMENTAL TOTAL		29	383.2
05 EDUCATION	01-05-01	3	51.0
	01-05-02	1	3.7
	01-05-03	5	50.9
	01-05-04	9	77.5
	01-05-05	1	12.7
	01-05-06	1	29.6
	01-05-07	4	9.8
	01-05-08	3	27.3
	01-05-09	1	17.2
	01-05-10	1	9.3
	01-05-11	9	91.7
	01-05-12	13	94.6
	01-05-13	3	16.5
	01-05-14	1	5.3
	01-05-15	1	7.9
	01-05-16	1	2.3
	01-05-17	1	18.9
01-05-18	5	13.8	
01-05-19	5	47.2	
01-05-20	5	64.8	
05 DEPARTMENTAL TOTALS		71	652.0

DEPARTMENT	DESIGNATE UNIT NO	NO. ELIGIBLES	PROJECTED NET SAVINGS
05 DOE-TEACHERS	37-00-01	3	13.9
	37-00-02	11	174.9
	37-00-03	1	.0
	37-00-04	1	-30.0
	37-00-05	1	25.5
	37-00-06	15	114.0
	37-00-07	1	11.5
	37-00-08	2	54.6
	37-00-09	1	17.5
05 DEPARTMENTAL TOTAL (TRS)		36	381.9
06 H & SS	01-06-01	3	34.5
	01-06-02	2	23.3
	01-06-03	4	11.8
	01-06-04	2	3.0
	01-06-05	1	34.4
	01-06-06	3	56.0
	01-06-07	29	201.4
	01-06-08	3	15.8
	01-06-09	1	19.1
	01-06-10	25	111.4
	01-06-11	6	94.2
	01-06-12	38	624.3
	01-06-13	9	78.3
	01-06-14	49	497.5
	01-06-15	27	78.5
	01-06-16	9	13.7
	01-06-17	4	21.1
	01-06-18	23	77.6
	01-06-19	11	48.2
	01-06-20	34	181.1
	01-06-21	2	-8.7
	01-06-22	1	.4
	01-06-23	1	1.9
	01-06-24	7	77.0
	01-06-25	5	52.8
	01-06-26	1	3.1
	01-06-27	1	15.9
	01-06-28	1	2.2
	01-06-29	1	27.2
	01-06-30	1	5.1
	06 DEPARTMENTAL TOTAL		304
07 LABOR	01-07-01	90	71.7
	02	6	18.6
	03	29	38.4
	04	3	21.3
	05	9	2.0
	06	1	1.6
07 DEPARTMENTAL TOTAL		138	153.6

DEPARTMENT	DESIGNATE UNIT NO	NO. ELIGIBLES	PROJECTED NET SAVINGS
08 COMM & EC DE	01-08-01	12	269.6
	01-08-02	1	2.6
	01-08-03	6	5.2
	01-08-04	1	.7
	01-08-05	5	34.1
	01-08-06	26	9.9
	01-08-07	2	30.6
	01-08-08	5	45.5
	01-08-09	3	48.4
	01-08-10	1	8.1
	01-08-11	3	24.2
	01-08-12	3	20.2
	01-08-13	2	45.4
	01-08-14	1	.6
	01-08-15	5	74.7
	01-08-16	1	1.4
	01-08-17	1	4.0
	01-08-18	1	10.9
08 DEPARTMENTAL TOTAL		79	636.1
09 M & V AFF.	01-09-01	3	1.4
	01-09-02	2	.7
	01-09-03	1	2.0
09 DEPARTMENTAL TOTAL		6	4.1
10 D N R	01-10-01	25	97.6
	01-10-02	10	.8
	01-10-03	58	2.1
	01-10-04	45	43.4
10 DEPARTMENTAL TOTAL		138	143.9
11 A D F & G	01-11-01	6	.2
	01-11-02	102	798.3
	01-11-03	2	39.7
	01-11-04	28	39.4
	01-11-05	5	58.6
11 DEPARTMENT TOTAL		143	936.2
12 PUB. SAFETY	01-12-01	7	60.3
	01-12-02	40	N.A.
	01-12-03	128	N.A.
	01-12-04	1	
	01-12-05	3	13.5
	01-12-06	3	41.3
12 DEPARTMENT TOTAL		182	115.1

DEPARTMENT	DESIGNATE UNIT NO	NO. ELIGIBLES	PROJECTED NET SAVINGS
18 ENVIRON CON	01-18-01	14	43.4
	01-18-02	1	19.8
	01-18-03	2	26.6
	01-18-04	17	229.0
18 DEPARTMENT TOTAL		34	318.8
20 CORRECTIONS	01-20-01	1	4.8
	01-20-02	14	-32.9
	01-20-03	75	221.6
	01-20-04	4	31.5
	01-20-05	26	19.5
	01-20-06	13	130.0
20 DEPARTMENT TOTAL		139	374.5
21 COMM & REG A	01-21-01	6	66.0
	01-21-02	10	2.6
	01-21-03	2	4.3
21 DEPARTMENT TOTAL		18	72.9
25 D O T & P F	01-25-01	41	111.1
	01-25-02	188	1683.5
	01-25-03	11	60.2
	01-25-04	175	1800.0
	01-25-05	2	26.1
	01-25-06	41	231.3
	01-25-07	115	782.3
	01-25-08	8	131.5
	01-25-09	25	79.6
	01-25-10	204	3608.6
25 DEPARTMENT TOTAL		810	8514.2
30 OMBUDSMAN	NO AGREEMENT FILED		
30 DEPARTMENT TOTAL		0	.0
31 LEG. AFFAIRS	01-31-01	1	279.4
	01-31-02	3	155.1
	01-31-03	1	16.8
	01-31-04	9	362.1
	01-31-05	2	201.9
	01-31-06	3	138.9
	01-31-07	1	5.4
31 DEPARTMENT TOTAL		20	1159.6
32 LEG. FINANCE	NO AGREEMENT FILED		

DEPARTMENT	DESIGNATE UNIT NO	NO. ELIGIBLES	PROJECTED NET SAVINGS
33 LEG. AUDIT	01-33-01	1	165.6
	01-33-02	1	218.5
	01-33-03	1	124.0
33 DEPARTMENT TOTAL		3	508.1
41 AK COURT SYS	NO AGREEMENT FILED		
41 DEPARTMENT TOTAL		0	.0

MEMORANDUM

State of Alaska

TO: ALL COMMISSIONERS

DATE: June 11, 1986

FILE NO: DGE38

TELEPHONE NO: 465-3568

FROM: *fw* Jay Hogan *David Gentry*
Associate Director
Division of Budget Review
Office of Management and Budget

SUBJECT: Retirement Incentive Program

Governor Sheffield has signed into law (Chapter 26 SLA 1986) HB 382 creating a retirement incentive program for members of the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS). The program provides vested members of each retirement system, who are eligible to retire within three years, a credit of three years. The aim of the program is to reduce the cost of state employees (i.e. save money) and to minimize the number of involuntary layoffs.

The purpose of this memorandum is to provide detailed guidelines to state agencies (including the Legislature and Alaska Court System) regarding implementation of the program. The University of Alaska will receive separate guidelines.

Agencies should read the law carefully in conjunction with the guidelines. If questions arise that are not answered in these guidelines, please do not hesitate to call David Gentry in the Office of Management and Budget at 465-3568.

A. Eligibility, Job Classifications and Organizational Units

An individual cannot participate in the retirement incentive program until all requirements relating to personal eligibility, designated organizational units and certification of savings have been completed. Eligibility of a State employee to take part in the retirement incentive program is determined in two ways.

First, an individual must meet basic requirements of age, length of service to the State and status with regard to PERS or TRS. Any detailed questions regarding these requirements should be directed to the Division of Retirement and Benefits, Department of Administration.

Second, the individual also must be employed in a position falling within agency assigned job classification, and authorized in and paid from a designated organizational unit. Savings must be shown to occur within job classifications within designated organizational units before any individual can retire under the program.

For the purposes of this program, job classifications is defined as any grouping of job class titles included in the State Classification Outline. There are three levels or hierarchies within the outline: the job class for a single position (four digit number); the occupational family (two digit number); and, the occupational group or greatest aggregation of position classification (one digit number). Agencies may choose any of these three levels to apply within a designated organizational unit in order to show savings. Only one job classification at a time can be the basis for a calculation of savings. In other words, if an agency chooses the four digit job class title, then the job classification will be only one job class. Agencies may not group two or more four digit job class titles to form a job classification except all those four digit job classes that form an occupational family. Attached is a complete copy of State Classification Outline.

Agencies may choose any generally recognized organizational unit within which cost savings must be shown to occur within the selected grouping of job classifications. For example, this would include section, division or agency. Also, agencies could use budget structure (i.e. component, BRU, agency) as organizational units. Agencies have complete freedom to select job classifications and organization units of the greatest detail (smallest or most restrictive) or least detail (largest or most encompassing).

Once individuals have stated to the agency head a desire to participate in the program, and agencies have decided on the appropriate job classifications and designated organizational units, evidence of cost savings must be forwarded to the Office of Management and Budget (see Section B below).

Certification of savings by OMB constitutes a financial obligation allowing an agency to encumber funds (see Section C below regarding use of FY 86 funds).

An individual may apply to participate in the program over the course of a full year. For an individual meeting basic personal requirements, and who falls within a job classification and designated organizational unit already certified by OMB, the agency should forward the application to the Division of Retirement and Benefits. The agency also must complete the PCN Detail form and a revised Summary form. If the individual does not fall within a job classification and organizational unit already designated and certified by OMB, then the agency may go through the certification process for that job classification and organizational unit at any time over the course of the year. In both instances agencies are encouraged to batch or group information and submit it to OMB only on a quarterly basis. This will minimize paperwork and allow greatest perspective over implementation of the incentive program.

Once established, agencies may not change job classifications or the designated organizational unit. A given PCN cannot be included in more than one job classification and organizational unit.

Eligibility for the program is not limited to employees paid for only by general funds. No state employee will be excluded because his or her salary and benefits is paid, for example, by federal funds or some source of funding other than general funds.

B. Calculation of Savings

Since the law was created partly as an effort to save the State money, it is incumbent on agencies to demonstrate that savings will occur due to individuals participating in the program. The law provides that agencies must pay the cost of an individual participating in the program within three years of the end of the fiscal year in which the person retires (Section 5 (a) (2) (A) of the law). OMB interprets the law to imply that agencies must save enough to pay the cost of the program within that same time period. However, savings to the state will accrue for some time following the three year period. Given this fact, OMB feels that showing savings is equivalent to identifying funds needed to pay the cost of the program. ←

Savings must be demonstrated to occur within a job classification within a designated organizational unit. The larger the job classification and organizational unit, or the greater number of positions included in the job classification and organizational unit, the greater the ability of the agency to average or spread excess savings in one position where an individual participates in the program to help cover the cost of another participating individual for whom sufficient savings cannot be identified.

Although signed waivers are not required, savings must be based on reasonable assumptions regarding the number of potentially eligible individuals that choose not to take part in the program.

When calculating savings, agencies must include all those individuals personally meeting age, length of service, vesting and other personal requirements and who wish to participate in the program. Within a job classification and designated organizational unit either all those individuals must be able to participate or none can. In other words, an organizational unit cannot be designated unless all those who meet basic requirements and want to participate are included in the calculation of savings. ↗

Regardless of the current source of funds to pay salaries and benefits for a participant in the program, the agency must identify savings for the job classification and designated

organizational unit according to the PCN Detail and Summary forms.

Agencies must show savings stemming from a position authorized in the FY 87 budget. Only authorized positions include budgeted funding that can be used to pay the cost of the program.

Administrative cost paid to the Division of Retirement and Benefits need not be included in the costs of the program for which funding must be identified and savings calculated.

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

If the position in which a participant retires is authorized in the FY 87 budget, the savings calculation may include savings resulting from the replacement employee being paid at a lower range or step, the position being reclassified downward to a lower range or step, or the position held vacant. In addition, agencies may hold vacant other positions, within the same job classification and designated organizational unit, positions that were not filled by participants in the incentive program.

If the position in which a participant retires is not authorized in the FY 87 budget or if a person retires who was laid off between January 1, 1986 and June 30, 1986, funds necessary to pay the cost of the program for that participant may come from holding other positions vacant. The other position held vacant must be within the same job classification and designated organizational unit as the participant benefiting from the available funding.

Because payment of the participant costs to the Division of Retirement and Benefits must be made within three years of the end of the fiscal year in which he or she retires, agencies may calculate savings stemming from lower range, lower step and vacancy over four full years rather than three, beginning with the fiscal year in which retirement takes place. This generous rounding is due to the fact that the state will benefit financially long after the three year payment period ends.

When calculating savings over the four year period, agencies may assume that annual merit increases and longevity steps will be conferred. If an agency assumes merit increases for the participant's position, the agency must do the same for the replacement's position in the calculation of savings. Agencies must not assume any salary increases.

The attached forms must be completed for PCNs included in job classifications within designated organizational units

participating in the program. In addition, the detailed form must be completed for PCNs not involving a participant but which are held vacant in order to fund participants in the program. The forms constitute a personal services plan to which the agency must be committed. The forms represent the means by which funds would be made available to pay the cost of the program if personal services lapse funds were not available.

The detailed forms may be completed by hand or typed. If handwritten, black or blue ink must be used. The summary form must be typewritten. In addition, agencies are encouraged to present dollar information in thousands, as in budgets.

The two forms on which to provide information to show savings, the PCN Detail and the Summary, are intended to be straightforward. Specific points, not already covered, to be kept in mind when completing the forms are given below.

Agencies may revise the calculation of savings as of December 1, 1986 and as of July 1 of each following year for which an agency is indebted to the retirement systems. The revision should show how funds are made available to match the remaining cost of the program (for those participants who have retired by October 1, 1986 and July 1, 1987) within the designated organizational unit and agency assigned job classification. Only the summary form need be revised. If a PCN formerly was to be held vacant but is no longer necessary to be held vacant, the agency should simply not show funds available in column 3. Agencies include on the revised summary all PCNs that were part of the original certification of savings by OMB.

When revising the forms and plans for funding the program as of December 1, 1986, agencies must explain how they assume the payments already made are allocated in order to reduce the future cost or the indebtedness. For example, agencies may prorate the payments already made to reduce the future costs proportionately for all participants. Or an agency may indicate it has completely paid off its indebtedness for certain designated organization units and job classifications. In either case, the total future cost or indebtedness must be based on the latest estimate provided by the Division of Retirement and Benefits.

PCN DETAIL

1. No one knows the budget or number of authorized positions beyond FY 87. Agencies must assume that a position authorized in FY 87 will be authorized in FY 88 through FY 91.
2. Indicate the month and year up to which a position will be held vacant in order to make funds available for the

program. This will constitute an agency plan and commitment.

3. If a position is to be held vacant in order to generate funding for the program, do not complete lines 3 and 4 for the period in which the position is held vacant. In addition, for such positions agencies may not add merit increases or longevity steps in FY 88 or beyond.
4. If a position is not authorized in FY 87 and beyond, do not complete lines 1 (except for current range, step and cost column) through 5.
5. A negative number on line 5 or 7 indicates costs exceeding funding available for the individual PCN. Savings, or funding greater than costs, shows as a positive number.
6. For positions to be held vacant to generate funds for the program and which were not last filled by someone participating in the retirement program, do not show costs in line 6 and put N/A in the field for intended date of retirement.
7. The Retirement and Benefits estimate of cost savings appearing on line 6 should be the one provided by Retirement and Benefits over the next several months which assumes payment by June 30, 1987. However, agencies are not committed to that payment schedule.

SUMMARY

1. Totals for a Summary form or set of Summary forms should represent totals for job classification within a designated organizational unit.
2. Information showing in column 3, Funds Available to Pay Cost, should be the same for each PCN as line 5 of the PCN Detail form, column 4 the same as line 6, and column 5 the same as line 7.
3. PCNs showing on this form within one job classification and designated organizational unit, should be grouped by budget component and BRU.

When completing the Retirement Incentive Program agreement between the agency, Division of Retirement and Benefits and OMB, one agreement must be signed incorporating one designated organizational unit and one job classification. The purpose of the agreement is to demonstrate a commitment on the part of agencies to pay the cost of program participants from the agency, and for OMB to certify that savings will result from participation in the program.

C. Sources of Funds, Payment, Procedures and Amounts

Reimbursable Services Agreement, or RSAs, should be prepared between each agency and the Division of Retirement and Benefits to pay the cost of the program. Agencies must complete payment to the Division of Retirement and Benefits for participant costs within three years of the end of the fiscal year in which an individual retires under the program. It is to an agency's benefit to pay the Division earlier rather than later since the payments will be lower if there is more time for the funds to be invested.

The RSA must draw on funding that can legitimately be used to pay for this program. Agencies should be prepared to provide detailed documentation supporting the use of some other non-general fund source of funding if used. This is particularly true of CIP Receipts. If there is a reasonable alternative to the use of CIP Receipts, OMB will not accept the use of CIP Receipts to actually pay for the program.

Two RSAs for an entire agency may be prepared each fiscal year and may draw upon a number of allocations and appropriations. The first RSA is to pay administrative costs of the program. The Division of Retirement and Benefits incurs special one-time costs to administer the program. For the first year, the annual administrative costs are prorated among agencies on the basis of the proportion of potentially eligible individuals. This information will be provided by OMB to agencies shortly. For the second, third and possibly fourth year, the annual administrative costs will be prorated among agencies based on the number of actual participants in the program. Agencies may use FY 86 lapse personal services funds to pay the FY 87 administration costs. In order to do this, the RSA must be signed by OMB by June 30, 1986 (possibly without an AKSAS financial transaction because agencies may not know the lapse amount in different allocations and appropriations).

The second RSA is for the amount designed to pay the actuarial cost of the retirement benefits. The Division of Retirement and Benefits shall annually notify each agency of their indebtedness to PERS and TRS under this program. The Division may determine, and notify each agency, of the date each year by which they will report the indebtedness.

FY 86 funds may be used to pay a portion or all (if possible) of an agency's financial obligations under this program. The cost of all participants in the program for which OMB has certified before July 1, 1986 that savings will result, and who will retire on or before October 1, 1986, may be covered through the use of lapsing personal services funds. Agencies may encumber lapsing funds in the 71000 account between July 25, 1986 and August 31, 1986 for this purpose. (The reason for the delay after July 1, is to allow the Department of Administration to adjust the lapse downward to fund the terminal leave account, as

authorized in HB 113.) Lapsing personal services funds may be encumbered in whatever component or BRU and in whatever amount available - in other words, lapsing personal services funds in a component or BRU may be encumbered and spent for the cost of the retirement incentive program even though there were no participants in the program in that component or BRU. Please note that regardless of the source of dollars to pay the cost of the program, the agency must demonstrate and OMB must certify that savings will result from participation in the program.

On or before October 15, 1986 agencies must report to OMB the number of individuals actually retiring who intended to retire by October 1 under the retirement incentive program. The amount of FY 86 funds encumbered for the purpose of paying the cost of the program for the individuals who failed to retire by October 1 must be released in the accounting system and allowed to lapse. Agencies must provide an audit trail report to show encumbrances reduced to the proper amount.

RETIREMENT INCENTIVE PROGRAM

DETAILED COST SAVINGS BY POSITION

PCN _____
 JOB CLASS TITLE _____
 JOB CLASS CODE _____

DESIGNATED ORGANIZATIONAL UNIT _____

AGENCY ASSIGNED JOB CLASSIFICATION _____

BUDGET BRU _____

BUDGET COMPONENT _____

AUTHORIZED IN FY 87 Budget YES NO

POSITION TO BE HELD VACANT UNTIL (if Applicable) _____
 (month) (year)

Does the Person Currently Filling This PCN Intend to Retire Under the Retirement Incentive Program YES NO

INTENDED DATE OF RETIREMENT _____

CALCULATION OF SAVINGS

	<u>Current (June 1986)</u>	<u>Authorized FY 87</u>	<u>Estimated FY 88</u>	<u>Estimated FY 89</u>	<u>Estimated FY 90</u>	<u>Estimated FY 91</u>	<u>Total</u>
1. Current Range and Step	_____	_____	_____	_____	_____	_____	
2. Salary and Benefit Cost	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
3. Replacement Range and Step		_____	_____	_____	_____	_____	
4. Salary and Benefit Cost		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
5. Funds Available (line 2 minus line 4)		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6. Retirement and Benefits estimate of cost to the State (not including the participants share of the cost) for this individual to take part in the retirement incentive program.							\$ _____
7. Savings for this PCN (line 5 minus line 6)							\$ _____

RETIREMENT INCENTIVE PROGRAM

SUMMARY OF SAVINGS

DESIGNATED ORGANIZATIONAL UNIT _____

JOB CLASSIFICATION _____

1. PCN

2. BRU/COMPONENT

3. FUNDS AVAILABLE

4. COST TO THE STATE

5. SAVINGS

SECTION VI.

SAMPLE RIP AGREEMENT FORM

RIP AGREEMENT CHECK LIST
STATE OF ALASKA AGENCIES

Environmental Conservation
(department)

P 0118'02
(assigned number)

initials

1. RIP AGREEMENT:

- * names organizational unit JB
- * names job class JB
- * total RIP cost for DOU JB
- * installment schedule JB
- * signature of authorized person JB
- * OMB approval JB

VERIFIED JB

2. ATTACHMENTS:

- * List of all eligibles in unit JB
- * social security for all eligibles JB
- * notation on list of waivers _____
- * cost of the RIP for each eligible JB
- * applications included with agreement 0 (number)
- * waivers included with agreement 0 (number)
- * RSA attached No (yes/no)

3. INTERNAL PROCEDURES:

- * DOU entered in ACRC382 "RIP DOU" RPW
- * Listed DOU eligibles in tickler RCS
- * applications/waivers in tickler _____
- * copy of signed agreement sent to agency _____ (date)
- * copy of signed agreement to Dave Watson _____ (date)
- * RSA given to Dave Watson _____ (date)

4. FINAL REVIEW:

- * 382 Project Manager _____ (date)
- * Retirement Supervisor _____ (date)
- * Deputy Director _____ (date)
- * Director _____ (date)

STATE AGENCY
RETIREMENT INCENTIVE PROGRAM
AGREEMENT

Agreement between the Public Employees'/Teachers' (mark one out) Retirement System (hereinafter referred to as the System) and the Department of Environmental Conservation (hereinafter referred to as the Agency) relating to participation of the Agency's employees in the Retirement Incentive Program (hereinafter referred to as the Program).

WHEREAS, the Agency has applied to exercise the provisions of Chapter 26, SLA 1986 by designating the Agency (hereinafter referred to as the Unit) as an organizational unit eligible to participate in the program and,

WHEREAS, the Agency has applied to exercise the provisions of Chapter 26, SLA 1986 by designating Occupational Group 2 as a job classification eligible for inclusion in the Unit, and,

WHEREAS, the Office of Management and Budget by signature hereon has certified that participation in the program by the Unit and job classification will result in a savings to the agency in personal services cost with savings further defined by the Office of Management and Budget as meaning that the agency is able to pay from budgeted funds the indebtedness to the System and that any amount of net savings will result; and

WHEREAS, the Agency has attached to this agreement a listing of all employees in the Unit who are eligible to participate in the program to include:

- 1) each employee's Social Security Number;
- 2) an indication next to each employee's name as to whether or not that employee has elected to participate in the program;
- 3) an indication next to each employee's name as to whether or not that employee has waived his or her right to participate in the program;
- 4) an indication of the cost of participation in the program for each employee who has submitted application to participate in the program; and
- 5) information requested by OMB necessary to certify that savings will result.

THEREFORE, the Agency and System agree as follows:

1. The System shall perform all acts as required or authorized by the provisions of the Act to include the processing and appointment to retirement of all employees in the Unit who are eligible, and who make timely application as required under the Act.

2. The Agency is indebted to the System for the cost of the incentive for those employees who have agreed to participate in the program, currently estimated to be \$22,002. The indebtedness will be reduced if an individual included in the estimate decides not to participate in the program. The Agency agrees that it will be further indebted to the System for the cost of the incentive for any additional employees in the Unit who elect to participate in the Program. The Agency understands that the additional amount can be as much as \$ 00. and will be automatically added to any indebtedness under this agreement if all eligible employees elect to retire. Payments must commence not later than August 1, 1988.
3. The Agency agrees to reimburse the system via Reimbursable Services Agreement in an amount equal to its proportionate share of the annual cost for the Division of Retirement and Benefits to administer the retirement incentive program.
4. Payments for each member who is retired under the program shall be completed by the agency within three years after the end of the fiscal year in which the member is appointed to retirement.
5. It is understood and agreed by both parties that the final payment to the system will be adjusted following the close of the incentive period to reflect the actual costs incurred for all individuals retired during that period. The Agency shall be notified of any further payment or refund due.
6. It is understood and agreed by both parties that amounts owed the System under this agreement take priority over other obligations of the Agency to the maximum extent permitted by law and that any amounts due the Agency from the state may be attached by the System.

For the Office of Management and Budget

[Signature] 6/30/86
 Signature and Title of Authorized Representative Date

For the Agency

Ann D Kyle 6/26/86
 Signature of Commissioner or Head of Other Agency Date

For the Retirement System

Approved:

J. K. Humphreys 6/30/86
 Signature of Administrator Date

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
 Employees Eligible to Participate in the RIP
 Occupational Group 2

NAME	Social Security Number	Elected to Participate		Waived Participation Rights		Agency Cost
		Yes	No	Yes	No	
Wilkerson, Daniel L.			X			\$22,002
Total						\$22,002

P-01-14-C

SECTION VII.

RIP STATUTE

TEMPORARY AND SPECIAL ACTS

SLA 1986

CHAPTER 26

AN ACT CREATING A RETIREMENT INCENTIVE PROGRAM FOR MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM; AND PROVIDING FOR AN EFFECTIVE DATE.

(SCS CSHB 382 (Fin))

Be it enacted by the Legislature of the State of Alaska:

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

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

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

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

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

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

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

pate 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

Early retirement bill clears first committee

By CHUCK KLEESCHULTE

THE JUNEAU EMPIRE

A bill that would bring back a program to encourage long-time state workers to take early retirement to save the state money cleared its first committee hurdle in the Senate Monday.

The Senate State Affairs Committee approved a bill by Juneau Sen. Jim Duncan that would reinstate for six months a 1986 program that granted some long-time workers three additional years of retirement credit. The program is designed to blunt the need for employee layoffs, reduce worker hardships and help the economy, while curbing state budget costs.

In 1986 Duncan, a Democrat, sponsored legislation putting a retirement incentive program (RIP) into place. During its year of operation 1,095 state employees plus municipal, school district and university workers claimed the credits and retired. According to an audit of the program by the Legislative Budget and Audit Committee, the program saved the state at least \$14.4 million in reduced salary costs, not counting a reduction in benefit costs.

Duncan estimates that with municipality, school district and the university programs added in, the RIP probably saved the state nearly \$60 million in salary and benefit costs.

"It's important that the bill passes this year even if there are no budget cuts because we do need to save the state money. It is a budget reduction tool," said Duncan.

He said the bill will help the economy by giving higher-paid state workers a retirement check that should enable them to remain in state, while freeing up jobs for new workers, who will start at substantially lower pay. "By providing that retirement check, rather than just having layoffs where people might have to leave Alaska, you get more income into the economy and that's a plus," said Duncan.

Under the new program, if it can clear the legislature this session, employees would get three years of additional service credit, meaning that vested employees could take early retirement at age 52 instead of 55, normal retirement at 62 instead of 65 or gain a combination of age and years of service credit to boost their retirement benefits. Teachers and some other bargaining unit members, who currently can retire after 20 years of service, could leave after 17, while other workers who can quit after 30 years could see that reduced.

Since employees receive retirement benefits based on their years of service, the program can raise work-

er benefits of employees already eligible to retire by more than 6 percent — providing an incentive to retire now.

Under the plan, the state has to pay to the retirement system what it would have contributed for the worker's retirement benefits for those three years, while employees have to make a lump-sum payment of their share of the contribution, payments that will range from 20¼ to 22½ percent of the workers' actual compensation for a year. The state's cost, however, comes from the retirement system and not from general fund appropriations.

Under the revised bill, normal state workers and municipal employees will have only six months to apply for the retirement incentive. They will be able to apply between Oct. 1 and March 31, 1990, and will have to retire by Oct. 31, 1990. Teachers and university employees will have to apply between July 1 and Dec. 31 and retire by July 31, 1990.

According to the Division of Retirement and Benefits about 2,292 state workers in the main Public Employees Retirement System could theoretically take advantage of the bill, if it passes this year. Their retirement could save the state about \$20 million in total personal service costs, Duncan said, not counting similar numbers of retirements among workers for the state's political subdivisions.

The bill now moves to the Senate's Health, Education and Social Services Committee.

pending and ordered him to perform 500 hours of community service with groups working to combat drunk driving or assisting victims of drunk driving accidents. In addition, Brakes has been ordered to pay a \$250 fine and to attend the Juneau Alcohol Safety Action Program. His driver's license has been revoked for three years and he has been placed on probation for five years.

Brakes has been ordered to serve his jail time during the next two summers so that he will not miss high school classes.

His attorney, Tricia Collins, has asked for a stay on the sentence while she files an appeal.

In February, Brakes pled no contest to charges he was legally drunk and behind the wheel of his car sometime during the early morning hours of Jan. 23, 1988.

That same morning, the car, carrying Brakes and three other teenagers, traveling about 70 mph, skidded off the Glacier Highway curve

driver of the car. He was a November jury trial foreman later said the convicted Brakes was wheel.

Brakes also faced a in adult court alleging and in control of the crash took place. The dismissed because it was charges of which he been acquitted.

In January, Juneau attorney Rick Svobodny DWI charge alleging drunk at some point in fore the wreck. Brake uled to go to trial on th instead appeared in co no contest plea.

Defence attorney Collins sought the legal minimum sentence for conviction for Brakes in jail, a \$250 fine, alcohol and the loss of his drive three months.

JUNEAU Empire 3/7/89

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Billy



There will be a Act regarding : The State Plan at the Juneau reviewed at th contact:

Publish: March 7, 1989

ANC

Sandra
3-2-89

SB 73

exempt directors

Duncan doesn't support - some of these are career employees

Terry Cramer - several others similarly situated to directors
+ comm's salaries, set in statute; directors aren't

Pat - these aren't the people we want to get rid of! If do want, fire them!

penalty

SB 73 - pay back all retirement checks + 10%
av PERS = \$1100/mo.

contracts

allow - could be a cost-saving measure, just like reclassifying position

savings

Falks wants potential retirees & cost savings by Dept.

\$14 m is a blend of state & fed funds. GF is probably about \$9m.

Temporary law

Roxanne says Duncan will go along - having in statute would have just made it easier for next time

other

p. 8 (g) [muni] pol. subdiv.

→

Alison idea to reduce state costs = require employee to pay larger share of RIP cost

Alison - original RIP BRUs were all set up w/ transfers of funds from other sources + agencies
try to use (lapping funds)
- inconsistency - show savings over 5 yrs but pay back in 3 - ?

✓ Intent

dept. absorb RIP costs - no legislative appropriations. For RIP savings should be corresponding reduction in 100 line.

✓ Windows + EFFECTIVE DATE

- for state, span 2 FY (more opportunity to absorb costs)
- short application period, long retirement period
- ASEA wants 1989; NEA 1989 & 1990

✓ date of employment 1-1-89

just to ensure nobody specifically seeks employment just 'cause this bill is in the hopper.

✓ changes from previous program
identify for committee

✓ PMB process

Jetta's letter

Alison will attend

- not saving any \$ & a gigantic mistake
- not involved last time

✓ Report / analysis

Roxanne, Randy, Alison, OMB



NEWSBREAK

Public Employees' Retirement System

Number 35

June 1989

Special Issue **Retirement Incentive Program**



Governor Cowper signing Senate Bill 73 with Senator Jim Duncan, the prime sponsor of the bill, standing to his left.

Senate Bill 73 was signed by Governor Cowper on the 2nd of June. This act, Chapter 89, Session Laws of Alaska 1989, encourages eligible employees to retire up to three years earlier than they had planned as a cost savings for public employers. Senators Jim Duncan and Jay Kerttula were the prime sponsors of this legislation.

Before employees will be considered for eligibility the employer must choose to participate in the program and the employee must be assigned to a designated unit by the employer.

Calling the Division

Call your employer and find out if they are planning to participate. If they are, find out if you have been designated to retire under the program. If both questions are answered with a "yes," learn as much as you can *from your employer* about the program and the procedure for your retirement.

If you need more information than your employer can provide, call one of the RIP telephone numbers at the Division of Retirement and Benefits.

- ▣ Juneau (907) 465-3233
- ▣ Anchorage (907) 563-3598

Your call will be answered by a recording, so that live staff can be dedicated to processing applications.

At the tone, leave the following information:

- ✓ your full name
- ✓ your social security number
- ✓ your address (if it is new)
- ✓ your telephone number
- ✓ your reason for calling

Continued on page 5

Participating PERS and Teachers' Retirement System (TRS) employers are required to adopt a plan which shows a savings in personal services

Continued on page 2

Before you make plans to retire under this program, CALL YOUR EMPLOYER and ask:

- 1 Are they planning to participate in the RIP?**
- 2 Are you on their list of employees who are designated to participate?**

The answers to both must be YES.

Retirement Incentive Program

Continued from page 1

costs over a period of three years.

This plan must name the eligible employees (designated organizational unit) who are included. The costs of providing the retirement benefits will be carried by those employers and employees who elect to participate.

Following are answers to questions most often asked by employees:

Who is eligible to participate in the program?

To participate, employees must:

- 1 be vested;
- 2 meet the minimum retirement age or service requirements after the retirement incentive is added;
- 3 be approved for participation; and
- 4 be named in the organizational unit.

Additional requirements for State of Alaska Employees

Commissioners, deputy commissioners and assistant commissioners of State departments are not eligible to participate.

Additionally, a qualified State of Alaska employee may be permitted to participate only if the employee:

- ✓ has been continuously employed by the State since November 1, 1988; or
- ✓ is a permanent seasonal employee who has been continuously employed by the State in a permanent seasonal position since November 1, 1988; or
- ✓ has a job sharing agreement with a State agency in which two or more employees share a single position and the employee has been continuously employed in that position since November 1, 1988; or
- ✓ meets a combination of these requirements.

How does an employer determine if an organizational unit can be designated? How are units designated?

The employer is required to show that there will be a savings in personal services costs for all designated organizational units.

State of Alaska organizational units will be designated by the executive heads of state agencies. The criteria to be used for designating units will be determined by the Governor's Office of Management and Budget. That office must then certify that each participating unit will save personal services costs.

Municipality, political subdivision, and other public organization units will be designated by their respective governing bodies. **University of Alaska** units will be designated by the University's Board of Regents. Usually, a resolution will be adopted which designates units and establishes eligibility requirements additional to those in law.

What is the incentive and how does it work?

Three years of additional PERS credit will be offered to eligible employees. The three years of credit must be applied in the following order:

- 1 **First**, to reduce the age or service required for eligibility for early or normal retirement. This credit simply allows employees to retire earlier; it does not increase benefits.
- 2 **Second**, to reduce the actuarial adjustment for early retirement. This credit increases benefits proportionate to the reduction.
- 3 **Last**, to increase employees' PERS service which increases their benefits.

Credit that is not used to satisfy the age or service required (1) will be used to reduce the actuarial adjustment for early retirement (2). If there is still unused credit, it will be used to increase the employee's PERS service (3). The *Retirement Eligibility Charts* on page 4 shows how the credit is applied.

What is the age requirement and how much PERS service is needed to be eligible for the RIP?

Vested employees who were **first** hired under the PERS

❖ **before July 1, 1986** are eligible for normal retirement at age 55 or early retirement at age 50.

❖ **after June 30, 1986** are eligible for normal retirement at age 60 or early retirement at age 55.

Employees are also eligible at any age for normal retirement with at least:

❖ 30 years of paid-up PERS service (military and temporary service excluded); or

❖ 20 years of paid-up PERS peace officer or firefighter service (military and temporary service excluded).

The RIP allows eligible employees to retire at a younger age or with less service because of the three additional years of credit that they will receive.

Eligible employees who already qualify for normal retirement would have their benefits increased because they would receive an additional three years of PERS service.

By applying the three years of credit described above in *What is the incentive and how does it work?* and referring to the *Retirement Eligibility Charts* on page 4, you can see how the RIP credit works.

How can I find out if I will be eligible to retire under the program?

If your employer is a participant, they will know if you are named in a designated organizational unit. If you are, you should be eligible to retire under the program.

If I decide to retire under the RIP, will there be a cost to me?

Yes. The cost is based on your annual compensation for the year in which you terminate employment to participate. If you work less than 12 months during that year, the total compensation that you earned will be used as a base to calculate an annualized amount. Employees who participate in the RIP are indebted to the PERS for:

◆ 22.5% of their annual compensation if they are employed as a peace officer or firefighter; or

◆ 20.25% of their annual compensation if they are employed as an "all other" employee.

If you do not want to pay this indebtedness before retirement, your benefits will be actuarially reduced for life.

If an employer participates in the RIP, will there be a cost to the employer?

Yes. Participating employers are required to reimburse the PERS for all costs associated with their employees' participation, except those charged to the employee. These costs must be paid within three years after the employees retire.

What are the deadlines for applying? When do I have to retire?

Refer to the *RIP Application and Retirement Deadlines* on page 5.

Will I be covered under the retiree medical plan if I retire under the RIP?

That depends on the date you were **first** hired under the PERS. The following employ-

Continued on page 6

Retirement Eligibility Charts

Be sure to check with your employer to find out if you are eligible to participate in the RIP. If you are in a designated unit and you are eligible because you meet the retirement age requirement, use Chart A to see how the

three years of RIP credit will affect you. Peace officers and firefighters who meet the service requirements under the "20 and out" provision and "all other" employees who meet the "30 and out" requirements should use Chart B.

Chart A - Retirement Eligibility Based on Age (must be vested)

Instructions: Find your actual age at retirement in the first column. Directly across in column 2 is the RIP age that will be used in your benefit calculation. Col-

umn 3 shows any additional service credit that will be added to increase your benefit.

Employee's actual age at retirement	Employee's age for RIP purposes	Service credit added to increase benefits
47	50	0
48	51	0
49	52	0
50	53	0
51	54	0
52	55	0
53	55	1 year
54	55	2 years
55 and over	55	3 years

Note: If your RIP age is less than 55, your retirement benefits will be actuarially reduced for early retirement.

Caution: If your current employer joined the PERS after June 30, 1986, and you have had no other PERS

employer, your employer must have recognized your employment with them before July 1, 1986, as "prior PERS service" for you to be eligible for the RIP. Employees with these circumstances must be at least age 52 to qualify for early retirement under the RIP.

Chart B - Retirement Eligibility Based on Service

Instructions: Find your actual credit at retirement in the first column. Directly across in column 2 is your total credit, including any RIP credit, which will be

used to calculate your benefit. Column 3 shows any additional credit that will be added to increase your benefit.

Actual years of credit at retirement	Years of credit with RIP credit	Years of RIP credit to increase benefits
Peace Officers and Firefighters		
17	17	0
18	19	1
19	21	2
*20	23	3
All Other employees		
27	27	0
28	29	1
29	31	2
*30	33	3

Note: Credit used to qualify for retirement must be paid-up. Military and temporary credit may not be used to qualify for service-based retirement, but will be used in the retirement benefit calculation.

* Employees with more credit will receive three additional years of credit to increase their benefits.

RIP Application and Retirement Deadlines

The first thing you should do is **check with your employer** to find out if you are eligible to participate in the RIP. Eligible employees may apply and retire under the RIP as follows:

Employer	Must APPLY no later than	May RETIRE beginning	Must RETIRE no later than
University of Alaska	12-31-89	7-1-89	8-1-90
State of Alaska	3-31-90	10-1-89	11-1-90
Other PERS employers	3-31-90	10-1-89	11-1-90

Caution: Retirement applications must be received by the Division of Retirement and Benefits or must be postmarked before the retirement appointment date. For example, employees who intend to retire on October 1, 1989, must make sure that their applications are received by the division or are postmarked no later than September 30.

Warning!

Before you quit your job, make sure you have enough PERS service to retire.

When members apply for retirement, their employers are required to verify their past employment and salaries. Many times leave without pay (LWOP) and other problems are not discovered until then. For instance, if you received Workers' Compensation benefits during your employment, your PERS credit should be verified before you terminate.

Any unreported LWOP, including any that may have occurred while you were on Workers' Compensation, will result in a reduction of your PERS service. There is an exception though, LWOP due to an occupational injury or disease that occurred after June 12, 1987, may be creditable if it is claimed under Alaska Statutes 39.35.330(c).

Part-time employees should also beware. Their credit should always be verified before they terminate employment to make sure it is correct.

It is always a good idea for employees who are planning to retire to verify their eligibility with their employers before terminating employment. **Make sure that you have enough service to retire before you terminate to avoid unpleasant surprises!**

Call Ahead for Appointments

If you need counseling, please call the Division of Retirement and Benefits for an appointment. Calling ahead will save your valuable time and help us to prepare for your visit.

There is a fully-staffed office in Juneau and a field office in Anchorage. Both offices are open between 8:00 a.m. and 5:00 p.m., with skeleton crews working during the noon hours. The office locations and telephone numbers are:

6th Floor, State Office Building
Juneau, Alaska
Phone: (907) 465-4460

701 E. Tudor Road, Suite 240
Anchorage, Alaska
Phone: (907) 563-5885

The division's workload has increased enormously as a result of the new Retirement Incentive Program. At this busy time, we can provide better service to you and other employees if you will call ahead.

Retirement Incentive Program (RIP) calls should be made to one of the following special numbers:

Juneau (907) 465-3233
Anchorage (907) 563-3598

Continued on back page

Calling the Division - Continued from page 1

Because University of Alaska personnel may apply and retire before other PERS members, their calls will be given top priority. The division asks that State and political subdivision employees call after August 1st to help streamline processing.

All calls will be returned as quickly as staff can gather information in response to requests. As this may take several days, depending on the volume of calls and complexity of the individuals situations, your patience will be appreciated.

Retirement Incentive Program

Continued from page 3

ees will be covered automatically *at no premium cost* when their monthly benefits begin:

❖ all employees first hired under the PERS before July 1, 1986; and

❖ employees first hired after June 30, 1986, if they are at least age 65. Employees under age 65 who were first hired under the PERS after June 30, 1986, may elect to be covered. These employees must pay:

❖ the full monthly insurance premium if they are under age 60; or

❖ one-half of the monthly premium if they are over age 60, but under age 65.

Employees' eligible dependents are also covered under the retiree medical plan while the employees are covered.

program, including any costs for health insurance. (The indebtedness will be reduced by the amount you paid to participate in the program.)

Third, interest (currently 7%) will accrue on that indebtedness from the date that you become reemployed until it is either completely paid or you retire again. Any balance remaining when you retire again will result in an actuarial reduction to your benefit.

If I retire under the program, will I be able to enter into a contract with the State of Alaska or the University of Alaska to perform personal services?

Is there a special application form, and where can I get one?

Yes. If you are eligible to apply for the RIP, you may request one from your personnel office or the Division of Retirement and Benefits.

Should I delay my plans to retire until I know if I will be eligible for the RIP?

It is definitely a good idea to find out if you qualify for the program before you terminate your employment. You should contact your personnel office to find out if your employer is participating and if your position will be included.

What if I retire under the RIP and later become reemployed in a position covered by either the PERS, Teachers' Retirement System (TRS), or the new University of Alaska Retirement Program?

First, you will forfeit the three years of incentive credit that you received.

Second, you will owe the PERS 110% of the benefits you received as a participant in the

The RIP prohibits participating employees from entering into a personal services contract with a State department or agency for one year after they retire. However, personal services contracts with the University of Alaska are permitted.

Peace of Mind

The "Wall Street Journal" ran an article some time ago entitled "Insurance Firm's Pension Pitch Presents Pitfalls."

The article describes advice that some insurance companies are giving people nearing retirement: pick a pension option that pays only for the life of the employee, not an option that will continue to pay the spouse after the employee's death.

These companies or financial planners further advise soon-to-be retirees to use part of their larger pension payments to buy a life insurance policy on their lives. The companies suggest that this is the most effective way to provide for a surviving spouse, at the lowest overall cost to the retiree.

After studying the idea, the "Journal" questioned whether this works to the employee's advantage, and concluded that it may be difficult to duplicate the pension amount, the pension security, and the peace of mind that the spouse will get with the receipt of a monthly pension check after the death of the retiree.

PERS members should also consider that PERS medical insurance is only available to survivors who are eligible for continuing survivor's benefits. That insurance is not available unless the survivor is receiving monthly PERS benefit checks.

Record of Valuable Property and Important Papers

You can keep a concise and comprehensive source of important personal information by using this form. A frequent problem for survivors, after someone dies, is simply finding all of the property and valuable papers. You can help your heirs and executor by filling out this form and giving copies to your spouse, a close relative, your executor and attorney. Update this information periodically.

Name: _____ Social Security Number: _____

Other Important Numbers: _____

**My valuable property and important papers are stored in these locations:
(include addresses if needed)**

Location A: _____

Location B: _____

Location C: _____

Location D: _____

Item	(Specify location)	A B C D	Item	(Specify location)	A B C D
<i>Wills and important papers</i>			<i>Retirement plan information</i>		
	My will (original)	_____	<i>IRA, Keogh, and other tax-deferred</i>		
	My will (copy)	_____	<i>income accounts</i>		
	Spouse's will (original)	_____	<i>Property</i>		
	Spouse's will (copy)	_____	Titles (car, boat, etc.)		
	Power of attorney	_____	Deeds (real estate)		
	Trust agreements	_____	Notes, mortgages		
	Employment contracts	_____	List of stored and		
	Partnership agreements	_____	loaned property		
	Income tax papers	_____	List of stocks, bonds, etc.		
	Marriage certificate	_____	List of checking, savings		
	Birth certificates	_____	and other accounts		
	Military papers	_____	Safety deposit box and keys		
	Divorce/separation papers	_____	Safe combination		
<i>Insurances</i>			<i>List of credit cards</i>		
	Life	_____	<i>and accounts</i>		
	Health	_____			
	Homeowner	_____	<i>Burial instructions</i>		
	Car, boat, etc.	_____			

Important names, addresses and telephone numbers

Retirement Plan: PERS, Division of Retirement and Benefits, P.O. Box CR,
Juneau, Ak. 99811, telephone (907) 465-4460

Attorney: _____

Accountant: _____

Stockbroker: _____

Insurance Agent: _____

Date Prepared: _____ Copies given to: _____

Call Ahead for Appointments

Continued from page 5

When you call these numbers, please leave the following information on the message recorder:

- ✓ your name & social security no.
- ✓ your address (if it is new)
- ✓ your telephone number (daytime)
- ✓ reason for calling

Be sure to tell us if you want your call returned, or if you want information sent to you. If you would like a *projection* (estimate) of what your retirement benefits will be, please also give us (1) your current salary, (2) your spouse's birth date, (3) the date you plan to terminate employment, and (4) the date you want to retire.

Retirement staff will call you back as quickly as possible or mail the information to you, whichever you prefer. As this may take several days, depending on the volume of calls and complexity of the individual situations, your patience will be appreciated.

Please wait until after the 1st of August to contact the division if you work for the State of Alaska or a political subdivision. University of Alaska employees may contact the division now.

Division of Retirement and Benefits
P.O. Box CR-0203
Juneau, AK 99811

RIP Workshops

RIP workshops will be scheduled to answer questions in Anchorage, Fairbanks, Juneau, Ketchikan, and Kenai. Locations, dates and times have not yet been finalized. Please contact your personnel office or look for a newspaper ad announcing the workshops in your area. In

addition, retirement representatives will provide instructions on estimating your benefits.

Remember to check with your employer's personnel office to find out if you are in an organizational unit that is designated to participate in the RIP.

BOARD MEMBERS

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PERS Newsbreak is published quarterly by the Division of Retirement & Benefits, Sally Smith, Director and PERS Administrator; Carol Storkel, Editor.

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