

S B

2 3 7

FISCAL NOTE

BILL NO. SB 237

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
Title: An act relating to credited service under the PERS and TRS and increasing benefits for territorial retirees.

Department Affected: Administration
BRU: Retirement and Benefits

Sponsor: Duncan
Requestor: _____

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	24	24	24	24	24	24
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.4	2.4	2.4	2.4	2.4	2.4

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

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

FUNDING: (Thousands of dollars)

GENERAL FUND	24	24	24	24	24	24
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	2.4	2.4	2.4	2.4	2.4	2.4

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.) The increase in general fund authorization is the result the increase of \$200 per month to the benefit of the one remaining territorial retiree. This bill is estimated to cost the state of Alaska \$ 62.6 in increased personal services for FY 93 and each year thereafter. It will also increase personal services cost to political subdivisions by approximately \$ 42.2 in FY 93 and each year thereafter.

Prepared By: Garv Bader *Dale Statuab*
Division: Retirement and Benefits

Phone: 465-4460

Date: 4/26/91

Approved by Commissioner: Millett Keller
Agency: Department of Administration

Date: 5/1/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

Senate Bill 237
 Analysis of Fiscal Implications to the Retirement Fund
 Prepared by Division of Retirement & Benefits
 Department of Administration
 April 26, 1991

Analysis: Passage of this bill will allow members vested in PERS to claim active duty federal military service while with state national guard unit. We estimate that approximately 2,500 members will claim on average 6 months of additional PERS service under this provision. This is the only provision of this bill which will have a measurable impact on the PERS system.

To fund this bill, the State PERS contribution rate would increase by .01%. The State payroll is estimated to be \$561,946,558 in FY93 and remain stable each year thereafter. The University of Alaska (U of A) PERS payroll is estimated to be \$64,208,199 in FY93 and remain stable each year thereafter.

The State cost of \$ 62.6 is calculated as follows:

Estimated FY93 state PERS salaries	\$561,946,558	
The increase in contribution rate	<u>.01%</u>	
Total State PERS cost.....		\$ 56.2
Plus estimated U of A PERS salaries	\$64,208,199	
The increase in contribution rate	<u>.01%</u>	
Total U of A PERS cost.....		<u>6.4</u>
TOTAL FY93 STATE COSTS...		<u>\$ 62.6</u>

In addition to the State's cost's above, political subdivision costs would increase by \$ 42.2 in FY93 based on estimated salaries of \$421,887,360. The political subdivision salaries are estimated to remain constant each year thereafter.

Estimated FY93 Political Subdivision PERS salaries	\$421,887,360	
The increase in contribution rate	<u>.01%</u>	
TOTAL FY93 POLITICAL SUBDIVISION COSTS...		<u>\$ 42.2</u>

Passage of this bill will have no impact on the PERS funding ratio and would increase the present value of the PERS unfunded liability by \$ 1,300,000.