

**HB**

**354**

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 354

Revision Date: \_\_\_\_\_  
 Title: An Act to retirement incentive programs for certain employees of school districts under the teachers' retirement  
 Sponsor: Representative Mackie  
 Requestor: \_\_\_\_\_

Department Affected: Administration  
 BRU: Retirement & Benefits  
 Component: Retirement & Benefits  
 COMPONENT SERIAL NO. 64

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	229.8	229.8	52.8	52.8	52.8	52.8
TRAVEL	3.0	3.0	0.0	0.0	0.0	0.0
CONTRACTUAL	12.9	11.4	2.8	2.8	2.8	2.8
SUPPLIES	6.0	1.5	.3	.3	.3	.3
EQUIPMENT	64.4	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>316.1</b>	<b>245.7</b>	<b>55.9</b>	<b>55.9</b>	<b>55.9</b>	<b>55.9</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE:** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	316.1	245.7	55.9	55.9	55.9	55.9
<b>TOTAL</b>	<b>316.1</b>	<b>245.7</b>	<b>55.9</b>	<b>55.9</b>	<b>55.9</b>	<b>55.9</b>

Estimate of any current year (FY 96) cost: \$ zero

**POSITIONS:**

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	5	5	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary.)

The actuarial costs to participating employers due to this program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the retirement incentive program.

Prepared by Robert F. Stalnaker *R. F. Stalnaker*  
 Division: Retirement & Benefits

Phone: 465-4470

Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Mark Boyer*  
 Agency: Department of Administration

Date: 1/16/96

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FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 354

ANALYSIS: (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement System employees of school districts. Active school district employees 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 teacher or with 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 from their lifetime benefit for the indebtedness amount.

We estimate that one permanent full-time employee will be needed to manage the operations of the program and increased service demands into the future. Five long-term non-permanent employees will also be needed over the next two fiscal years. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services. Subsequent increases in the number of retirees will necessitate increased permanent employees to handle the increased demand for information and services.

We estimate that we will need to increase our normal number of counseling trips by two trips over the next two fiscal years to assure that members understand the options and requirements of the program.

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

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<b>PERSONAL SERVICES</b>			
	<u>FY 1997</u>		
1 Retirement & Benefits Specialist I	\$ 52.8		
3 Retirement & Benefits Tech III (NP)	113.4		
1 Accounting Clerk III (NP)	34.1		
1 Admin Clerk I (NP)	<u>29.5</u>		
TOTAL FY 1997 COSTS .....	\$229.8		
	<u>FY 1998</u>		
1 Retirement & Benefits Specialist I	\$ 52.8		
3 Retirement & Benefits Tech III (NP)	113.4		
1 Accounting Clerk III (NP)	34.1		
1 Admin Clerk I (NP)	<u>29.5</u>		
TOTAL FY 1998 COSTS .....		\$229.8	
	<u>FY 1999</u>		
1 Retirement & Benefits Specialist I	\$ <u>52.8</u>		
TOTAL FY 1999 COSTS .....			\$52.8

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 354

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<b>TRAVEL</b>			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	3.0	3.0	0.0
<b>CONTRACTUAL</b>			
Communication (Telephone, Postage)	6.6	6.6	1.6
Mainframe Computer Time	4.4	4.4	.8
Software Maintenance	1.5		
Training/Risk Management	<u>.4</u>	<u>.4</u>	<u>.4</u>
Total Contractual	12.9	11.4	2.8
<b>SUPPLIES</b>			
Office Supplies, Calculators, software	6.0	1.5	.3
<b>EQUIPMENT</b>			
Computer Workstations	20.0	0.0	0.0
File Cabinets (1)	.4	0.0	0.0
Office Chairs (5)	2.5	0.0	0.0
Microfiche Viewers (5)	1.5	0.0	0.0
Office Workstations	5.0	0.0	0.0
Computer/Network Printers	12.0	0.0	0.0
Computer Network Upgrades	20.0	0.0	0.0
Telephone Unit (5)	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>
Total Equipment	<u>64.4</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL OPERATIONS COST</b>	<b>\$316.1</b>	<b>\$245.7</b>	<b>\$55.9</b>

The retirement technicians, retirement specialists, 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 two additional computer printers. The previous RIPs put a great demand on our existing printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our existing printers. After comparing the cost of leasing printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

All administrative costs of the program will be paid in advance by participating employers as required by the bill.

Funding Source Breakdown for FY 1997:

1029	PERS	\$126.4
1034	TRS	<u>189.7</u>
		\$316.1



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Administration	DIVISION Retirement & Benefits	BILL NUMBER HB 354	SPONSOR Mackie
SHORT TITLE OF BILL "An Act relating to a retirement incentive program for certain employees of school districts under the teachers' retirement ...."			
DEPARTMENT POSITION			
PREPARED BY Robert F. Stalnaker	DATE <i>R. F. Stalnaker</i>	COMMISSIONER'S SIGNATURE <i>Alison H. Elgie</i>	DATE 1/16/96

SUMMARY

OTHER AGENCIES AFFECTED BY BILL None	CONSTITUENT GROUP(S) AFFECTED BY BILL School District Employees
ORGANIZATIONAL SUPPORT FOR BILL NEA	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT:  NONE  FISCAL NOTE ATTACHED

**BACKGROUND/LEGISLATIVE INTENT**  
There are a variety of RIP bills in the legislature. Last year a retirement incentive program (RIP) for school districts only was included in HB 217. HB 217 also dealt with teacher tenure, layoff and rehire rights. The bill was vetoed by the Governor.

**ANALYSIS OF BILL/PROGRAM EFFECTS**  
This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement System employees of school districts. Active school district employees could retire on an accelerated basis with an increased benefits under the following conditions: as early as age 47, if vested; with 17 years of service as a teacher or with 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 from their lifetime benefit for the indebtedness amount.

We question whether this school district RIP should be supported as a stand alone or whether we should support combining all public employees as has been our position in the past.

**AMENDMENTS PROPOSED**

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS

(7)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: January 8, 1996

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 2/15/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 354

HOUSE BILL NO. 354

RIP FOR SCHOOL DISTRICT EMPLOYEES

"An Act relating to a retirement incentive program for certain employees of school districts under the teachers' retirement system and the public employees' retirement system; and providing for an effective date."

recommends it be replaced  the same title  
with the following committee substitute \_\_\_\_\_  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dep/Date)

fiscal note(s) Admin

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE *[Signature]*

# Alaska State Legislature

REPRESENTATIVE  
**JERRY MACKIE**



ALASKA STATE CAPITOL  
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## House of Representatives

### SPONSOR STATEMENT

#### HB 354, Establishing a Teacher Retirement Incentive Program

I introduced HB 354 in response to the desire of many Alaskan school districts to achieve operational cost savings through a retirement incentive program. The program allows school districts to offer early retirement to teachers at the higher end of the district's salary scale. The savings would result from the hiring of replacement teachers that are younger and lower on the pay range.

The proposed early retirement program is similar to programs established for all public employees beginning in 1986 and ending in 1990. A November 1991 legislative audit estimated that the 1989-90 retirement incentive program saved approximately \$23 million on the early retirement of 1,764 employees taking advantage of the program. In the 1986-87 program 2,327 employees participated achieving a savings of over \$73 million. It should be noted that retirement incentive programs are commonly used by business corporations to attain a more efficient and economic operation.

The program established in HB 354 offers three years of service credited to eligible public school employees facing retirement. The offer is an inducement to employees near or at retirement eligibility to terminate their services. The resulting vacancies allow employers to achieve savings by filling positions with persons of lower step and pay range, down classing positions, or keeping positions vacant. A key provision requires agencies to show on a case by case basis that a three year credited service award would result in a net personnel services cost savings. It should be stressed that participation in the program is completely optional for either the employer or any employee.

The three year credit must be applied in the following order:

1. To meet the age or service required for eligibility for normal retirement;
2. to meet the age required for early retirement;
3. to reduce the actuarial adjustment required for early retirement; and
4. as years of credited service for calculating retirement benefits.

An employee awarded the benefit is required to contribute to the retirement system the amount they would have paid had they continued working the additional three years. The employer's cost is the difference between the employee's contribution and the full actuarial cost of the three year incentive. Thus, the TRS or PERS retirement system is fully compensated for the effects of an individual's early termination of service.

The employer's additional contribution to the retirement system as well as sharing in other program administration costs are primary factors in calculating whether a potential early retirement will result in a net savings and hence qualify. The calculation is based on a five year time period.

House Bill 354 has a sunset clause that terminates the incentive program on July 1, 1998.

I believe this legislature has to make a serious effort to address the state's continuing revenue shortfall and the need for long term financial stability. If education is faced with reduced or frozen budget funding levels, then we have to give the school districts the tools to make the necessary adjustments. Otherwise, the education of Alaska's youth will directly suffer. HB 354 is one of the tools that can be used to mitigate budget shortfalls and preserve the excellence in our public school system.

# Alaska State Legislature

REPRESENTATIVE  
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## House of Representatives

### HB 354, Establishing a Retirement Incentive Program

#### SECTIONAL ANALYSIS\*

**Section 1** states the legislative purpose in adopting a retirement incentive program for teachers and other public school employees.

**Section 2** establishes the general requirements for a retirement incentive program. Subsection (a) permits employers to designate organizational units of employees eligible to participate. Subsection (b) sets out criteria for the organization units. Subsection (c) limits which employees are eligible to participate to those who will be qualified to retire after receipt of the retirement incentive.

Subsection (d) sets out requirements for the employer's plan and requires the employer to agree to reimburse the retirement system for the extra costs incurred by the system as a result of participation by the employer's employees.

Subsection (e) sets out the formula for computing how much each member of the Teachers' Retirement System (TRS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rate of 8.65% for members of TRS set out in AS 14.25.050. Subsection (f) sets out the formula for computing how much each member of the Public Employees Retirement System (PERS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rate of 6.75% for members of PERS set out in AS 39.35.160.

Subsection (g) provides that the retirement incentive is a credit of three years, to be used either to meet retirement eligibility requirements or, if those are met, to increase the amount of

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METLAKATLA • NAI  
WOCK • KLUKWAN • LABOUCHERE BAY • LONG ISLAND  
ALICE • PORT PROTECTION • SKAGWAY  
PASS • YAKUTAT

SECTIONAL ANALYSIS

credited service a participant is entitled to when computing benefits. Subsection (h) limits the kinds of credited service that employees retiring under the retirement incentive plan may use when determining whether they are eligible to retire. Note that the subsection does not limit the kinds of credited service that may be considered when computing the employee's benefits.

Subsection (i) permits employees to assume part of the employer's liability in order to become eligible to participate in a retirement incentive plan.

**Section 3** authorizes school districts to adopt a retirement incentive plan for its employees to begin June 30, 1996 and ending December 31, 1996. Subsection (b) requires that participants be appointed to retirement on or before August 1, 1997.

**Section 4** permits the Department of Administration to take certain actions if school districts who are participating in the retirement incentive program become delinquent in the payments they owe the system for the increased benefits paid to their retirees under the program.

**Section 5** establishes an indebtedness owed by participants in the retirement incentive program who, after retirement, are reemployed in a position that is covered by PERS, TRS, or JRS.

Subsection (b) prohibits participants from working for a state department or agency for three years after the participant retired. There is an exception for work for the University of Alaska and for employment with the legislature during the session if the employment is on an hourly basis and if the employee is not entitled to retirement, health, or leave benefits. Subsection (c) permits the commissioner of administration to allow employers to enter into personal services contracts with participants during the three-year waiting period if the employer establishes there is a compelling reason for hiring the participant because of the participant's specialized or extensive experience. Note that while subsections (b) and (c) permit state agencies and school districts to hire certain participants, neither subsection excuses the participant from paying the penalty established under subsection (a).

**Section 6** states that employees do not have a vested or contractual right to benefits under a retirement incentive program

until an agreement is executed with the administrator of the retirement system. The legislature reserves the right to make changes to the program.

**Section 7** makes the definitions in TRS and PERS, as appropriate, applicable to the bill.

**Section 8** repeals sections 2-3 of the Act, which establish and authorize the retirement incentive program, on July 1, 1998.

**Section 9** is an immediate effective date.

\*This analysis was copied in large part from a 1993 analysis by legislative attorney T. Cramer on bill draft 8-LS0182\A



# NEA-ALASKA

*Affiliated with the National Education Association*

## NEA-ALASKA POSITION PAPER RETIREMENT INCENTIVE PROGRAM

NEA-Alaska supports utilization of a retirement incentive program (RIP) as a cost effective means to reduce the overall cost of school district operation. This cost saving measure is needed especially at a time when student population is increasing and inflation continues to chop away at the opportunities schools offer children. Additional funding is needed to correct the problem but, in the short term, the RIP provides an option for school districts to trim already tight budgets.

In January over 400 NEA-Alaska member delegates attending our annual Delegate Assembly approved the following legislative priority: Retirement Incentive Program: NEA-Alaska shall seek legislation to support the enactment of a retirement incentive program that is actuarially sound. Delegates also discussed the need to make the program available to all school employees in each school district.

If it is the intent of the Legislature and the Administration to reduce the cost of state and local governments, a retirement incentive program is an excellent opportunity to achieve that goal without harming employees at the upper or lower ends of the salary schedule. Absent a RIP, a school district attempting to cut operating costs through reduction in staff (RIP) would be forced to lay off less experienced employees. This option creates a hardship on younger employees and their families and disrupts initial career goals of these employees.

Previous RIPs provided certified and non-certified school employees the benefit of the retirement incentive. Lawmakers have a history that demonstrates the benefits of RIP to both the employee and employer.

NEA-Alaska represents nearly 10,000 members; 2,500 of which are non-certified Educational Support Personnel. Earlier bills extended the benefits of RIP to all school employees. We support the universal application of the RIP to all school employees.

A retirement incentive program offers school district administrators an opportunity to retire staff at the top end of the salary schedule. Those who retire can be replaced by

employees at a lower position on the salary schedule. If school administration carefully employs equally qualified but less experienced teachers and support employees, a school district will net a reduction in operating costs.

Previous RIPs offered experienced employees an early retirement option by providing them a credit of three additional years of service provided the employer and employee pay the actuarial cost of that service. Maintaining that option will not encourage large numbers of experienced school employees to retire since many would likely retire within three to five years anyway. Furthermore, it would maintain the strength of the retirement system for present and future generations of retirees.

We support a retirement incentive plan that is universal in nature. State and local governments, including school districts, can utilize a RIP to achieve cost savings in fair way to both the employer and employee.

Division of Legislative  
Audit

Report No. 02-4404-91

Nov. 22, 1991

Schedule 1 - Estimated Savings or (Costs) by Employer (Notes to Schedule on page 25 of report)

<u>Employer</u>	<u>Number of Retirees</u>	<u>Estimated Savings or (Costs) (Note 1)</u>	<u>Employer</u>	<u>Number of Retirees</u>	<u>Estimated Savings or (Costs)</u>
State of Alaska (Note 2)	739	\$ 6,033,100	Yukon/Koyukuk Schools	2	53,000
University of Alaska (Note 3)	145	4,317,300	Fairbanks North Star Borough (Note 16)	2	49,700
Anchorage School District (Note 4)	306	2,684,900	City of Palmer	3	46,600
Kenai Peninsula Borough Schools (Note 5)	72	1,988,800	Cordova City Schools	2	45,400
Fairbanks North Star Borough Schools (Note 6)	85	1,554,100	Kodiak Island Borough Schools	4	43,700
City of Fairbanks (Note 7)	22	776,700	Alaska State Housing Authority	4	42,700
North Slope Borough School District (Note 8)	42	517,500	Lower Yukon School District	5	38,600
Matanuska-Susitna Borough Schools (Note 9)	42	487,800	Unalaska City School District (Note 11)	3	37,500
North Slope Borough (Note 10)	12	469,600	Iditarod Area Schools (Note 11)	5	34,000
Ketchikan Gateway Borough Schools	23	443,000	Cordova Community Hospital	3	31,400
Lower Kuskokwim Schools (Note 11)	25	324,000	Alaska Gateway Schools	2	27,900
Matanuska-Susitna Borough (Note 12)	9	310,900	City of Kenai	3	27,700
Sitka School District	17	229,700	National Education Association	1	21,600
Kenai Peninsula Borough (Note 13)	6	224,900	City of Haines	1	17,300
Juneau Borough Schools	28	217,700	Bartlett Memorial Hospital	2	16,300
Hillingham City Schools	3	213,600	Nenana City Schools (Note 11)	1	15,400
City and Borough of Juneau	19	199,600	Skagway City School (Note 11)	1	15,400
Hoonah City Schools	2	151,200	Bristol Bay Borough Schools (Note 17)	1	14,600
Haines Borough School District	2	150,700	Nome City Schools	5	12,900
Bering Strait Schools (Note 11)	17	149,800	Southeast Regional Resource Center	2	12,300
Wrangell City Schools	9	124,500	Ketchikan Gateway Borough	1	11,300
City of Hoonah (Note 14)	2	118,000	City of Ketchikan (Note 18)	1	5,400
Southwest Region Schools (Note 11)	9	112,500	City of Kotzebue	1	3,000
Delta/Greely Schools (Note 11)	7	107,500	City of Valdez	2	2,600
City of Homer	5	102,100	City of Seward	2	800
Valdez City Schools	3	84,100	Craig City Schools	1	(12,800)
City of Kodiak (Note 15)	6	77,500	Bristol Bay Borough	1	(14,400)
Kuspuk Schools (Note 11)	7	64,700	Yakutat City School District	1	(16,900)
Chatham Schools	6	64,600	ake City Schools	1	(29,700)
Southeast Island Schools	4	63,000	Yupit School District	2	(30,600)
Sitka Community Hospital	3	60,100	City and Borough of Sitka	7	(31,300)
City of Wrangell	9	58,900	Seward General Hospital	2	(44,800)
Kodiak Island Borough	4	55,300	<b>Total</b>	<b>1,764</b>	<b>\$22,984,800</b>

Schedule 2 - Savings/Costs by Department

Department	Number of Retirees	Estimated Savings/Cost
Transportation and Public Facilities	197	1,616,200
Health and Social Services	77	561,600
Fish and Game	56	502,000
Education	11	467,500
Public Safety	54	422,800
Labor	51	393,700
Corrections	62	334,000
Commerce and Economic Development	21	332,500
Legislature	6	282,000
Administration	51	214,900
Natural Resources	31	206,000
Alaska Court System	19	190,300
Office of the Governor	15	159,800
Revenue	15	103,300
Environmental Conservation	16	87,700
Law	13	79,200
Military and Veterans Affairs	9	47,700
Community and Regional Affairs	5	31,900
<b>Total</b>	<b>739</b>	<b>\$6,033,100</b>

	TRS			PERS			TOTAL		
	Number of Retirees	Estimated Savings/Cost	Average Savings Per Participant	Number of Retirees	Estimated Savings/Cost	Average Savings Per Participant	Number of Retirees	Estimated Savings/Cost	Average Savings Per Participant
State of Alaska	18	\$ 276,900	\$15,383	721	\$5,756,200	\$7,984	739	\$ 6,033,100	\$ 8,164
University of Alaska	72	2,577,100	35,793	73	1,740,700	23,845	145	4,317,800	29,778
Anchorage School District	204	2,894,500	14,189	102	(209,600)	(2,055)	306	2,684,900	8,774
Kenai Peninsula Borough Schools	58	1,810,500	31,216	14	178,300	12,736	72	1,988,800	27,622
Fairbanks North Star Borough Schools	58	734,400	12,662	27	819,700	30,359	85	1,554,100	18,284
North Slope Borough School District	24	308,600	12,858	18	208,900	11,606	42	517,500	12,321
Matanuska-Susitna Borough Schools	26	287,700	11,065	16	200,100	12,516	42	487,800	11,614
Ketchikan Gateway Borough Schools	19	427,000	22,474	4	16,000	4,000	23	443,000	19,261
Lower Kuskokwim Schools	18	276,500	15,361	7	47,600	6,800	25	324,100	12,964
Juneau Borough Schools	27	196,700	7,285	1	21,000	21,000	28	217,700	7,775
Bering Strait Schools	4	61,400	15,350	13	88,400	6,800	17	149,800	8,812
Wrangell City Schools	5	35,600	7,120	4	88,900	22,225	9	124,500	13,833
Southwest Region Schools	6	92,200	15,367	3	20,400	6,800	9	112,600	12,511
Kuspuk Schools	2	30,700	15,350	5	34,000	6,800	7	64,700	9,243
Chatham Schools	5	64,700	12,940	1	(100)	(100)	6	64,600	10,767
Southeast Island Schools	3	49,600	16,533	1	13,300	13,300	4	62,900	15,725
Kodiak Island Borough Schools	2	39,900	19,950	2	3,800	1,900	4	43,700	10,925
Lower Yukon School District	3	66,400	22,133	2	(27,700)	(13,850)	5	38,700	7,740
Alaska City School District	2	30,700	15,350	1	6,800	6,800	3	37,500	12,500
<b>Total</b>	<b>556</b>	<b>\$10,261,100</b>	<b>\$18,455</b>	<b>1,015</b>	<b>\$9,006,700</b>	<b>\$8,874</b>	<b>1,571</b>	<b>\$19,267,800</b>	<b>\$12,265</b>

Schedule 3 - Savings for Employers with Both TRS and PERS Retirees



January 22, 1996

KETCHIKAN  
KETCHIKAN GATEWAY BOROUGH  
SCHOOL DISTRICT

January 22, 1996

Memo To: Keith Tolzin, Superintendent

From: David Means, Business Manager *DM*

Subject: Retirement Incentive Program Analysis

As requested, I counted the eligible teachers if the retirement incentive program were to pass requiring a minimum of 17.0 years of credited retirement service.

There are 33 teachers eligible for retirement under this option. They make a minimum of \$54,976 per year to a maximum of \$58,030. They average \$57,336 per year.

If the District were to replace these teachers with a newly hired teacher, I estimate an average difference in salary per position of \$19,157 (or \$20,902 after factoring in TRS' and social security.) If the District were to replace these teachers with teachers at the B-0 step, then the average difference in salary would become \$26,792 (or \$29,564 after factoring TRS' and social security).



JUNEAU SCHOOL DISTRICT  
CITY AND BOROUGH OF JUNEAU  
OFFICE OF THE SUPERINTENDENT

10014 CRAZY HORSE DRIVE • JUNEAU, ALASKA 99801-8529 • (907) 463-1700 • FACSIMILE (907) 463-1712

January 22, 1996

Representative Jerry Mackie  
Alaska State Legislature  
State Capitol  
Juneau, AK 99811

Dear Representative Mackie:

In response to your inquiry regarding the potential savings from an early retirement incentive, the Juneau School District estimates a savings of \$100,000 per teacher over a five year period.

With a conservative estimate of 30 teachers participating, the savings would be three million dollars. Thank you for your work on this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Mary Rubadeau".

Mary Rubadeau  
Superintendent

Hoonah City Schools

Estimated Cost Savings from HB 98

I. Salary Costs for Current Employee Eligible for RIP in School Year 1992-93:

Teacher A	52,796
" B	53,388
" C	52,796
" D	52,796
" E	52,796
" F	56,631
" G	52,796
" H	<u>56,631</u>

TOTAL Employee Salary Costs 430,628

II. Total costs for eight new teachers at the beginning salary step of \$29,203: \$233,624.

III. Estimated RIP costs for teachers listed above \$ 232,539 paid out over a three-year period: \$77,513 per year.

IV. Cost Savings Per Year:

First Year Savings	\$ 119,487
*Second Year Savings	113,510
*Third Year Savings	<u>107,835</u>

TOTAL three Years Savings.....\$ 340,832

\*NOTE: Estimated 5% increase in salaries for new employees in the second and third year.

# Hoonah Public Schools

P.O. Box 157

(907) 945-3611

Hoonah, Alaska 99829

January 27, 1993

The Honorable Jerry Mackie  
Alaska House of Representatives  
Capital, Room 110  
P. O. Box V  
Juneau, AK 99811

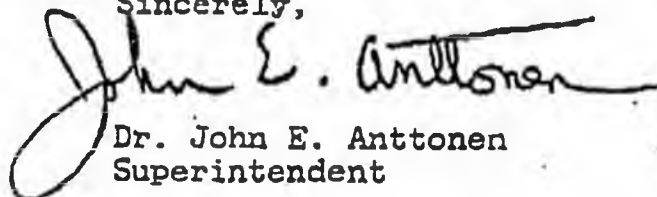
Dear Representative Mackie:

The purpose of this letter is to support the retirement incentive provisions contained in HB 36. The current version of this bill would provide Hoonah School District with a total possible certified employee savings of \$340,832 over a three year period. (See attached cost estimate.)

Our estimate is based on eight teachers who are presently eligible for early retirement and hiring new teachers at the lower end of our current salary schedule. We have computed into this cost estimate the amount that the district would need to pay the retirement system for RIP participation.

Our district views HB 36 as a significant management tool capable of providing us with flexibility in controlling certificated employee costs. Declining State revenue in education demands that management have all opportunities to control employee costs. We see HB 36 as such an opportunity and wholeheartedly endorse its passage.

Sincerely,



Dr. John E. Anttonen  
Superintendent

JEA/db

FEB 20 1996

MEG



# Alaska State Legislature

Please enter into the record my testimony to the HES committee name

committee on HB 354 , dated \_\_\_\_\_ bill/subject

I hope that our legislatures will pass this bill. It would give financial relief to our school district. It would help the economy of our district as new, bright teachers can stay in the Matanuska Valley and practice their trade and buy locally. It would help the morale of our district too. We need action (positive) now so change can take place. Please, pass this bill.

Signed: Margaret V. Mills  
Testifier

Representing (Optional)  
P.O. Box 876218 Wasilla, Ak 99687  
Address  
907-373-6198  
Phone No.

FEB 20 1996



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE TESS  
 committee name  
 committee on HB 354, dated FEB 15, 1996  
 bill/subject

Signed: Larry Hope  
 Testifier

Mat In Education Association  
 Representing (Optional)

P O Box 870887 Wadsworth 99687  
 Address

3764796  
 Phone No.

FEB 20 1996



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE JESS  
 committee name  
 committee on HB 354, dated FEB 15, 1996  
 bill/subject

Signed: Larry Hope  
 Testifier  
Mat Sr. Education Association  
 Representing (Optional)  
P.O. Box 870887 Wadsworth 99687  
 Address  
3764796  
 Phone No.



# Alaska State Legislature

FEB 25 1996

Please enter into the record my testimony to the HOUSE TESTS  
committee name  
committee on HB 354, dated FEB 15, 1996.

*- This year our District is laying off 170 teachers*

My name is Lucy Hope. I am currently the President of Mat-Su Education Association, representing 850 teachers in the Mat-Su School District. We are facing huge budget difficulties here, as you know. The Retirement Incentive Program in HB354 is a method to alleviate some of this difficulty, especially in the long run.

Our salary schedule is built so that beginning teachers make about one half what our most experienced teachers with advanced degrees make. Because of this, our District stands to save a substantial amount of money by participating in a retirement incentive program.

The last time this was enacted, in 1989-90, our school district saw 26 teachers retire. Typically, in recent years, between 12-14 teachers retired. It is expected that at least 45 additional teachers would retire if there was an early retirement incentive program.

What about savings? Last time, the District saved \$469,000 over 3 years as a result of 26 teachers retiring early. This is because the teachers that were hired to replace them were hired at a much lower salary. This is a much more humane way to reduce costs of the School District than laying off personnel, eliminating programs, or increasing class size.

I urge you to pass this bill out of committee, ~~and onto the floor for a vote~~. It is a very real way to cut the costs of operating our school districts, and maintain the educational integrity of our schools. Thank you.

Signed: Lucy Hope  
Testifier

Mat Su Education Association  
Representing (Optional)

P.O. Box 270887 Washilla 99687

Address  
3764796

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE TEST committee name  
 committee on HB 354, dated FEB 15 1996

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Signed: Lucy Hope  
 Testifier

Mat Su Education Association  
 Representing (Optional)

P.O. Box 870887 Wasilla 99687  
 Address

3704796  
 Phone No.