

HB

354

3-5-96

VM

In response to HB 327



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. A RIP is a way to address the economic uncertainty many school districts face. The legislation presents an equitable and fair plan for the employees of Alaska's schools and state government to retire during periods of economic uncertainty.

9-LS0634\C.1
Cramer
2/27/96

#1

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 354

- 1 Page 2, line 14, after "plan":
- 2 Insert "with the commissioner of education. The commissioner shall review the plan
- 3 and certify it only if the plan as proposed by the school district will result in a savings for
- 4 the district. If certified by the commissioner, the participating school district shall file the
- 5 plan and the certification"

- 6 Page 2, line 15, after "if":
- 7 Insert "it is certified by the commissioner of education and if"

Alaska State Legislature

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REPRESENTATIVE
JERRY MACKIE



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House of Representatives

February 16, 1996

MEMORANDUM

To: Rep. James, Chair
State Affairs Committee

From: Rep. Mackie

A handwritten signature in cursive script, appearing to read "Jm", written over the name "Rep. Mackie".

Re: Scheduling of HB 354, Teacher Early Retirement.

I would appreciate your scheduling of HB 354 for a committee hearing at the earliest convenience.

HB 354 offers a method for school districts to save money and still maintain the quality of their education program. It allows the early retirement of teachers at the higher end of the pay scale and replacement by teachers that are younger and lower on the salary scale. It is an optional program.

I believe that any discussion of the long term funding needs of our education system in the face of the state's revenue shortfall must include proposals such as that contained in HB 354. Therefore, I feel it is most important that the State Affairs Committee have an opportunity to deliberate on the merits of HB 354.

Attached is a sponsor statement, bill sectional, and fiscal note.

Alaska State Legislature

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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
JERRY MACKIE



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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

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 that 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

FISCAL NOTE

STATE OF ALASKA
996 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
TOTAL OPERATING	316.1	245.7	55.9	55.9	55.9	55.9

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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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
TOTAL	316.1	245.7	55.9	55.9	55.9	55.9

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
 Division: Retirement & Benefits

Phone: 465-4470
 Date: _____

Approved by Commissioner: 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>
PERSONAL SERVICES			
<u>FY 1997</u>			
1 Retirement & Benefits Specialist I	\$ 52.8		
3 Retirement & Benefits Tech I/II (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 I/II (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	\$ 52.8		
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>
TRAVEL			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	3.0	3.0	0.0
CONTRACTUAL			
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
SUPPLIES			
Office Supplies, Calculators, software	6.0	1.5	.3
EQUIPMENT			
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>
TOTAL OPERATIONS COST	\$316.1	\$245.7	\$55.9

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

ASSOCIATION OF ALASKA SCHOOL BOARDS

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POSITION PAPER

RETIREMENT INCENTIVE PROGRAM

The Association of Alaska School Boards supports passage of a retirement incentive program with the local option for school districts to determine if participation in the program is desirable and beneficial.

The ability of a school district to weigh the short term benefit of a retirement incentive program against its long term goal is critical when addressing the program needs of students and the fiscal uncertainties that all Alaska school districts face.

A retirement incentive program with the local option to participate, will provide school districts the opportunity to review its present personnel cost and determine if economies will create a positive financial and programmatic impact.

AASA HB 354 Survey

How many certified teachers in your district would be eligible to participate in a RIP Program?				
They must have a minimum of 17 years of experience. Please answer regardless of whether your district would participate.				
District Name	Number eligible	Yes	No	Comment
Adak				
Alaska Gateway				
Aleutian Region Schools	2	X		
Aleutians East Borough	7	X		
Anchorage Schools				
Annette Island	2	X		
Bering Strait Schools	7	X		
Bristol Bay Borough				
Chatham Schools	6	X		
Chugach Schools	3	X		
Copper River Schools	10	Questionable -- our cost would be		\$150,000 if all participated
Cordova City Schools	16	I believe so.		
Craig City Schools	0			
Delta/Greely Schools	21	X		
Denali Borough	10		90% unlikely	
Dillingham City Schools	12	X		
Fairbanks Schools				
Galena City Schools				
Haines Borough Schools	13	X		
Hoonah City Schools	12	X		
Hydaburg City Schools	4		probably not	
Iditarod Area Schools				
Juneau Borough	60	X		
Kake City Schools				
Kashunamiut Schools				
Kenai Peninsula	175 to 200	X		
Ketchikan	39	X		Board would decide, but leaning that way.
Klawock City Schools	2	X		
Kodiak Island Borough	28	X		
Kuspuk Schools	13 out of 54 on staff	X		We desperately need a RIP!!
Lake & Pen Borough	9		X	Not sure
Lower Kuskokwim				
Lower Yukon Schools				
Mat-Su Borough	130	X		Dependent on board approval
Nenana City Schools				

AASA HB 354 Survey

District	Number eligible	Yes	No	Comments
Nome City Schools	14		X	
North Slope Borough	20+	X		
Northwest Arctic Boro	31			This is yet to be determined .
Pelican City Schools	1	X		
Petersburg City School	11			Don't know yet.
Probilof Island Schools	2		X	
St. Mary's Schools	4	X		
Sitka Borough Schools	34			Don't know yet.
Skagway City Schools	5	X		
Southeast Island				
Southwest Region	15			Undecided
Tanana Schools				
Unalaska City Schools	1	X		
Valdez City Schools	30	X		We would like to have the option .
Wrangell city Schools	13	X		
Yakutat City Schools				
Yukon Flats Schools	3	X		
Yukon/Koyukuk	9	X		
Yupit Schools				
Alyeska Central Corrsp.				
Total Number eligible	774	27	6	4 UNDECIDED
37/55 districts	67%			
2/28/96				

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/Koschikuk 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	487,300	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/Creely 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	(12,300)
City of Kodiak (Note 15)	6	77,500	Bristol Bay Borough	1	(14,400)
Kaspok Schools (Note 11)	7	64,700	Yakutat City School District	1	(16,900)
Chatham Schools	6	64,600	Kake City Schools	1	(29,700)
Southeast Island Schools	4	63,000	Yupitit 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	Total	1,764	\$22,984,800

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	41	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
Total	739	\$6,033,100

	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	319,700	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	12,506	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
Total	556	\$10,261,100	\$18,455	1,015	\$9,006,700	\$8,874	1,571	\$19,267,800	\$12,265

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



Lawrence A. Wiget, Ed.D.
Director, Government Relations/Legislative Liaison
Anchorage School District
4500 Debarr Road
Anchorage, Alaska 99519-6614
(W) 907 269-2255 (FAX) 907 269-2340

TO: REPRESENTATIVE JERRY MACKIE
(W) 465-4925 (FAX) 465-3517

SUBJECT: RETIREMENT INCENTIVE PROGRAM

DATE: FEBRUARY 27, 1996

The Anchorage School District supports having an option to offer its employees a retirement incentive program if the savings to the District in personal services costs for the employee's position exceed the costs to us for that position within five years after the employee retires. Following an analysis to see if the program is helpful to us overall, the administration will make a recommendation to the School Board on whether to participate in the program or not.

Last year, the District had at least 600 teachers that would have been eligible for early retirement under HB 217.



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,

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	53,386
" C	52,796
" D	52,796
" E	52,796
" F	56,631
" G	52,796
" H	<u>56,631</u>

TOTAL Employee Salary Costs 430,528

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

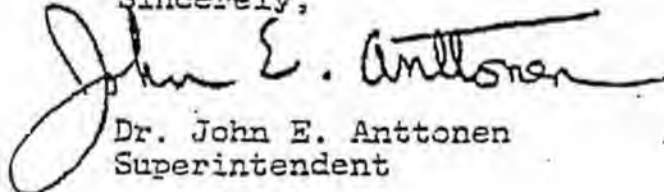
Dear Representative Mackie:

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

H B 354

FAX TRANSMISSION

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

520 FIFTH AVENUE
FAIRBANKS, ALASKA 99701
(907) 452-2000 Ext. 401
FAX: (907) 451-0541

To: Representative Jeanette James, House State Affairs
Committee Chairperson

Date: February 20, 1996

cc: Representative Joe Green

Fax #: c/o Fbks LIO 456-3346

Pages: 1, Including this cover sheet.

From: P. Houts
Superintendent of Schools

Subject: H.B. 354

COMMENTS:

To Representative James:

This P.O.M. is to offer support for H. B. 354 and encourage its movement to hearing. This piece of legislation is seen by us as a tool that could possibly be used in making decisions to help us reach our hiring goals and budget goals.

FAXED
2/20/96

2-22-96

Dear Representative James,

I am writing you, as you are the Chairman of State Affairs, to please bring up for vote HB 354 and not let it die in your committee. The bill passed unanimously in the HFSS committee and still has a way to go I know but it needs to be heard.

This is an important bill for many teachers. It will also help with the economy for many Alaska boroughs. Please do what you can to get this bill, HB 354 heard and passed immediately.

Thank you,
Margaret V. Mello
PO Box 876218
Wasilla, Alaska 99687
907-373-6198
Fax # 907-745-7720

cc:Mail for: REPRESENTATIVE JEANNETTE JAMES

Subject: HB 354

From: rossomt@alaska.net at CC2MHS1 02/23/1996 4:36 PM

To: Representative Jeannette James at ANC_LEGIS

Chair JJames:

Please support HB 354. It is time to offer a tool for cost reduction to school districts instead of more state and local money given out. Also there are many young UAA/AAF graduates trying to become teachers. Currently they wait 5 years on average through substitute teaching and part time jobs before they get a teacher position. You can reduce school districts' expenses and help Alaskan economy by getting higher priced teachers out. Many retirees will stay and spend money here. PLUS several thousand new jobs statewide will open up. The new hires also will spend money here and finally have a job that they trained for. This is a good plan--please support it! In Anchorage, we really do need some more money for the new schools and computers, but not by bonds or the local taxpayers--let's give them some money this way instead! And thank you for HB 354 being scheduled for a public hearing! I have to work at that time, so I appreciate you hearing my views this way. Please give your support to it.

Sincerely,

Theresa Rosso