

HB

354

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/17/96

FURTHER:

DATE TURNED INTO OFFICE: 5-5-96

The Finance Committee considered CS FOR HOUSE BILL NO. 354(FIN)(title am)

Relating to a retirement incentive program for certain employees of the school districts; efd.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>		Co-Chair: <i>[Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

DOA	1/10/96		316.1

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 1

Bill Version: HB 354

(H) Publish Date: 2/16/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

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 VII (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 VII (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>
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



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. Elger</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

SENATE FINANCE COMMITTEE

HB 354 RIP FOR SCHOOL DISTRICT EMPLOYEES

PLEASE SIGN-IN BELOW

NAME: BOB STALNAKER
Co./Dept/Title: DIRECTOR - Phone: 4470
Address: RETIREMENT & BENEFITS Zip: _____
Do you wish to testify? ___ Yes ___ No Respond to Questions

NAME: CARL ROSE
Co./Dept/Title: AA&S / Exec Director Phone: 6-1083
Address: 316 W 11th ST TUNEAU Zip: 99801
Do you wish to testify? ___ Yes ___ No Respond to Questions

NAME: Representative Jerry Macke
Co./Dept/Title: _____ Phone: 4925
Address: _____ Zip: _____
Do you wish to testify? ___ Yes ___ No ___ Respond to Questions

NAME: _____
Co./Dept/Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___ Yes ___ No ___ Respond to Questions