

SB

137

TONY KNOWLES
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 20, 1995

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that establishes a temporary retirement incentive program for employees of the state, its subdivisions, and its school districts, and a temporary separation incentive program for employees of the state.

Closing the state's fiscal gap will require major changes in state operations over the next several years. We need to make state government more efficient and eliminate nonessential services. Our challenge is to accomplish these goals without forcing large layoffs of employees, which could ripple through the private sector and endanger the health of Alaska's economy. Retirement and separation incentive plans have been successfully used by the private sector and government to scale back payroll while eliminating or minimizing the need for layoffs.

Properly structured, these plans can be a cost-effective and humane method of downsizing. This legislation will make these restructuring tools available to the State of Alaska, and will extend the retirement incentive program as an option for municipalities and school districts, which are also facing the need to restructure their operations and work forces.

My Administration will use the retirement and separation incentives in a strategic approach, different from prior programs. The last state retirement incentive program applied to all departments regardless of their budget or personnel situation, and had little effect on downsizing or restructuring government.

The Honorable Drue Pearce:

March 20, 1995

Page 2

Under our approach, the programs will be tailored to the fiscal and staffing requirements of each department. This approach is similar to private sector and federal programs. The incentives will be used in combination with attrition to permanently reduce the number of positions on the state payroll. Departments will be able to participate in the incentive programs only if the programs contribute to their budget and staffing requirements and are cost effective.

This bill differs from the previous retirement incentive program (RIP) laws, enacted in 1986 and 1989, in that employers are specifically authorized to extend an incentive plan to employees in certain components (e.g., certain state divisions slated for major reductions), in certain job classifications, or certain geographic locations. In addition, with regard to the state, not all state employees will be eligible to apply during a window period. Instead the commissioner of administration is authorized to establish window periods (of 30 to 60 days) for some departments and not others. This will allow targeting of departments where major reductions are contemplated, and will alleviate the "brain drain" problem that arose when previous incentive programs were implemented.

The bill also requires that cost savings be shown for each employee allowed to participate, and that cost savings be calculated over a three-year period rather than a five-year period. This change from previous RIP laws will guarantee that the retirement incentive program produces substantial savings to the state and its local governments and school districts.

There are some similarities between this bill and the prior RIP laws. As with those laws, this bill provides that eligible state, municipal, and school district employees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) may obtain three years of retirement credit, to be applied toward reaching normal or early retirement age, reducing the actuarial reduction that early retirees must take, or increasing years of credited service. An employee must pay the appropriate retirement system the employee's normal share for these three years of credit, and the employer must pay the system the difference between what the employee pays and the actuarial cost of allowing the employee to participate. Applications for participation in the program will be allowed only during relatively short "window periods," and the employee must retire within several months after the end of a window period. The bill imposes substantial penalties on an employee retiring under the RIP who accepts employment with another PERS or TRS employer or with a Judicial Retirement System employer, or who is reemployed as a member of the optional university retirement system.

The Honorable Drue Pearce

March 20, 1995

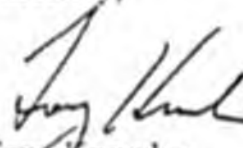
Page 3

The bill also proposes, for the state only, another temporary incentive program, the separation incentive program, that has not been used previously by the state, but that has been used successfully by local governments and school districts in Alaska, by the federal government, and by the private sector. Under this program, which may be offered in conjunction with the RIP or separately from that program, long-term state employees separating from state service may be paid a one-time separation incentive payment. That payment would be \$25,000 or six months' salary, whichever is less, unless a state department or the office of management and budget sets a lower payment. As with the RIP, separation incentive payments could be made only if they would result in cost savings to the state over a three-year period; the program would not be open to all state employees, but could be limited to certain departments or job classes; there would be brief "window periods" for application; and there would be substantial penalties for reemployment by the state within three years.

As this bill works its way through the legislative process, representatives of my Administration will be available to answer any questions that members of your body might have.

I urge your prompt consideration and passage of this bill.

Sincerely,



Tony Knowles
Governor

FISCAL NOTE

No. 3

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. Bill Version: SB 137

(S) Publish Date: 3/22/95

Revision Date: _____ Dept. Affected: All Departments
 Title: An Act relating to retirement incentive programs... BRU: _____
 Component: _____
 Sponsor: Rules Committee by Request of the Governor
 Requester: _____ COMPONENT SERIAL NO. _____

Consolidated Fiscal Note for Executive Branch

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Governor
Administration	666.3	543.1	331.7	321.3	310.9	310.9
DCED
DCRA
Corrections
Education
Postsecondary
DEC
ADF&G
CFEC
DH&SS
Labor
Law
DMVA
DNR
Public Safety
DOR
DOT&PF
TOTAL

ANALYSIS: (Attach a separate page if necessary)

This legislation is expected to result in substantial savings in personal services costs for the state; however, the actual fiscal impact for each department cannot be accurately projected until the program is implemented. See attached analysis for explanation.

Prepared by: Annalee McConnel, Director *Nancy J. Slagle for* Phone: 465-4660
 Division: Office of Management and Budget Date: 3/17/95
 Approved by Commissioner: Jim Avers, Chief of Staff *Paul R. Jensen for* Date: 3/17/95
 Agency: Office of the Governor

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. _____

ANALYSIS: (continued)

This legislation is expected to result in substantial savings in personal service costs for the state; however, the actual fiscal impact for each department cannot be accurately projected for the following reasons:

1. The administration is not planning to implement the legislation in an across-the-board manner, but instead plans to use a more strategic approach tailored to the individual budget and staffing requirements of each department. This approach is similar to that used by many private sector firms, and currently in use by the federal government in its downsizing program.

The participation of each department will therefore depend on the budget and staffing situation of the department at the time the program is implemented. Some departments may not participate in the program if it would not be effective in meeting their requirements. Other departments may offer the program in only certain parts of the department that are being restructured or downsized.

2. The number of employees eligible to participate in both the retirement incentive program and the separation incentive program has not yet been established. The number of employees meeting the basic eligibility criteria will be identified soon; however, the retirement and separation incentive programs may be offered to only a portion of these employees, as described above.
3. Another variable which will affect actual savings is the percentage of employees that will elect to participate in the retirement and separation incentive programs if they are offered to them. The participation rate in the last state RIP in 1989-90 averaged approximately 30 percent. However, this rate varied substantially by department. In addition, the separation incentive program has not been used by the state before, so there is no history of participation rates for this program.

The fiscal impacts shown for the Department of Administration reflect the administrative costs for the Division of Retirement and Benefits and the Division of Finance to perform their responsibilities under the bill. The costs for the Division of Retirement and Benefits would be paid through an administrative charge for participating employers. See the attached fiscal notes from the two divisions for more details.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

No. 2

Sill Version: SB 137

(S) Publish Date: 3/20/95

Revision Date: _____
Title: An Act relating to retirement incentive programs for the public employees' retirement system and the teachers'
Sponsor: Rules Committee by Request of the Governor
Requestor: _____

Department Affected: Administration
BRU: Retirement & Benefits
Component: Retirement & Benefits

COMPONENT SERIAL NO. 64

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	489.1	489.1	289.3	289.3	289.3	289.3
TRAVEL	8.0	8.0	3.0	3.0	3.0	3.0
CONTRACTUAL	27.7	22.7	16.5	16.5	16.5	16.5
SUPPLIES	13.2	3.0	2.1	2.1	2.1	2.1
EQUIPMENT	108.0	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	646.0	522.8	310.9	310.9	310.9	310.9

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
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	646.0	522.8	310.9	310.9	310.9	310.9
TOTAL	646.0	522.8	310.9	310.9	310.9	310.9

Estimate of any current year (FY 95) cost: zero

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	11	11	5	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. Stanger *R. F. Stanger*
Division: Retirement & Benefits

Phone: 465-4470
Date: _____

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

Date: 3/16/95

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. RIP Bill

ANALYSIS: (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. In addition, it allows for separation bonuses for state employees. Authorization of a RIP for State employees could begin as early as July 1, 1995 or as late as June 30, 1998. RIP eligibility periods for state employees would be designated by the Commissioner of Administration. RIP window periods would last from 30-60 days. The University of Alaska may adopt a RIP between June 30, 1995 and December 31, 1995. Participating PERS political subdivision employers may adopt a RIP between December 31, 1995 and June 30, 1996. Participating TRS employers may adopt a RIP between June 30, 1995 and December 31, 1995. 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 qualified peace officer, fire fighter or 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 two permanent employees will be needed to manage the operations of the program and increased service demands into the future. Eleven long-term non-permanent employees will also be needed over the next two fiscal years, with five of those to remain for the third fiscal year. 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 five trips over the next two fiscal years to assure that members understand the options and requirements of the program.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. RIP Bill

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

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
PERSONAL SERVICES			
	<u>FY 1996</u>		
2 Retirement & Benefits Specialist I	\$103.0		
5 Retirement & Benefits Tech I/II (NP)	186.0		
1 Accounting Tech II (N/P)	41.1		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1996 COSTS		\$489.1	
	<u>FY 1997</u>		
2 Retirement & Benefits Specialist I	\$103.0		
5 Retirement & Benefits Tech I/II (NP)	186.0		
1 Accounting Tech II (N/P)	41.1		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1997 COSTS		\$489.1	
	<u>FY 1998</u>		
2 Retirement & Benefits Specialist I	\$103.0		
3 Retirement & Benefits Tech I/II (N/P)	111.6		
1 Accounting Tech II (N/P)	41.1		
1 Accounting Clerk III (N/P)	<u>33.6</u>		
TOTAL FY 1998 COSTS			\$289.3
TRAVEL			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	8.0	8.0	3.0
CONTRACTUAL			
Communication (Telephone, Postage)	14.0	13.2	9.6
Mainframe Computer Time	9.7	8.8	6.2
Software Maintenance	3.3		
Training/Risk Management	<u>.7</u>	<u>.7</u>	<u>.7</u>
Total Contractual	27.7	22.7	16.5
SUPPLIES			
Office Supplies, Calculators, software	13.2	3.0	2.1

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. RIP Bill

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
EQUIPMENT			
Computer Workstations	44.0	0.0	0.0
File Cabinets (2)	8	0.0	0.0
Office Chairs (3)	6.6	0.0	0.0
Microfiche Viewers (11)	6.6	0.0	0.0
Office Workstations	10.0	0.0	0.0
Computer/Network Printers	12.0	0.0	0.0
Computer Network Upgrades	21.4	0.0	0.0
Telephone Unit (11)	<u>6.6</u>	<u>0.0</u>	<u>0.0</u>
Total Equipment	<u>108.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL OPERATIONS COST	\$646.0	\$522.8	\$310.9

The retirement technicians, retirement specialists, accounting technicians, 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 1996:

1029	PERS	355.3
1034	TRS	<u>290.7</u>
		 \$646.0

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.

03/16/95

Position Information Inquiry/Update

11:43:37

Position: 02-02#144	Project: 0	Salary Costs: 36,444.00
Component: 02-95-05-08-00-00	Region:	Benefits Costs: 15,071.30
Scenario: 2 FY: 96	COLA %= 0.000	Total Costs: 51,515.30

Actuals not available (Status: UNKNOWN) |

Retirement Code: A

00/00/00 0	Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00)	
	Merit Date; use merit defaults? N (0.0 @ & 0.0 @)	
	Class/Sched Prefix: 2	Schedule: 2A (actual:)
	Bargaining Unit: GG	Range: 16 (actual:)
	Location Code: AWA	Place: JUNEAU
	Job Class Code: P1442	Title: RETIREMENT BEN SPEC I _____
Seasonal Indic.: F	Type: -	

Optional Override Salary Rates:

Monthly Rate: 0.00 _____ for 0.0 months & rate of 0.00 _____ for 0.0 months
 Hourly Rate: 0.00 _____ for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
 7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0_

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.

03/16/95

Position Information Inquiry/Update

16:25:27

Position: 02-02#149	Project: 0	Salary Costs: 28,356.00
Component: 02-95-05-08-00-00	Region:	Benefits Costs: 8,887.75
Scenario: 2 FY: 96	COLA %= 0.000	Total Costs: 37,243.75

 Actuals not available (Status: UNKNOWN) | Retirement Code: N

00/00/00	Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00)
0	Merit Date; use merit defaults? N (0.0 @ & 0.0 @)
	Class/Sched Prefix: 2 Schedule: 2A (actual:)
	Bargaining Unit: GG Range: 12 (actual:)
	Location Code: AWA Place: JUNEAU
	Job Class Code: P1444 Title: RETIREMENT BENEFIT TEC II
	Seasonal Indic.: G Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months
 Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
 7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0_

6079

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.
03/16/95 Position Information Inquiry/Update

16:26:04

Position: 02-02#151 Project: 0 Salary Costs: 31,740.00
Component: 02-95-05-08-00-00 Region: Benefits Costs: 9,328.01
Scenario: 2 FY: 96 COLA %= 0.000 Total Costs: 41,068.01

Actuals not available (Status: UNKNOWN) Retirement Code: N

00/00/00 Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00)
Merit Date; use merit defaults? N (0.0 @ & 0.0 @)
0 Class/Sched Prefix: 2 Schedule: 2A (actual:)
Bargaining Unit: GG Range: 14 (actual:)
Location Code: AWA Place: JUNEAU
Job Class Code: P1211 Title: ACCOUNTING TECH II _____
Seasonal Indic.: G Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0_

709

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.
03/16/95 Position Information Inquiry/Update

16:26:37

Position: 02-02#154 Project: 0 Salary Costs: 25,140.00
Component: 02-95-05-08-00-00 Region: Benefits Costs: 8,469.35
Scenario: 2 FY: 96 COLA % = 0.000 Total Costs: 33,609.35

Actuals not available (Status: UNKNOWN) | Retirement Code: N

00/00/00 Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00)
Merit Date; use merit defaults? N (0.0 @ & 0.0 @)
0 Class/Sched Prefix: 2 Schedule: 2A (actual:)
Bargaining Unit: GG Range: 10 (actual:)
Location Code: AWA Place: JUNEAU
Job Class Code: P1203 Title: ACCOUNTING CLERK III
Seasonal Indic.: G Type: -

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0

879

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.
03/16/95 Position Information Inquiry/Update

16:27:02

Position: 02-02#156 Project: 0 Salary Costs: 21,108.00
Component: 02-95-05-08-00-00 Region: Benefits Costs: 7,944.79
Scenario: 2 FY: 96 COLA % = 0.000 Total Costs: 29,052.79

Actuals not available (Status: UNKNOWN) | Retirement Code: N

00/00/00 Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00)
0 Merit Date; use merit defaults? N (0.0 @ & 0.0 @)
Class/Sched Prefix: 2 Schedule: 2A (actual:)
Bargaining Unit: GG Range: 07 (actual:)
Location Code: AWA Place: JUNEAU
Job Class Code: P1133 Title: ADMINISTRATIVE CLERK I _____
Seasonal Indic.: G Type: -

Optional Override Salary Rates:
Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months
Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0

979

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: SB 137
(S) Public Date: 3/20/95

Revision Date: _____

Department Affected: Administration

Title: "An Act relating to retirement incentive..."

BRU: Finance

Component: Finance

Sponsor: Rules Committee

COMPONENT SERIAL NO. 59

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL	20.3	20.3	20.8	10.4	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND &	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	20.3	20.3	20.8	10.4	0.0	0.0

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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FUNDING 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	20.3	20.3	20.8	10.4	0.0	0.0
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	20.3	20.3	20.8	10.4	0.0	0.0

Estimate of any current year (FY 95) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1		
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
See attached.

Prepared by: Don Wanie *DW*
Division: Finance

Phone: 465-2240
Date: _____

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

Date: 3/16/95

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The Division of Finance is responsible for verification of employment history and processing of termination pay for all state employees. This includes verifying the length of employment, accounting for all leave without pay during the entire employment with the state and determining salaries for the three highest years. Final and terminal leave pay must be processed in accordance with contractual agreements.

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. It is estimated a half time Accounting Technician I will be needed in FY 96, 97 and 98 and the first half of FY 99 to accommodate the additional workload generated by the

Accounting Technician I,	FY 96	FY 97	FY 98	FY 99
Range 14 A half time.	20.3	20.3		
Range 14 B half time.			20.8	10.4

Enticements to quit attract 7,000 takers

Gov. Allen wants to cut state workers

RICHMOND (AP) — More than 7,000 state employees — about 6 percent of the work force — are seeking retirement or cash buyouts under an Allen administration plan to cut the size of state government.

As of yesterday's deadline to enroll in the program, at least 7,048 of the state's 113,000 employees — one out of every 16 workers — had offered to quit, said Secretary of Administration Michael E. Thomas.

The figure exceeded an administration projection of 6,000 and was expected to grow. Some agencies anticipated losing hundreds of employees; others, more than 1,000.

Gov. George Allen, a Republican, has said he may eliminate more than 16,000 state jobs by the time he leaves office in January 1998.

"The plan was designed to induce state employees to leave voluntarily, and I think that it's working," Mr. Thomas said. "We don't see that there's anything beyond that."

But Joan Dent of the Virginia Governmental Employees Association said the flood of applications shows that workers are sick of being depicted by Mr. Allen as lazy and overpaid.

"I think people are kind of fed up, and saying, 'It's time for me to go,'" said Ms. Dent, whose organization is challenging Mr. Allen's hiring and firing policies in a Rich-

mond Circuit Court lawsuit.

Or as Art Buehler III, a 10-year senior environmental engineer seeking a buyout from the Department of Environmental Quality, put it:

"I considered it an honor to work for the commonwealth. Quite frankly all those factors have been removed — job stability, job security and the overall feeling that you're improving and protecting the environment.

"We used to have the feeling that we were wearing the white hats — that we were the good guys."

Under the Workforce Transition Act, employees who offer to leave could receive a premium equivalent to nine months' pay. The amount is based on length of service.

The administration has until April 15 to accept or reject requests to leave the government payroll. Mr. Allen has said he won't allow the plan to affect vital services, such as education and public safety.

"A lot of people have applied, but not everyone will be approved," Ms. Dent said. "So, at the end of this process, there will be a lot of disappointed people."

Mr. Thomas would not say how many employees might be barred from quitting.

The law also includes an early retirement feature. Workers 50 or older with a minimum of 10 years service could seek a reduced benefit.

D.C. General cuts staff, beds to cope with deficit

By Matt Neufeld
THE WASHINGTON TIMES

The District yesterday fired 194 employees, including 41 doctors.

Hospital employees and union officials strongly disagreed, saying the cuts will directly affect medical and trauma care.

They said the cut positions — which include health screening



Chief Warrant David A. Officer Re

Army retires Fort Meade's 40-

By Gerald Mizejewski
THE WASHINGTON TIMES

When Lt. Gen. John P. Otjen moved the staff and sash from drum major of the Fort George Meade First Army Band a placed them in a case yesterday the unit's 134-year mission officially ended.

Since the Civil War, when the band was first commissioned, a soldier who acted as drum major and led all parades had protected the near-sacred objects. But one could protect the band that played for presidents, troops and parade viewers from budget cuts sweeping through the military.

At the end of yesterday's ceremony at Fort Meade, after the staff and sash were taken away, members of the band covered the bass drum with a black shroud over its insignia.

The rest of the First Army Band silently marched off the field.

The decommissioning of

April, 1995

METRO

7,000 Anxious State Workers Accept Va.'s First Buyout

By Peter Baker
Washington Post Staff Writer

RICHMOND, March 31—Rather than risk being laid off, more than 7,000 state workers today decided to quit.

The first buyout ever offered by Virginia will result in the largest one-time exodus from state government in decades. Employees had until 5 p.m. today to notify their bosses of their intentions and, although numbers still were sketchy tonight, it was clear that many of them—from plumbers to senior managers, one of every 16 workers—were signing up.

Depending on seniority, those

leaving will receive as much as nine months of salary plus other benefits. If all were the typical state worker, making \$25,000 after 10 years' employment, direct severance alone would cost Virginia \$67.8 million. If none were replaced, however, the state ultimately would save \$176.2 million just in salaries for one year.

Officials hadn't predicted how many people the buyout might attract, and the heavy response clearly surprised them. The number will make it much easier for Gov. George Allen (R) to shrink state government without the emotional and economic turmoil that comes with widespread firings. An Allen ad-

ministration task force has recommended paring the work force by 15 percent, or roughly 17,000 jobs, by January 1998, although the governor has not committed to that goal.

Michael E. Thomas, Allen's secretary of administration, said he was pleased by the turnout. "Certainly the more people who want to leave state service voluntarily the better," he said, "because that gets us closer to the governor's goal of reducing the size of state government, but in a way that doesn't have an adverse impact on employees."

But the general public will feel the impact from motor vehicle offices to mental hospi-

tals, as employees with decades of experience suddenly depart without being replaced.

"It could substantially reduce government services," said Del. Kenneth R. Plum (D-Reston), a senior member of the House Appropriations Committee. "Like it or not, we turn to government for a lot of things, and if there's not someone there to help us out at the [motor vehicles] office or the health department, you're going to hear the other side of this."

The 7,018-plus employees represent more than 6 percent of the state's 113,186 workers. That by far eclipses any recent cut in the work force. Even during the recent recession,

3,515 employees took then-Gov. L. Douglas Wilder (D) up on early retirement incentives in 1991.

Today's rush for the door attests to the fear and anxiety under a governor who routinely assails the government bureaucracy as bloated and inefficient.

"It tells us that you got a whole lot of people who want to get out of government service," said Sen. Richard J. Holland (D-Isle of Wight), who helped pass legislation authorizing the severance package. "Morale has been very low recently among state employees."

Joan S. Dent, director of the Virginia Governmental Employees Association, said her office was flooded

Re BUYOUT, B5, Col. 1



D.C. Tries To Sort Out

Adopted

AMENDMENT #1

OFFERED IN THE SENATE

BY SENATOR MILLER

TO: SB 137

1 Page 1, line 2, after the first occurrence of "system":

2 Insert ", the judicial retirement system,"

3 Page 7, after line 20:

4 Insert a new bill section to read:

5 ** Sec. 9. PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR
6 OF COURT. (a) The chief justice of the state supreme court may adopt a retirement
7 incentive plan for an administrative director of the Alaska Court System who is a member
8 of the judicial retirement system under AS 22.25.012 if participation in the plan will result
9 in savings to the court system in personal services costs within three years after the
10 commencement of the plan. The administrative director may participate only if the
11 administrative director is vested in the judicial retirement system and will be qualified to
12 retire under AS 22.25.010 after receipt of the retirement incentive. To participate, the
13 administrative director shall apply to the commissioner of administration to participate in the
14 approved court system plan.

15 (b) The court system shall include in the retirement incentive plan a reimbursement
16 agreement that requires the court system, for each administrative director of the Alaska Court
17 System who is retired under the plan, to reimburse the judicial retirement system within three
18 years after the end of the fiscal year in which the administrative director is appointed to
19 retirement in an amount equal to

20 (1) the actuarial equivalent of the difference between the benefits the
21 administrative director receives after the addition of the credit under (c) of this section and
22 the amount the participant would have received without the credit, less the total of the amount
23 the participant has paid on the indebtedness determined under (d) of this section; and

24 (2) an appropriate share of the administrative costs of the program.

1 (c) A retirement incentive plan adopted under this section must provide that
2 contributions from the court system under (b) of this section take priority over other
3 obligations of the court system to the maximum extent permitted by law.

4 (d) An administrative director of the Alaska Court System who participates in an
5 approved retirement incentive plan is indebted to the system. The amount of indebtedness
6 is equal to 21 percent of the director's actual annual compensation for the year in which the
7 director terminates employment to participate in the program, or the calculated annual
8 compensation for an administrative director who works fewer than 12 months. An
9 outstanding indebtedness at the time the administrative director is appointed to retirement
10 under an approved retirement incentive plan will require an actuarial adjustment to the
11 benefits payable to the director.

12 (e) An administrative director of the Alaska Court System who participates in an
13 approved retirement incentive plan receives a credit of three years that may only be used to
14 meet the age requirements for normal or early retirement under AS 22.25.010(d).

15 (f) The chief justice of the Alaska Court System may adopt, and file with the
16 commissioner of administration for approval, a proposed retirement incentive plan for the
17 administrative director of the court system who is a member of the judicial retirement system.
18 Upon the request of the chief justice, the commissioner of administration shall establish a
19 period during which an administrative director eligible to participate in the retirement
20 incentive plan of the court system may apply to the commissioner of administration to
21 participate in the court system's approved plan. The period shall begin no earlier than July 1,
22 1995, and end no later than June 30, 1998. The period shall be no less than 30 days and no
23 more than 60 days in duration and may not begin less than 30 days after establishment. The
24 chief justice is not required to request an application period.

25 (g) The commissioner of administration may not accept the application of an
26 administrative director of the court system to participate in an approved retirement incentive
27 plan adopted under this section unless the administrative director will be appointed to
28 retirement not later than the first day of the month that is six months after the last day of the
29 application period established by the commissioner under (f) of this section. The chief
30 justice, in a plan adopted under this section, may set an earlier date by which an
31 administrative director must be appointed to retirement in order to participate in the plan."

1 Renumber the following bill sections accordingly.

2 Page 11, after line 21:

3 Insert a new subsection to read:

4 "(c) Unless provided otherwise in this Act, the definition set out in AS 22.25.900
5 applies to provisions in sec. 9 of this Act that relate to the judicial retirement system and
6 members of the judicial retirement system."

7 Reletter the following subsection accordingly.

8 Page 11, after line 22:

9 Insert a new paragraph to read:

10 "(1) "judicial retirement system" means the retirement system established for
11 judges and justices in AS 22.25;"

12 Renumber the following paragraphs accordingly.

13 Page 12, line 12:

14 Delete "10"

15 Insert "11"

16 Page 12, line 13, after "Sections 4 - 7":

17 Insert "and 9"

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
FAX: (907) 465-3008

March 29, 1995

The Honorable Lyda Green
Senator
Room 423, State Capitol
Juneau, Alaska 99801-1182

Dear Senator Green:

I am writing to request that a hearing be scheduled on SB 137, Governor Knowles' retirement incentive legislation. This bill would make retirement incentive programs available as a budget reduction and restructuring tool for the State of Alaska, municipalities, and school districts.

The budget reductions needed over the next few years in state and local governments and school districts will be much more difficult to achieve without additional management tools. Retirement incentives are an important management tool to scale back payrolls at both the state and local levels, while minimizing layoffs and impacts on the Alaska economy.

The Knowles Administration plans to use retirement incentives in a strategic approach, similar to private sector and federal programs. Rather than an across-the-board program, the use of retirement incentives will be tailored to the fiscal and staffing requirements of each department. The program will be used in combination with attrition to permanently reduce positions on the state payroll. Departments will only be allowed to participate in the program if it is cost effective and useful in meeting budget or staffing objectives.

I urge you to provide a prompt hearing for this legislation so it can be acted on this session. I would be happy to meet with you or your staff to discuss the bill and answer any questions you might have. A copy of the Governor's transmittal letter is enclosed. Thank you for your consideration of this request.

Sincerely,



Annalee McConnell
Director

MAR 29 1995

04/12/95

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM

LTN1150

09:23:10

PARTICIPANT LIST (TESTIFIERS ONLY)

BY:MAT

TCN:50559

SCHEDULED FOR:04/12/95 09:00 TO 11:00

FOR:MAT

PUBLIC HEARING

SENATE HEALTH, EDUCATION & SOCIAL SERVIC

LOCATION:MATSU

SB ~~415~~

MS

LUCY

HOPE

TESTIFY

137