

SB

130

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 8, 1997

FURTHER REFERRALS:

Date of Committee Action: 5/11/97

The FINANCE Committee considered:

SB 130

SENATE BILL NO. 130

RIP FOR SCHOOL DISTRICTS AND MUNICIPALITY

“An Act amending the retirement incentive programs for municipalities and school districts; and providing for an effective date.”

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

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) DOA 4/29/97

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Gene Theriault</i> Theriault			X	
<i>Mark Hanley</i> Hanley			X	
<i>Robert Muldin</i> Muldin	X		X	
<i>John Kohring</i> Kohring		X		
<i>John I. Davies</i> I. Davies	X			
<i>Ben Grussendorf</i> Grussendorf	X			
<i>Paul Moses</i> MOSES	X			
<i>John G. Davis</i> G. DAVIS	X			
<i>John Kelly</i> Kelly			X	
<i>John Foster</i> Foster			X	

CO. CHAIR'S SIGNATURE

Gene Theriault *Mark Hanley*

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

No. 1
Bill Version: SB 130
(S) Publish Date: 4-29-97

Revision Date: _____
Title: An Act amending the retirement incentive programs for municipalities and school districts; and providing for an effective date.
Sponsor: Sen. Duncan
Requestor: (S) CRA

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

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ zero

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

This bill extends the period of time that a municipality or school district may elect to participate in the RIP. These amendments provide that a municipality or school district may elect to open a window period for a minimum of 30, but no longer than 60 days. Applicants must retire no later than the first of the month that is six months after the close of the application window.

There is no fiscal impact on the Division of Retirement & Benefits.

If enacted, this bill will not materially affect the accrued liabilities or the funding ratio of the Public Employees' or Teachers' Retirement Systems.

Prepared by: Janet Parker Phone: 465-4460
Division: Retirement & Benefits Date: _____

Approved by Commissioner: Mark Bover *[Signature]* Date: 4/25/97
Agency: Department of Administration

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SENATOR JIM DUNCAN
ALASKA STATE LEGISLATURE

Alaska State Senate

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SPONSOR STATEMENT
SB 130
RETIREMENT INCENTIVE PROGRAM
EXTENSION FOR MUNICIPALITIES AND SCHOOL DISTRICTS

SB 130 will allow school districts and municipalities to request one or more window periods before June 30, 1999 to allow their employees to participate in the retirement incentive program.

Under the terms of the Retirement Incentive legislation which passed in 1996, the window period for school districts expired on December 31, 1996, with retirement required on or before August 30, 1997. The application period for municipalities is open until June 30, 1997 with retirement required on or before February 1, 1998.

This bill will allow school districts and municipalities to request one or more window periods up until June 30, 1999, with retirement required within six months of the end of the application period. This gives school districts and municipalities more flexibility to address declining revenues over the same period as is available under the State employees Retirement Incentive Program.

According to updated statistics from the Division of Retirement and Benefits, currently there are 37 of 61 school districts participating in the Retirement Incentive. These districts have designated almost 1,800 employees to participate with an estimated savings over three years of almost \$80 million if all chose to participate. 130 school employees have actually retired to date with the rest expected to retire this summer after summer vacation begins.

Only 16 of 99 municipalities so far have chosen to use the program. 247 municipal employees have been designated with an estimated savings if all participate in excess of \$5 million.

I believe it is in the best interests of our municipal governments and school districts to allow them the maximum flexibility to address declining state revenues and increasing demands for public services through the use of the Retirement Incentive Program through 1999.

May 9, 1997

LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY
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Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 19, 1997

SUBJECT: Sectional Summary of SB 130. (Application periods for retirement incentive programs for municipalities and school districts)

TO: Senator Jim Duncan
Attn: Roxanne Stewart

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 permits school districts to request additional periods during which employees of the school district may apply to retire under the retirement incentive program. The last application period must end by June 30, 1999. The section retains the window from June 30 through December 31, 1996, enacted in the legislation last year.

Sec. 2 changes the repeal of the school district retirement incentive program authorization to reflect the extension of the application periods made by sec. 1.

Sec. 3 amends the authorization for retirement incentive programs for municipalities and other political subdivisions to permit them to request additional periods during which their employees may retire under the retirement incentive program. The last application period must end by June 30, 1999. The section retains the window from December 31, 1996, through June 30, 1997, enacted in the legislation last year.

Sec. 4 changes the repeal of the municipal retirement incentive program authorization to reflect the extension of the application periods made by sec. 3.

Sec. 5 is an immediate effective date.

TC:glc
97-192.glc

Retirement Incentive Program Statistics								
Group	Employers	Participating	Percent	Designated	Applied	Retired	Estimated Cost of Designated	Est. Savings of Designated
TRS-SD	61	37	61.00%	1287	427	92	\$46,714,749.00	\$71,148,437.00
PERS-SD	54	19	35.00%	499	156	38	\$9,162,669.00	\$8,606,594.00
TRS-UA	1	1	100.00%	276	75	16	\$10,530,296.00	\$4,941,750.00
PERS-UA	1	1	100.00%	200	72	20	\$6,150,090.00	\$2,142,314.00
STATE	17	15	88.00%	739	284	90	\$20,717,240.00	\$16,160,358.00
ST-LEG	1	1	100.00%	17	10	10	\$471,517.00	\$491,773.00
PERS-PS	99	16	16.00%	247	67	32	\$6,978,493.00	\$5,039,407.00
TOTALS	234	90		3265	1071 32.80%	298 9.13% 27.82%		
							percent of designated	percent of applied

Retirement Incentive Program Statistics						
Group	Employers	Participating	Percent	Designated	Applied	Retired
TRS-SD	61	37	61.00%	1287	427	92
PERS-SD	54	19	35.00%	499	156	38
TRS-UA	1	1	100.00%	276	75	16
PERS-UA	1	1	100.00%	200	72	20
STATE	17	15	88.00%	739	264	90
ST-LEG	1	1	100.00%	17	10	10
PERS-PS	39	16	16.00%	247	67	32
TOTALS	234	90		3265	1071	298
					32.80%	9.13% percent of designated
					27.82%	percent of applied

State of Alaska Retirement Incentive Program Statistics			
Department	Designated	Applied	Retired
Governor's Office	2	1	1
Administration	12	6	2
Law	0	0	0
Revenue	3	2	2
Education	42	27	4
Health & Social Services	69	26	10
Labor	44	11	11
Commerce	18	10	1
Military & Veterans Affairs	0	0	0
Natural Resources	26	17	14
Fish & Game	24	19	6
Public Safety	59	23	5
Environmental Conservation	23	11	3
Corrections	243	55	18
Community & Regional Affairs	5	1	1
Transportation	95	38	6
Court System	74	17	6
	739	264	90
		35.72%	12.18% percent of designated
			34.10% percent of applied
Legislative Council	17	10	10
		58.82%	58.82% percent of designated



SENATOR JIM DUNCAN
ALASKA STATE LEGISLATURE


Alaska State Senate

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MEMORANDUM

DATE: May 9, 1997

TO: Representative Mark Hanley, Co-Chair
Representative Gene Therriault, Co-Chair
House Finance Committee

FROM: Senator Jim Duncan 

SUBJECT: Request to Schedule SB 130, Extending the Application
Periods for School Districts and Municipalities under the
Retirement Incentive Program

I request that you schedule SB 130, relating to application periods for the retirement incentive program for municipalities and school districts. **Note that this bill carries a zero fiscal note from the Division of Retirement and Benefits and thus was waived from the Senate Finance Committee.**

Under the bill, school districts and municipalities will be allowed to request additional application periods for participation until June 30, 1999. The current window period for school districts expired on December 31, 1996, with retirement required on or before August 30, 1997. The current application period for municipalities is open until June 30, 1997 with retirement required on or before February 1, 1998.

I believe it is in the best interests of our municipal governments and school districts to allow them the maximum flexibility to address declining state revenues without requiring layoffs and consequent diminishment of services to the public and increasing class sizes in our schools.

Thank you for your favorable consideration of this request.

Attachments