

**SB**

**126**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT 3-25-97

DATE: 3/7/97

FURTHER:

Date of 5-Day Notice: 3-13-97  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 3/25/97

Finance Committee considered

SENATE BILL NO. 126

"An Act relating to the retirement incentive program for state employees; and providing for an effective date."

and recommends:

- be replaced with CS SB 126 ( FIN )
- 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>Robert E. Hilly</i>	✓	<i>Al Adams</i>	X		
<i>John Ingram</i>	✓	<i>1. Duane Douglas</i>	X		
		<i>Sean P. Parrell</i>	X		
Co-Chair: <i>Deance</i>	✓	Co-Chair:			
Co-Chair: <i>Bob Meyer</i>	✓	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal

OMB	3/20		***
Admin	3/19	Ø	

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SB 126 | \_\_\_\_\_

Revision Date: \_\_\_\_\_ Dept. Affected: All Departments  
 Title: An Act relating to the retirement incentive program for state employees  
 BRU: N/A  
 Sponsor: Senate Finance Committee Component: N/A  
 Requester: Senate Finance Committee COMPONENT SERIAL NO. N/A

### Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	***	***	***	***	***	***

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

### FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	***	***	***	***	***	***

Estimate of any current year (FY97) cost: \$ \_\_\_\_\_

### POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill would increase the number of employees retiring under the retirement incentive (RIP) program. However, the magnitude of the increase in participating employees and the associated fiscal impacts cannot be accurately projected, because these factors depend both on individual employee decisions to be made in the future, as well as how many employees would participate under the current RIP over the next two years, which also cannot be accurately projected.

The Knowles Administration believes that the strategic RIP approach enacted by the Legislature in 1996 and currently being implemented by the Administration is more cost-effective and will result in greater long-term savings to state government than the "universal" RIP approach which SB 126 would require.

Prepared by: Annalee McConnell *Annalee McConnell* Phone: 465-4660  
 Division: Office of Management and Budget Date: \_\_\_\_\_  
 Approved by Commissioner: Jim Ayers, Chief of Staff *J. Ayers* Date: 3/20/97  
 Agency: Office of the Governor

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**FISCAL NOTE**

REPORTED OUT OF  
SFC 3-25-97

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SB 126

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the retirement incentive program for state employees; and providing for an effective date.  
 Sponsor: Senate Finance Committee  
 Requestor: Senate Finance

Department Affected: Administration  
 BRU: Retirement & Benefits  
 Component: \_\_\_\_\_  
 COMPONENT SERIAL NO. 61

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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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.)

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

Prepared by: Robert F. Stalnaker *Traci P. Parks*  
 Division: Retirement & Benefits

Phone: 465-4470  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Alison M. Elger*  
 Agency: Department of Administration

Date: 3/19/97

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Not offered

SENATE FINANCE  
COMMITTEE

Amendment Number: 1

Bill Number: SB 126

Sponsor: \_\_\_\_\_ Date: 3-21-97

Logged in By: PJ Spahr

0-LS0687B.1-

Cramer

3/20/97

**A M E N D M E N T**

OFFERED IN THE SENATE

TO: SB 126

- 1 Page 2, following line 7:
- 2       Insert a new bill section to read:
- 3       "\* **Sec. 3.** Section 23(e), ch. 4, FSSLA 1996, is amended to read:
- 4       (e) The commissioner of administration may not accept the application of an
- 5 employee to participate in an approved retirement incentive plan adopted under this section
- 6 unless the employee will be appointed to retirement not later than the first day of the month
- 7 that is six months after the last day of the application period established by the commissioner
- 8 under (a) or (b) of this section. A state agency, in a plan adopted under this section, may
- 9 set an earlier date by which an employee must be appointed to retirement in order to
- 10 participate in the plan."
- 11 Renumber the following bill sections accordingly.

Provided by Bill Ludwig  
Not offered

New Section 1 Added In:

Section 22(b)(3) is amended to read:

savings to the employer in personal services costs (including savings from different retirement tiers) for the employee's position will exceed the costs to the employer for that position within five ~~three~~ years after the employee is appointed to retirement.