

**SB**

**129**

1986-87 R.L.P. Savings - Sources February 1989 Legislative Audit, and Retirement and Benefits Statistics

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 4053

	# Participants	Savings
State	1,095	\$ 14,448,520
School Districts	603	31,182,600
Political Subdivisions	412	4,756,800
University of Alaska	<u>217</u>	<u>22,305,400</u>
Totals	2,327	\$ 72,693,320

1989-90 R.L.P. Savings - Source - 1991 Legislative Audit

	# Participants	Savings
State	739	\$ 6,033,100
School Districts	748	10,016,000
Political Subdivisions	132	2,617,900
University of Alaska	<u>145</u>	<u>4,317,800</u>
Totals	1,764	\$ 22,984,800

**Retirement Incentive Program**

**Status Report on Approved  
RIP Plans**

3/25/97

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As of .....

Department/Agency	Total In Department (Full Time)	Positions In RIP Plan(s)	Positions Deleted In Plan	Positions Downgraded In Plan	Hold Open At Least 3 Months	Can Be Refilled - No Delay	Application Period	Must Retire by	Applications Received (as of 2/1/97)	Retired To Date (by 2/1/97)
Administration	1,091	12	3	2	3	2	multiple plans	mult. plans	4	2
AIDEA	32	3		2		3	2/1/97 - 3/31/97	9/1/97		
Commerce	390	15	1	1	1	13	1/10/97 - 2/28/97	6/30/97	3	0
Community and Regional Affairs	171	5		1	1	4	multiple plans	mult. plans	1	1
Corrections (Corr. & Probation Officers)	1,352	238				234	1/13/97 - 2/12/97	7/1/97	24	11
Education	463	42	1	6		41	3/17/97 - 4/17/97	7/1/97		
Environmental Conservation	483	23	2	9		17	1/16/96 - 2/15/97	7/1/97	1	
Fish and Game	757	24	6	18		18	11/7/96 - 12/31/97	5/1/97	19	4
Governor's Office	178	2		1		2	12/2/96 - 1/20/97	7/1/97	1	1
Health and Social Services	2,049	69	15	2		54	multiple plans	mult. plans	12	6
Labor	645	44	7			37	11/3/96 - 12/2/96	1/1/97	11	11
Natural Resources	569	26	4	7		22	multiple plans	mult. plans	12	9
Revenue	791	3	2	1		1	9/1/96 - 9/30/96	3/1/97	2	1
Public Safety	869	59		3		59	3/8/97 - 4/8/97	6/30/97		
Transportation and Public Facilities	2,704	95			45	50	2/18/97 - 3/19/97	7/1/97	4	
<b>DEPARTMENT TOTALS</b>	<b>12,544</b>	<b>660</b>	<b>41</b>	<b>53</b>	<b>50</b>	<b>557</b>			<b>94</b>	<b>46</b>
University of Alaska	3,469	481					11/11/96 - 12/31/96	6/30/97	101	26
Legislature	224	17	1					12/1/96	10	10
Court System	653	81					1/16/97 - 2/28/97	7/1/97	16	3
<b>GRAND TOTALS</b>	<b>16,890</b>	<b>1,239</b>							<b>221</b>	<b>85</b>

(as of 2/1/97) (by 2/1/97)

Note: R.P. savings cannot be accurately projected yet for most departments because it is uncertain how many employees will actually retire, when they will retire, and which employees (high or low savings) will retire.

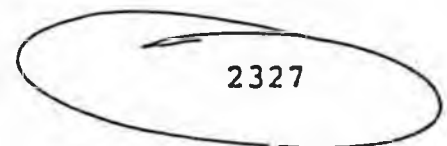
86-87

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RETIREMENT INCENTIVE PROGRAM  
STATUS REPORT  
February 27, 1989

Employer	Eligible By Age/Svc	89-90 Designated By Empl.	89-90 Retired
Governor's Office	30	5	5
Administration	229	174	101
Law	41	18	11
Revenue	55	29	23
Education - PERS	72	71	28
Education - TRS	38	36	19
Health & Social Svc.	335	304	150
Labor	147	138	54
Commerce	88	55	28
Military Affairs	29	6	4
Natural Resources	160	139	65
Fish & Game	160	143	78
Public Safety	193	182	101
Environmental Consv.	36	34	12
Corrections	154	139	38
Comm. & Regional Aff.	21	18	7
Transportation	854	809	355
Ombudsman	1	0	0
Legislative Affairs	53	20	13
Legislative Finance	2	0	0
Legislative Audit	5	3	3
Court System	98	0	0
Total State PERS	2762	2287	1076
Total State TRS	<u>38</u>	36	19
University of Ak - PERS	325	319	107
University of Ak - TRS	372	349	95
Geophysical Inst - PERS	27	27	7
Geophysical Inst - TRS	38	35	8
Total University - PERS	352	346	114
Total University - TRS	410	384	103
Total Poly - Subs PERS	2661	1272	412
Total Schl Dists TRS	1773	1668	603
Grand Total PERS	5775	3905	1602
Grand Total TRS	2221	2088	725
Overall Total	7996	5993	2327

2949 2569 740



- # Participants 1986-87 -

# LEGAL SERVICES

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## MEMORANDUM

March 18, 1997

**SUBJECT:** Sectional Summary of SB 129. (Employer's required savings under the RIP)

**TO:** Senator Jim Duncan  
Attn: Roxanne Stewart

**FROM:** Teresa B. Cramer *TBC*  
Legislative Counsel

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MAR 18 1997  
Ans'd.....

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 amends the requirement in the retirement incentive plan (RIP) for state and municipal employees that an employer show a savings within three years after an employee retires under the RIP to extend the period to five years.

Sec. 2 reflects the amendment made by sec. 1 of this bill, requiring that a savings be shown in five years instead of the three-year period enacted last year.

Sec. 3 is an immediate effective date.

TC:glc  
97-191.glc



**SENATOR JIM DUNCAN**  
*ALASKA STATE LEGISLATURE*

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Alaska State Senate

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**SPONSOR STATEMENT**

**SB 129**  
**RETIREMENT INCENTIVE PROGRAM**

**5 YEAR SAVINGS CALCULATION FOR STATE EMPLOYEES**

SB 129 amends the provisions of the Retirement Incentive Program for state employees to allow five years to be considered in calculating the cost and savings of the program.

In this time of budget cutting, any tool to downsize government in a humane and rational way should be made available to the Administration. The purpose of the Retirement Incentive Program is to allow senior employees the opportunity to retire, rather than laying off (rifling) junior employees as normally happens in times of declining revenues. This proves to be cost effective for the state, and beneficial to the retirees who chose to participate since they receive a three year credit towards their retirement. It is also beneficial to the employees with less seniority who remain on the job rather than being laid off.

Currently the allowable savings calculation only includes three years experience even though savings usually extends for five or more years. The result is that many individuals are not eligible to participate due to the three year counting period in current statute. I know of a number of potential retirees who are ineligible due to a net cost of \$15.00 to \$500.00. With the five year calculation in place, these individuals would qualify to participate.

Since the Retirement Incentive Program for state employees began in June 30, 1996, only 51 state employees have retired under the program. With a five year window for calculation of savings, many more state employees would become eligible, resulting in a much larger savings in cost to the state.

It is difficult to compare earlier Retirement Incentive Programs with the current program in which State agencies may request a number of window periods prior to the end of the program in June, 1999. However, a look at the following statistics and anecdotal statements from high level administration officials indicate the probability that the number of designated employees may only double by the end of the program.

March 18, 1997

RIP PROGRAM	Eligible by Age or Service	Designated to Participate	% Total
86-87 State	2800	2323	82
89-90 State	2949	2569	87
96-99 State	6200	582	9.4

If that is true, then the total percentage of employees potentially eligible who are actually designated to participate will rise only to 18.8. This compares with 82 and 87 percent in the 1986-87 and 1989-90 programs respectively.

Based on this information, it is clear that the three year calculation of savings is severely limiting participation in the program. The two previous Retirement Incentive Programs both used the 5 year savings calculation proposed in SB 129.

The 1987-88 program saved state government \$14.5 million, and the 1989-90 program saved a little more than \$6 million. With increased participation brought about by the amendments in SB 129, I am hopeful we will achieve at least the savings realized in 1989-90, if not more.