

HB

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FILE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 198(STA)
 (H) Publish Date: 4/26/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An Act relating to a pos tirement pension BRU: Special Systems
adjustment and cost-of living allowance.... Component: EPRS
 Sponsor: Representative Hudson
 Requester: (H)State Affairs Component Number: 964

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	47.6	56.9	66.4	67.6	67.8	68.0
Miscellaneous						
TOTAL OPERATING	47.6	56.9	66.4	67.6	67.8	68.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	47.6	56.9	66.4	67.6	67.8	68.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	47.6	56.9	66.4	67.6	67.8	68.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See page 2 for analysis.

Prepared by: Guy Bell, Director Phone 465-4471
 Division: Retirement and Benefits Date/Time 04/25/01
 Approved by: Jim Duncan, Commissioner Date April 25, 2001
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 198(STA)
 (H) Publish Date: 4/26/01

Revision Date/Time (Note if correction): 04/26/2001 Dept. Affected: Office of the Governor
 Title: "An Act relating to a post-retirement pension... and increasing the compensation of the governor". BRU: Executive Operations
 Component: ExecutiveOffice
 Sponsor: Representative Hudson
 Requester: House State Affairs Component Number: 6

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CS HB198 deletes the previously proposed pay raise for the governor, resulting in no fiscal impact for the Office of the Governor.

Prepared by: Michael A. Nizich, Administrative Director Phone 465-3876
 Division: Administrative Services Date/Time 4/26/01 12:00 AM
 Approved by: David Ramseur Date 04/26/2001
 Agency: Office of the Governor

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CS FOR HOUSE BILL NO. 198(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/26/01
Referred: Finance

Sponsor(s): REPRESENTATIVE HUDSON

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a post-retirement pension adjustment for certain persons receiving
2 benefits under the Elected Public Officers Retirement System."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 RETIREMENT BENEFITS UNDER ELECTED PUBLIC OFFICERS
7 RETIREMENT SYSTEM FOR CERTAIN BENEFIT RECIPIENTS. (a) For a member of
8 the elected public officers retirement system receiving benefits under former
9 AS 39.37.050(a)(1), if the monthly salary and, if appropriate, the additional allowances
10 established under AS 24.10.110, authorized for the office from which the member retired has
11 not increased in at least 15 years, the monthly benefit payable to the member or the member's
12 survivor under former AS 39.37 (elected public officers retirement system) shall be increased
13 as set out in this section. The amount of the increase is an amount equal to the monthly
14 benefit to which the member or survivor is entitled multiplied by 75 percent of the percentage

1 increase in the cost of living since the benefit was last adjusted under this section or former
2 AS 39.37.050(a)(1) or since the member retired under former AS 39.37, whichever is later.

3 (b) Notwithstanding former AS 39.37.050(a)(1), if a benefit is increased under (a) of
4 this section and if the monthly salary and, if appropriate, the additional allowances established
5 under AS 24.10.110, authorized for the office from which a member retired is subsequently
6 increased, the member's or survivor's benefit under former AS 39.37 may not be increased
7 until the increase in benefits based on former AS 39.37.050(a)(1) equals or exceeds the
8 increase based on (a) of this section. If benefits based on former AS 39.37.050(a)(1) increase
9 to more than the increased benefit computed under (a) of this section, the member or survivor
10 is entitled to receive an additional increase based on the difference between the two amounts.

11 (c) The administrator of the public employees' retirement system shall implement this
12 section.

13 (d) When computing a survivor's benefit under former AS 39.37.060, adjustments
14 granted to the deceased member or survivor under this section shall be included.

15 (e) An increase in benefit payments under this section is effective July 1 of each
16 calendar year and is based on the percentage increase in the consumer price index for urban
17 wage earners and clerical workers for Anchorage, Alaska, during the previous calendar year,
18 as determined by the United States Department of Labor, Bureau of Labor Statistics.

19 (f) In this section, "system" means the elected public officers retirement system under
20 former AS 39.37.

adopted

4/28

AMENDMENT

I

Representative Hudson

CS HB 198 (STA)
In the House Finance Committee

Page 1, line 8 following "system" insert: "who has been"

Page 1, line 9 follow "AS 30.37.050(a)(1)" insert: "for at least fifteen years"



REPRESENTATIVE BILL HUDSON Alaska State Legislature

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Sponsor Statement CS HB 198 (STA)

Relating to a post-retirement pension adjustment for persons receiving benefits under the Elected Public Officers Retirement System (EPORS)

The draft committee substitute is an effort to contain the costs of this bill focusing on the most extreme cases requiring correction to the longstanding inequity between retirement benefit calculations for EPORS and PERS members. A statistical review of EPORS retirees, or their surviving spouses, revealed that many members have or will be receiving a benefit adjustment - not from any consideration of cost of living adjustments - but rather from changes in the salaries or additional allowances in the position from which they retired. For instance, twenty-two of the thirty-five EPORS retiree's will receive benefit increases that are tied to legislative salary changes.

The current language concentrates on narrowing the focus to members who have not had any cost of living or other benefit adjustments to their EPORS retirement benefits as have their peers who retired under the PERS retirement system.

Although I strongly believe that the salary for the Governor of the State of Alaska is inadequate, with no increases since 1983 when it was increased from \$80,000 to \$81,648 - during this era of billion dollar budget deficits I have removed Section 1 which had proposed a reasonable increase to \$110,000.

To illustrate the situation, consider two employees, both retire originally in 1982 with an initial benefit of \$40,000. The PERS retiree in 2001 would now be receiving a benefit increased by, on average, fifty percent (75% of the inflationary increases over the interim years) for a total benefit of approximately \$60,000. By contrast, the EPORS benefit amount would still be \$40,000.00. Upon the death of the retiree, the surviving spouse would receive only one-half of this benefit annually.

This is a fair bill designed to equalize future benefits only of the few EPORS retirees and their surviving spouses who have not otherwise seen any change in the retirement received for their service to our state.

CS House Bill 198(STA) Fiscal Note #1 Analysis (continued)

This legislation would add a Post Retirement Pension Adjustment for Elected Public Officers Retirement System beneficiaries:

FY 02 Cost \$47.6

EPORS retirement benefits are based on the salary of the position last held by the retiree. Therefore, as incumbent salaries rise (or fall), so do the benefits of the retirees. The PERS and TRS systems have post retirement pension adjustment provisions, which provide an automatic adjustment based on the rate of inflation. This bill would add a similar provision for those participants who have received benefits for 15 years and not received any increase during that time. Eligible participants would receive an increase of 75% of the increase in the cost of living since the retirement benefit was last adjusted, or since the member retired, whichever is later.

If the salary of the position last held by the retiree increases subsequent to the addition of the Post Retirement Pension Adjustment, the member's retirement benefit is not increased until the adjustment based on the salary increase is more than the 75% cost of living increase afforded by this bill.