

HB

140

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HB 147
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February 27, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to reemployment of certain members of the Teachers' Retirement System of Alaska (TRS) and the Public Employees' Retirement System (PERS) who have retired under a retirement incentive plan (RIP).

The objective of this bill is to allow a person who retired under a RIP to return to state service as a commissioner without being penalized.

It is in the best interest of the people of Alaska to ensure that administrative departments of state government be managed by competent, skilled, knowledgeable, and experienced persons. Choosing to serve Alaska as the head of a state agency, in many cases, requires an individual to make sacrifices they may never have anticipated. This bill would remove one of the major disincentives, and give the Governor greater flexibility in filling out his cabinet.

Under existing law, if a TRS or PERS member who took normal retirement and retired under a RIP is re-employed in the TRS or PERS system, the member forfeits the incentive credit and becomes indebted to the TRS or PERS. This bill would allow a TRS or PERS member in this situation who is re-employed as a commissioner to accept the position without being subject to the reemployment indebtedness.

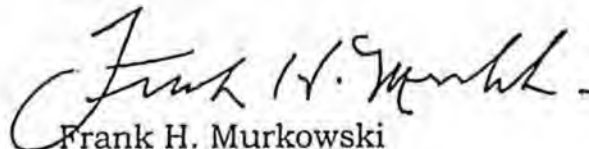
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Under existing law, a retired member of the TRS or PERS who took normal retirement and is re-employed in a TRS or PERS position may elect to continue receiving the member's retirement benefits during the period of employment. A member who retired under a RIP, however, may not make the election to continue receiving TRS or PERS retirement benefits. This bill would allow a TRS or PERS member in this situation who is subsequently re-employed as a commissioner to elect to continue receiving retirement benefit payments during the period of reemployment.

Finally, under existing law, the option to elect to continue receiving TRS or PERS benefits during the period of reemployment is repealed as of July 1, 2005. This bill repeals that option for individuals subject to the bill, *i.e.*, TRS or PERS members who retired under a RIP and are subsequently re-employed as a commissioner.

I urge your prompt and favorable action on this measure.

Sincerely,



Frank H. Murkowski

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 140
 (H) Publish Date: 2/28/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to reemployment of BRU Centralized Admin Services
RIP retirees as Commissioner.... Component Retirement & Benefits
 Sponsor Rules Component No. 64
 Requester Governor

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill amends the Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) statutes to allow a person who participated in a TRS or PERS sponsored retirement incentive program (RIP) to become a commissioner (1) without losing the incentive credit provided under the applicable RIP and without any related RIP reemployment indebtedness, and (2) continue receiving their retirement benefit by waiving accrual of an additional retirement benefit during the period of reemployment as commissioner.

This legislation will have no actuarial impact to the TRS or PERS since the full actuarial cost of the Retirement Incentive Program was paid by the employer and the employee at retirement.

Prepared by: Guy Bell Phone 465-2292
 Division Retirement & Benefits Date/Time February 27, 2003
 Approved by: Mike Miller, Commissioner Date February 27, 2003
 Agency Department of Administration