

HB

368

<TARGET><BILL>HB 368</BILL><SUBJECT>HB
368</SUBJECT><COMM>HSTA29</COMM></TARGET>

REPRESENTATIVE
SHELLEY HUGHES

Transportation
Co-Chair
Labor and Commerce
Vice Chair
Unmanned Aircraft Systems Legislative Task Force
Co-Chair
Military & Veterans' Affairs Committee
Community & Regional Affairs Committee
Transportation Finance Subcommittee
Corrections Finance Subcommittee
Fish & Game Subcommittee

ALASKA STATE LEGISLATURE



HOUSE OF REPRESENTATIVES
District 11 – Greater Palmer

Session:
State Capitol, Room 13
Juneau, Alaska 99801-1182
907-465-3743

Interim:
600 E. Railroad Ave.
Wasilla, AK 99654
907-376-3725
1-800-565-3743

Rep.Shelley.Hughes@akleg.gov
housemajority.org/members/ShelleyHughes
facebook.com/AKShelleyHughes

March 1, 2016

Representative Bob Lynn, Chair
State Affairs Committee
State Capitol Room 108
Juneau, AK 99801

Dear Representative Lynn,

I respectfully request a hearing for HB368 at your earliest convenience. HB368 contains a variety of management tools that could be made available to the Administration for implementing cost savings measures during Alaska's time of low revenues.

All of the provisions provided in this bill cannot be accomplished by simply making changes to an appropriations bill. Many of these concepts have been implemented in the past, such as a Retirement Incentive Program, or have been talked about in different committees as ways to contain costs.

HB368 introduces the following; 1) Retirement Incentive Program (RIP); 2) limiting Commissioner's Office to include only one Special Assistant; 3) defining the employee contribution for health care insurance; 4) implementing electronic reports to save printing costs and 5) providing for an Efficiency Incentive Award to employees for finding efficiencies to state operations.

Additional cost savings measures are included in a committee substitute version W and include; 6) furlough of state employees; and 7) restricting transfers between the Personal Services and other object expenditures.

Thank you for considering a hearing on HB368.

Sincerely,

A handwritten signature in cursive script that reads "Shelley Hughes".

Representative Shelley Hughes
District 11 - Greater Palmer

REPRESENTATIVE
SHELLEY HUGHES

Transportation
Co-Chair
Labor and Commerce
Vice Chair
Unmanned Aircraft Systems Legislative Task Force
Co-Chair
Military & Veterans' Affairs Committee
Community & Regional Affairs Committee
Transportation Finance Subcommittee
Corrections Finance Subcommittee
Fish & Game Subcommittee

ALASKA STATE LEGISLATURE



HOUSE OF REPRESENTATIVES
District 11 – Greater Palmer

Session:
State Capitol, Room 13
Juneau, Alaska 99801-1182
907-465-3743

Interim:
600 E. Railroad Ave.
Wasilla, AK 99654
907-376-3725
1-800-565-3743

Rep.Shelley.Hughes@akleg.gov
housemajority.org/members/ShelleyHughes
facebook.com/AKShelleyHughes

March 1, 2016

Sponsor Statement HB 386 version W

I am happy to introduce cost savings legislation aimed at providing the framework for long term cost reductions statewide. HB 368 eliminates statutory barriers that have prohibited the administration from making substantial cost-saving changes. Policy adjustments are necessary in areas that cannot be addressed through the operating budget process. The bill would implement the following changes:

- Establishes the framework for a Retirement Incentive Program (RIP) for employees that are within three years of their normal retirement date.
- Reduces the number of special assistants to the commissioner to better fit the upper level management needs of state agencies.
- Statutory requirement for employee contribution to the state's health care system will be increased to levels similar to most private sector medical plans.
This will not impact collective bargaining contracts but I hope it will set precedent that future negotiations will follow suit.
- Eliminates the paper production of reports by State Agencies to the Legislature and the public. This measure will save on paper, printing, and artwork.
- New initiatives to incentivize state employees who present the Governor's office with money saving efficiencies and ideas.
Who better than state employees to know the ins and outs of their departments and offer budget saving, innovative ideas? We want to encourage that.
- Furlough for state employees requiring ten days of unpaid leave annually
- Restriction on transfer or changes to the personal services object expenditures in an agency budget.
A restriction on transferring funds out of the personal services line will reduce an agency's ability to leave a position vacant and use the funds intended for salary and benefits to be used for other purposes.

Alaska is facing a fiscal shortfall of nearly four billion dollars. HB 368 provides the administration and the legislature with a variety of management tools that, when implemented, could save the state money. It's time to reduce costs every way possible.

REPRESENTATIVE
SHELLEY HUGHES

Transportation
Co-Chair
Labor and Commerce
Vice Chair
Unmanned Aircraft Systems Legislative Task Force
Co-Chair
Military & Veterans' Affairs Committee
Community & Regional Affairs Committee
Transportation Finance Subcommittee
Corrections Finance Subcommittee
Fish & Game Subcommittee

ALASKA STATE LEGISLATURE



HOUSE OF REPRESENTATIVES
District 11 – Greater Palmer

Session:
State Capitol, Room 13
Juneau, Alaska 99801-1182
907-465-3743

Interim:
600 E. Railroad Ave.
Wasilla, AK 99654
907-376-3725
1-800-565-3743

Rep.Shelley.Hughes@akleg.gov
housemajority.org/members/ShelleyHughes
facebook.com/AKShelleyHughes

March 25, 2016

Changes between HB 368 version A to version W

Two additional management tool provisions are included in HB 368 Version W:

1. Furlough for state employees requiring ten days of unpaid leave annually

And;

2. Restriction on transfer or changes to the personal services object expenditures in an agency budget.
 - i. A restriction on transferring funds out of the personal services line will reduce an agency's ability to leave a position vacant and use the funds intended for salary and benefits to be used for other purposes.

REPRESENTATIVE
SHELLEY HUGHES

Transportation
Co-Chair
Labor and Commerce
Vice Chair
Unmanned Aircraft Systems Legislative Task Force
Co-Chair
Military & Veterans' Affairs Committee
Community & Regional Affairs Committee
Transportation Finance Subcommittee
Corrections Finance Subcommittee
Fish & Game Subcommittee

ALASKA STATE LEGISLATURE



HOUSE OF REPRESENTATIVES
District 11 – Greater Palmer

Session:
State Capitol, Room 13
Juneau, Alaska 99801-1182
907-465-3743

Interim:
600 E. Railroad Ave.
Wasilla, AK 99654
907-376-3725
1-800-565-3743

Rep.Shelley.Hughes@akleg.gov
housemajority.org/members/ShelleyHughes
facebook.com/AKShelleyHughes

March 1, 2016

HB368 Best for our Future Plan Section Analysis Version W

Section 1, Page 2, line 1:

PURPOSE AND INTENT. The purpose of the proposed amendments to uncodified law in this Act is to make a variety of management tools temporarily available to the state and to municipalities and school districts in the state. This will enable those entities to reduce operating costs by incentivizing employees to reduce costs and by allowing certain positions to become vacant and then eliminating those positions or leaving them vacant.

Paper Reduction

- Section 2, Page 2, line 8:
Each agency shall provide five copies of state publications at the State Library Distribution and Data Access Center.
- Section 3, Page 2, line 14:
The center will not engage in general distribution of reports except as provided in AS 44.99.260 for a reasonable fee.
- Section 15, Page 10, line 1:
Requires the lieutenant governor to list reports of state agencies to post reports on the Alaska Online Public Notice System
- Section 16, Page 10, line 30:
Electronic distribution and posting.
Print copy requests may be charged a fee
Graphic design for reports
Definitions

State Employee Furlough

- Section 4, Page 2, line 23:
Items not subject to bargaining include a requirement under AS 39.20.285 that the commissioner of administration furlough state employees
- Section 7, Page 3, line 26:

Mandatory furlough for 10 days of leave each fiscal year with the commissioner providing the notice two weeks in advance. The mandatory furlough does not apply to an emergency employee, peace officer, or other listed critical service employees.

- Section 8, Page 4, line 19:
Exceptions to employee furlough include those already identified in statute under AS 39.20.310.

Personal Services Line Item

- Section 5, Page 3, line 6:
Transfers or changes between objects of expenditures are allowed to meet the requirements of the mission of the department except as provided in (i) of this section.
- Section 6, Page 3, line 21:
Transfers or changes between objects of expenditures may not be made if the transfer or change involves the personal services expenditure or allocation. "Personal services" means employee salaries or benefits.

Reduce the number of Special Assistants in Commissioner's Offices.

- Section 9, Page 5, line 13:
Reduces the number of special assistants from up to two Special Assistants to one.
- Section 10, Page 6, line 16:
Allows for only one Special Assistant per state department.
- Section 11, Page 6, line 20:
Definitions. Special Assistant to the commissioner includes deputy commissioner and assistant commissioner.

Efficiency Incentive Program

- Section 12, Page 7, line 23:
Allows the Governor to grant one pay step as part of the efficiency incentive program award.
- Section 14, Page 8, line 17:
Establishes guidelines for the Governor to create an Efficiency Incentive Program for state employees to find cost savings and process efficiencies within state government. The Governor may award up to five employees per year with a recognition pin and possibly a financial benefit as identified in Section 12 of this act.

Health Care Contribution

- Section 13, Page 7, line 31
Requires state employees who are not covered by collective bargaining to pay 20% of their health care coverage costs with 80% paid by the state.

Retirement Incentive Program (RIP)

- Section 17, Page 12, line 8:
Uncodified law that allows a state agency to offer a RIP option to state employees when that employee's early retirement from state service would provide a cost savings to the state.
- Section 18, Page 15, line 11:
Authorizes a state employee to participate in a RIP when that employee's early retirement from state service would provide a cost savings to the state.
- Section 19, Page 15, line 31:

Authorizes employees of the University of Alaska to participate in a RIP when that employee's early retirement from state service would provide a cost savings to the state.

- Section 20, Page 16, line 9:
Authorizes employees of a political subdivision or public organization to participate in a RIP when that employee's early retirement from state service would provide a cost savings to the state.
- Section 21, Page 16, line 21:
Provides for the state of Alaska to withhold money in the amount equal to a delinquency owed
- Section 22, Page 16, line 30:
Stops enrollment for actuarial reasons if it is determined that there is no savings or creates a negative effect to the state or political subdivision or public organization.
- Section 23, Page 17, line 7:
Reemployment indebtedness and prohibition on reemployment terms are identified in the event a person who participated in the RIP returns to state service within a certain time frame.
- Section 24, Page 18, line 15:
Office of Management and Budget reviews each agency application to offer a RIP enrollment period for reduced costs to the state and must approve the application prior to the agency offering the RIP to its eligible employees. OMB must provide a report to the House and Senate with its finding on the RIP.
- Section 25, Page 19, line 13:
An individual employee does not have a vested or contractual right in the RIP until it is executed. The legislature may change the provision of a RIP that has not been executed.
- Section 26, Page 19, line 21:
Commissioner of Administration may adopt regulations with regard to the RIP.
- Section 27, Page 19, line 25:
Definitions
- Section 28, Page 20, line 21:
Enactment of this act will not affect existing beneficiaries who receive benefits under this plan prior to the date this act is enacted.

Applicability to contracts

Section 29, Page 21, line 1:

- Section 1 Purpose
- Section 4 Furlough
- Section 7 Furlough
- Section 8 Furlough
- Section 9-11 one Special Assistant
- Section 12 Efficiency Incentive Program step increase
- Sections 17-27 Retirement Incentive Program

*Heard 3/29/16
& Held*

29-LS1476W
Wayne
2/25/16

CS FOR HOUSE BILL NO. 368()

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

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE HUGHES

*Keller Moved
Version W
States objected
for discussion*

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to limitations on transfers or changes between objects of expenditures
2 or between allocations for personal services expenditures; requiring a mandatory
3 furlough of certain state employees; making that requirement an item that is not subject
4 to bargaining under the Public Employment Relations Act; relating to the preparation,
5 electronic distribution, and posting of reports by state agencies; limiting the number of
6 special assistants in the executive branch; changing the amount of the required
7 employee contribution to health care premiums for certain state employees; establishing
8 an award for state employees who report or suggest certain efficiencies; relating to
9 retirement incentives for members of the defined benefit plan of the Teachers'
10 Retirement System of Alaska and the defined benefit plan of the Public Employees'
11 Retirement System of Alaska; and providing for an effective date."

12 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

*39,35, 120
incl all empl in a
particular exempt
position*

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

3 PURPOSE AND INTENT. The purpose of the proposed amendments to uncodified
4 law in this Act is to make a variety of management tools temporarily available to the state and
5 to municipalities and school districts in the state. This will enable those entities to reduce
6 operating costs by incentivizing employees to reduce costs and by allowing certain positions
7 to become vacant and then eliminating those positions or leaving them vacant.

8 * **Sec. 2.** AS 14.56.120(a) is amended to read:

Kelly
Dunk

9

(a) Each state agency shall deposit, upon release, at least five [FOUR] copies
10 of each of its state publications in the center. Additional copies of each publication
11 may be requested by the center for deposit in quantities necessary to meet the needs of
12 the depository library system and to provide inter-library service to those libraries not
13 having depository status.

14 * **Sec. 3.** AS 14.56.170 is amended to read:

15 **Sec. 14.56.170. Distribution of state publications and research data.** The
16 center may not engage in general public distribution of either (1) state publications or
17 lists of publications or (2) the index of publications and research data. However,
18 unless expressly prohibited by law, the center shall make available to any person, upon
19 request and under procedures established by it, publications, summaries, research data,
20 indices, and other materials in its possession. Except as provided in AS 44.99.260,
21 reasonable [REASONABLE] fees for reproduction or printing costs and for mailing
22 and distribution of materials may be charged by the center.

23 * **Sec. 4.** AS 23.40.075 is amended to read:

24 **Sec. 23.40.075. Items not subject to bargaining.** The parties may not
25 negotiate terms contrary to the

- 26 (1) reemployment rights for injured state employees under
27 AS 39.25.158;
- 28 (2) reemployment rights of the organized militia under AS 26.05.075;
- 29 (3) authority of the Department of Health and Social Services under
30 AS 47.27.035 to assign Alaska temporary assistance program participants to a work
31 activity considered appropriate by the Department of Health and Social Services;

1 (4) authority for agencies to create temporary positions under
2 AS 47.27.055(c); [OR]

3 (5) provisions contained in a contract under AS 14.40.210(a)(4); or

4 (6) requirement under AS 39.20.285 that the commissioner of
5 administration furlough state employees.

6 * **Sec. 5.** AS 37.07.080(e) is amended to read:

7 (e) Except as provided in (i) of this section, transfers [TRANSFERS] or
8 changes between objects of expenditures or between allocations may be made by the
9 head of an agency upon approval of the office. Transfers may not be made between
10 appropriations, including transfers made through the use of a reimbursable service
11 agreement or other agreement, except as provided in an act making the transfers
12 between appropriations. However, a reimbursable service agreement or other
13 agreement may be used to finance the provision of a service if

14 (1) the agency that requires the service has, by law, the authority to
15 obtain or provide the service and has an appropriation that may be used for that
16 purpose; and

17 (2) the agency that provides the service bills the agency administering
18 the available funds based on

19 (A) the actual cost to provide the service; or

20 (B) a cost allocation method approved by the office.

21 * **Sec. 6.** AS 37.07.080 is amended by adding a new subsection to read:

22 (i) Transfers or changes between objects of expenditures or between
23 allocations under (e) of this section may not be made by an agency if the transfer or
24 change involves a personal services expenditure or allocation. In this subsection,
25 "personal services" means employee salaries or benefits.

26 * **Sec. 7.** AS 39.20 is amended by adding a new section to read:

27 **Sec. 39.20.285. Mandatory furlough.** (a) Notwithstanding AS 39.20.310(7)
28 and (8), the commissioner of administration shall furlough a state employee for 10
29 days of leave each fiscal year. The commissioner shall provide the employee with
30 notice of the furlough at least two weeks in advance. This subsection does not apply to
31 a peace officer, firefighter, seasonal employee, emergency employee, or person

80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

1 assigned to supervise another person 18 or 19 years of age who is committed to the
2 probationary supervision of the Department of Health and Social Services; a person
3 employed in the Department of Transportation and Public Facilities to remove snow
4 from property owned or occupied by the state or the federal government; or a person
5 employed in the Department of Corrections, a health care facility, or a juvenile
6 detention, correctional, or treatment facility.

7 (b) A furlough of a state employee under this section may not be treated as a
8 break in the employee's service except for the purpose of computing the amount of the
9 employee's wages or salary.

10 (c) Notwithstanding AS 23.40, terms in a collective bargaining agreement
11 entered into between the state and an organization representing state employees may
12 not conflict with this section.

13 (d) In this section,

14 (1) "emergency employee" has the meaning given in AS 39.25.200;

15 (2) "peace officer" has the meaning given in AS 01.10.060;

16 (3) "state employee" means a person employed by the state who is paid
17 a wage or salary, but does not include a person hired by the state to work as an
18 independent contractor or a person who is in the custody of the state.

19 * ~~Sec. 8.~~ AS 39.20.310 is amended to read:

20 **Sec. 39.20.310. Exceptions.** Except as provided in AS 39.20.275 **and**
21 **39.20.285**, AS 39.20.200 - 39.20.330 do not apply to

22 (1) members of the state legislature, the governor, the lieutenant
23 governor, and justices and judges of the supreme and superior courts and of the court
24 of appeals, but nothing in AS 39.20.200 - 39.20.330 may be construed to diminish the
25 salaries fixed by law for these officers by reason of absence from duty on account of
26 illness or otherwise;

27 (2) magistrates serving the state on less than a full-time basis;

28 (3) officers, members of the teaching staff, and employees of the
29 University of Alaska;

30 (4) persons employed in a professional capacity to make a temporary
31 and special inquiry, study, or examination as authorized by the governor, the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

legislature, or a legislative committee;

(5) members of boards, commissions, and authorities who are not otherwise employed by the state;

(6) temporary employees hired for periods of less than 12 consecutive months;

(7) persons employed by the division of marine transportation as masters and members of the crews operating the state ferry system who are covered by collective bargaining agreements as provided in AS 23.40.040, except as expressly provided by law;

(8) persons employed by the state who are covered by collective bargaining agreements as provided in AS 23.40.210, except as expressly provided by law.

* Sec. 9. AS 39.25.120(c) is amended to read:

(c) The following positions in the state service constitute the partially exempt service:

(1) deputy and assistant commissioners of the principal departments of the executive branch, including the assistant adjutant general of the Department of Military and Veterans' Affairs;

(2) the directors of the major divisions of the principal departments of the executive branch and the regional directors of the Department of Transportation and Public Facilities;

(3) attorney members of the staff of the Department of Law, of the public defender agency, and of the office of public advocacy in the Department of Administration;

(4) one private secretary for each head of a principal department in the executive branch;

(5) employees of councils, boards, or commissions established by statute in the Office of the Governor or the office of the lieutenant governor, unless a different classification is provided by statute;

(6) not more than one [TWO] special assistant [ASSISTANTS] to the commissioner of each of the principal departments of the executive branch [, BUT

Handwritten notes: A checkmark and some illegible scribbles are present next to line numbers 29, 30, and 31.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

THE NUMBER MAY BE INCREASED IF THE PARTIALLY EXEMPT SERVICE IS EXTENDED UNDER AS 39.25.130 TO INCLUDE THE ADDITIONAL SPECIAL ASSISTANTS];

(7) the principal executive officer of the following boards, councils, or commissions:

- (A) Alaska Public Broadcasting Commission;
- (B) Professional Teaching Practices Commission;
- (C) Parole Board;
- (D) Board of Nursing;
- (E) Real Estate Commission;
- (F) Alaska Royalty Oil and Gas Development Advisory Board;
- (G) Alaska State Council on the Arts;
- (H) Alaska Police Standards Council;
- (I) Alaska Commission on Aging;
- (J) Alaska Mental Health Board;
- (K) State Medical Board;
- (L) Governor's Council on Disabilities and Special Education;
- (M) Advisory Board on Alcoholism and Drug Abuse;
- (N) Statewide Suicide Prevention Council;
- (O) State Board of Registration for Architects, Engineers, and

Land Surveyors;

(P) Alaska Health Care Commission;

- (8) Alaska Pioneers' Home and Alaska Veterans' Home managers;
- (9) hearing examiners in the Department of Revenue;
- (10) the comptroller in the division of treasury, Department of

Revenue;

(11) airport managers in the Department of Transportation and Public Facilities employed at the Anchorage and Fairbanks International Airports;

(12) the deputy director of the division of insurance in the Department of Commerce, Community, and Economic Development;

(13) the executive director and staff of the Alaska Public Offices

1 Commission;

2 (14) the rehabilitation administrator of the division of workers'
3 compensation;

4 (15) guards employed by the Department of Public Safety for
5 emergencies;

6 (16) marine pilot coordinator of the Board of Marine Pilots;

7 (17) guards employed by the Department of Corrections, other than in
8 state correctional facilities, to carry out the responsibility of the commissioner of
9 corrections under AS 33.30.071(b);

10 (18) hearing officers and administrative law judges of the Regulatory
11 Commission of Alaska;

12 (19) the compact administrator appointed under AS 33.36.130;

13 (20) the chief administrative law judge and administrative law judges
14 of the office of administrative hearings;

15 (21) the executive secretary of the Board of Public Accountancy.

16 * ~~Sec. 10.~~ AS 39.25.130 is amended by adding a new subsection to read:

17 (d) Notwithstanding (a) of this section, a principal department of the executive
18 branch may not have more than one special assistant to the commissioner position in
19 the partially exempt service.

20 * ~~Sec. 11.~~ AS 39.25 is amended by adding a new section to article 2 to read:

21 **Sec. 39.25.139. Definitions.** In AS 39.25.090 - 39.25.130, "special assistant to
22 the commissioner" includes deputy commissioner and assistant commissioner.

23 * ~~Sec. 12.~~ AS 39.27.011 is amended by adding a new subsection to read:

24 (l) The governor may grant one pay step under (a) of this section or one pay
25 increment under (h) of this section to an employee who is entitled to receive an award
26 under AS 44.19.018(a). A pay step or pay increment granted under this section is in
27 addition to a pay step or pay increment for which an employee may be eligible under
28 this section based on the employee's length of service and an evaluation of the
29 employee's performance. The number of grants under this subsection in a calendar
30 year may not exceed five.

31 * ~~Sec. 13.~~ AS 39.30.095(e) is amended to read:

1 (e) **The** [NOTWITHSTANDING (b) OF THIS SECTION, THE] rate of
 2 employer contribution to provide hospital, surgical, dental, audiovisual, and other
 3 medical care benefits under AS 39.30.091 is 80 percent of the amount the
 4 commissioner determines to be necessary to provide those benefits under (b) of
 5 this section [\$515 MONTHLY BEGINNING JULY 1, 2000; \$575 MONTHLY
 6 BEGINNING JULY 1, 2001; AND \$630 MONTHLY BEGINNING JULY 1, 2002,]
 7 for the following employees and officials:

8 (1) employees in the executive branch of the state government,
 9 including the governor and lieutenant governor, who are not members of a collective
 10 bargaining unit established under the authority of AS 23.40.070 - 23.40.260 (Public
 11 Employment Relations Act);

12 (2) officials and employees of the legislative branch of state
 13 government under AS 24;

14 (3) employees in the judicial branch of state government, including
 15 magistrates and other judicial officers, who are not members of a collective bargaining
 16 unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act).

17 * **Sec. 14.** AS 44.19 is amended by adding a new section to read:

18 **Sec. 44.19.018. Efficiency incentives awards.** (a) The governor may award
 19 to a state employee who makes a report or suggestion under this section that the
 20 governor approves

21 (1) a pin that includes the seal of the state and a symbol or words that
 22 signify employee excellence; and

23 (2) to not more than five state employees each calendar year, an extra
 24 pay increment or an extra monthly base salary pay step under AS 39.27.011(l).

25 (b) The governor shall make arrangements for the pin under (a) of this section
 26 to be produced in a suitable quantity and at nominal cost to the state based on a design
 27 determined through a statewide design competition participated in by the school
 28 children of the state. Production or use of a pin is subject to the limitations and
 29 potential penalties under AS 44.09.015.

30 (c) A state employee may

31 (1) suggest to the governor an efficiency, including a new policy or

17
18
19
20
D
JKT
848
A

1 practice, that will

2 (A) reduce or eliminate government waste, the state's debt, or
3 an operating or capital cost;

4 (B) improve service to the public; or

5 (C) make an operation of state government more efficient;

6 (2) report to the governor a waste by the state of a government
7 resource.

8 (d) The governor may maintain and make available, at no cost to state
9 employees, a telephone number, electronic mail address, Internet website, and other
10 means to make a report under this section.

11 (e) A state employee who makes a report under this section may provide or
12 withhold information that personally identifies the state employee.

13 (f) In addition to limitations or protections under AS 39.26.010(a) and
14 AS 39.90.100 - 39.90.150 that may apply, action affecting the employment status of a
15 state employee, including appointment, reduction of compensation, promotion,
16 demotion, suspension, or removal, may not be taken or withheld in retaliation against
17 the employee for making a report or suggestion to the governor under this section.

18 (g) This section does not

19 (1) authorize the disclosure of information that is legally required to be
20 kept confidential; or

21 (2) diminish or impair the rights of an employee under a collective
22 bargaining agreement.

23 (h) In this section,

24 (1) "government resource" means public funds, facilities, equipment,
25 services, or employees;

26 (2) "state employee" means a person employed by the state in the
27 executive branch who is paid a wage or salary, but does not include a person hired by
28 the state to work as an independent contractor or a person who is in the custody of the
29 state;

30 (3) "waste" means an extravagant, unnecessary, or fiscally imprudent
31 use of a government resource.

1 * ~~Sec. 15.~~ AS 44.62.175(a) is amended to read:

2 (a) The lieutenant governor shall develop and supervise the Alaska Online
3 Public Notice System, to be maintained on the state's site on the Internet. The
4 lieutenant governor shall prescribe the form of notices posted on the system by state
5 agencies. The Alaska Online Public Notice System must include

6 (1) notices of proposed actions given under AS 44.62.190(a);

7 (2) notices of state agency meetings required under AS 44.62.310(e),
8 even if the meeting has been held;

9 (3) notices of solicitations to bid issued under AS 36.30.130;

10 (4) notices of state agency requests for proposals issued under
11 AS 18.55.255, 18.55.320; AS 36.30.210; AS 37.05.316; AS 38.05.120; and
12 AS 43.40.010;

13 (5) executive orders and administrative orders issued by the governor;

14 (6) written delegations of authority made by the governor or the head
15 of a principal department under AS 44.17.010;

16 (7) the text or a summary of the text of a regulation or order of repeal
17 of a regulation for which notice is given under AS 44.62.190(a), including an
18 emergency regulation or repeal regardless of whether it has taken effect;

19 (8) notices required by AS 44.62.245(b) regarding an amended version
20 of a document or other material incorporated by reference in a regulation;

21 (9) a summary of the text of recently issued published opinions of the
22 attorney general;

23 (10) a list of vacancies on boards, commissions, and other bodies
24 whose members are appointed by the governor;

25 (11) in accordance with AS 39.52.240(h), advisory opinions of the
26 attorney general; [AND]

27 (12) notices required by AS 26.30.010(d) and (e) regarding
28 applications for military facility zones; and

29 (13) reports of state agencies, if required under AS 44.99.250.

30 * ~~Sec. 16.~~ AS 44.99 is amended by adding new sections to read:

31 **Article 3A. Distribution of Agency Reports.**

*Kelley
9/07
AW*

*Would
Want to
Amend*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Sec. 44.99.250. Electronic distribution and posting. (a) A state agency that produces and distributes a report shall, if the agency has the technological capability to do so, provide copies electronically and post the report on the Alaska Online Public Notice System (AS 44.62.175). An agency may not produce print copies of reports except as

(1) required

(A) under AS 14.56.120;

(B) by agreement; or

(C) by federal law; or

(2) requested under AS 44.99.260 or specifically approved by the head of a state agency or the head's designee.

(b) A report produced and distributed by a state agency shall prominently state the Internet website where a digital copy and the physical address where a print copy of the report may be found.

(c) Except as provided in (a) of this section, electronic distribution and electronic posting on the Alaska Online Public Notice System (AS 44.62.175) fulfills any obligation in state law to publish, prepare, or present a report, and electronic distribution fulfills any obligation in state law to submit a report.

Sec. 44.99.260. Print copy requests. A person may obtain, at no charge, up to two print copies of reports from the state library distribution and data access center under AS 14.56.170 each day. A person may obtain additional print copies of reports from the state library distribution and data access center for a reasonable fee under AS 14.56.170.

Sec. 44.99.270. Graphic design for reports. Notwithstanding AS 44.99.200, when preparing reports, a state agency may not hire contractors to provide photographs or graphics unless

(1) no agency employee qualified to perform the work is available; or

(2) the agency would use fewer state resources by hiring a contractor.

Sec. 44.99.290. Definitions. In AS 44.99.250 - 44.99.290,

(1) "report" means an official document that a state agency is required by law to prepare and distribute to the legislature or the public without a specific

1 request, but does not include proposed regulations or documents related to the
2 adoption or amendment of regulations;

3 (2) "state agency" means a department, institution, board, commission,
4 division, authority, public corporation, committee, or other administrative unit of the
5 executive branch of state government, including the University of Alaska, the Alaska
6 Railroad Corporation, the Alaska Permanent Fund Corporation, and the Alaska
7 Housing Finance Corporation.

8 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 RETIREMENT INCENTIVE PROGRAM. (a) An employer, including a state agency,
11 a political subdivision of the state, a public organization, and the University of Alaska, may
12 elect to adopt a retirement incentive program under secs. 17 - 27 of this Act. The employer
13 may limit applicability of the program to employees

14 (1) in specific budget or administrative components designated by the
15 employer;

16 (2) in specific job classifications designated by the employer;

17 (3) in specific geographic locations identified by the employer; or

18 (4) based on any combination of factors under (1) - (3) of this subsection.

19 (b) Only the administrator may approve or deny an employee's application to
20 participate in a retirement incentive program adopted by an employer under (a) of this section.

21 (c) An employer that elects to adopt a retirement incentive program under (a) of this
22 section shall propose the adopted program to the administrator for approval. The administrator
23 shall approve the program if the program meets the requirements of this section and, if the
24 employer is a state agency, sec. 24(a) of this Act. A program proposed under this section must

25 (1) designate job classifications, and specific budget and administrative
26 components related to those job classifications, that are wholly or partially made up of
27 employees who may be eligible to participate in the program;

28 (2) include a reimbursement agreement that requires

29 (A) the employer, for each employee who participates in the program,
30 to reimburse the defined benefit plan in the appropriate retirement system, within three
31 years after the end of the fiscal year in which the employee is appointed to retirement,

1 in an amount equal to the actuarial equivalent of the difference between the benefits
2 the participant receives after the addition of the credit under (i) of this section and the
3 benefits the participant would have received without the credit, less the amount the
4 participant has paid on the indebtedness determined under (g) or (h) of this section;
5 and

6 (B) the employer's obligation to contribute under this section be given
7 priority over other financial obligations of the employer to the maximum extent
8 permitted by law.

9 (d) An employer that elects, under (a) of this section, to adopt a retirement incentive
10 program may request that the administrator establish one or more periods during which one or
11 more employees of the employer who are eligible under (e) of this section may apply to
12 participate in the program. A period established by the administrator under this subsection
13 may not begin earlier than 30 days after the date it is established or end later than June 30,
14 2019, and must be not less than 30 days and not more than 60 days in duration.

15 (e) The administrator may not allow an employee to participate in a retirement
16 incentive program adopted under secs. 17 - 27 of this Act unless the employee is eligible
17 under the program for appointment to retirement not later than the earlier of

18 (1) the first day of the sixth month that follows the last day of the application
19 period established by the administrator under (d) of this section; or

20 (2) a date set by the retirement incentive program as the date employees are
21 required to be eligible for appointment to retirement.

22 (f) An employee is eligible to participate in a retirement incentive program under
23 secs. 17 - 27 of this Act only if

24 (1) the employee is a vested member of a defined benefit plan in the public
25 employees' retirement system or the teachers' retirement system;

26 (2) the employee has credit for service under AS 14.25.110 or AS 39.35.370
27 that occurred before July 1, 2006;

28 (3) the employee is at least 50 years of age, and, before application of credit
29 described in (i) of this section, has

30 (A) at least 17 years of credited service as a peace officer or firefighter,
31 as those terms are defined in AS 39.35.680; or

1 (B) at least 20 years of credited service as an employee other than an
2 employee described in (A) of this paragraph;

3 (4) the employee will be qualified to retire under AS 14.25.110 or
4 AS 39.35.370 after receipt of the credit described in (i) of this section;

5 (5) if the employer is a state agency, the employee satisfies the additional
6 requirements under sec. 18 of this Act; and

7 (6) the savings to the employer in personal services costs for the employee's
8 position will exceed the costs to the employer for that position within three years after the
9 employee is appointed to retirement.

10 (g) A member of the defined benefit plan in the teachers' retirement system who
11 participates in an approved retirement incentive program under secs. 17 - 27 of this Act is
12 indebted to the defined benefit retirement plan for an amount calculated under this subsection.
13 The indebtedness is 25.95 percent of the member's actual compensation for the school year in
14 which the member terminates employment, or the calculated school year compensation for a
15 member who works less than the entire school year, plus an appropriate share of the
16 administrative costs of the program. The member may apply annual or personal leave to the
17 indebtedness before appointment to retirement. If the indebtedness is outstanding
18 indebtedness at the time the member is appointed to retirement under the retirement incentive
19 program, the pension benefits payable to the member shall be reduced by an actuarial
20 adjustment that eliminates the indebtedness.

21 (h) A member of the defined benefit plan in the public employees' retirement system
22 who participates in an approved retirement incentive program under secs. 17 - 27 of this Act
23 is indebted to the defined benefit retirement plan for an amount calculated under this
24 subsection. The indebtedness is 22.5 percent for a peace officer or firefighter, and 20.25
25 percent for other members, of the member's actual annual compensation for the year in which
26 the member terminates employment, or the calculated annual compensation for a member
27 who works fewer than 12 months, plus an appropriate share of the administrative costs of the
28 program. The member may apply annual or personal leave to the indebtedness before
29 appointment to retirement. If the indebtedness is outstanding at the time the member is
30 appointed to retirement under the retirement incentive program, the pension benefits payable
31 to the member shall be reduced by an actuarial adjustment that eliminates the indebtedness.

1 (i) An employee who participates in an approved retirement incentive program under
2 this Act receives a credit of three years. The three years must be applied in the following
3 order of priority until exhausted:

4 (1) to meet the age or service required for eligibility for normal retirement
5 under AS 14.25.110 or AS 39.35.370, as appropriate;

6 (2) to meet the age required for early retirement under AS 14.25.110 or
7 AS 39.35.370, as appropriate;

8 (3) to reduce the actuarial adjustment required for early retirement under
9 AS 14.25.110 or AS 39.35.370, as appropriate;

10 (4) as years of credited service for calculating retirement benefits.

11 * **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
14 Subject to (b) of this section, an employee of a state agency may participate in a retirement
15 incentive program approved under sec. 17 of this Act by the administrator if the employee is
16 eligible to participate under sec. 17 of this Act and the employee

17 (1) has been continuously employed by the state for at least one year before
18 the employee applies to participate in the program;

19 (2) is a permanent seasonal employee employed by the state in a permanent
20 seasonal position for the entire period the position was filled during the 12 months preceding
21 the employee's application to participate in the program;

22 (3) has been employed under a job-sharing agreement in which a state agency
23 allowed two or more employees to share a single position that is identified by a single
24 position control number, for the entire period in which the position was shared during the 12
25 months preceding the employee's application to participate in the program; or

26 (4) meets a combination of the requirements of this subsection.

27 (b) The governor, the lieutenant governor, and a commissioner, deputy commissioner,
28 or assistant commissioner of a principal department of the executive branch of state
29 government may not retire under a retirement incentive program adopted under secs. 17 - 27
30 of this Act.

31 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF THE
3 UNIVERSITY OF ALASKA. Notwithstanding AS 14.40.661 - 14.40.799, a participant in a
4 university retirement program under AS 14.40.661 - 14.40.799 who is vested in a defined
5 benefit plan in the public employees' retirement system or the teachers' retirement system may
6 participate in a retirement incentive program for that defined benefit retirement plan if the
7 participant satisfies the requirements under secs. 17 and 18 of this Act that apply to
8 participants in that retirement incentive program.

9 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.
12 Notwithstanding AS 14.25 or AS 39.35, for purposes of determining the years of service
13 required for retirement under AS 14.25.110 or AS 39.35.370, as appropriate, an employee of a
14 state agency who has vested as a member of a defined benefit plan in the teachers' retirement
15 system or the public employees' retirement system and applies to participate in a retirement
16 incentive program approved under secs. 17 - 27 of this Act may receive credit for service
17 while employed with a political subdivision or a public organization that occurred before the
18 political subdivision or public organization elected to participate in that defined benefit
19 retirement plan. The credit may not be applied for the purpose of determining the amount of a
20 retirement benefit.

21 * **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency owed
24 under secs. 17 - 27 of this Act by an employer other than the state, the commissioner of
25 administration may

26 (1) withhold an amount of money equal to the amount of the delinquency, or a
27 lesser amount, from money payable to the employer by the state, and credit it against the
28 delinquency; and

29 (2) bring an action against the employer.

30 * **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 STOPPING ENROLLMENT FOR ACTUARIAL REASONS. If the administrator
2 determines after approving a retirement incentive program under secs. 17 - 27 of this Act that
3 an increase in the number of participants in that retirement incentive program will have a
4 significant negative effect on the actuarial soundness of a defined benefit plan in the teachers'
5 retirement system or the public employees' retirement system, the administrator may close the
6 program to new applicants.

7 * **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT. (a)

10 If an individual is reemployed as a member of the defined benefit plan in the public
11 employees' retirement system under AS 39.35, the defined benefit plan in the teachers'
12 retirement system under AS 14.25, the defined benefit plan in the judicial retirement system
13 under AS 22.25, or the defined benefit plan in the optional university retirement program
14 under AS 14.40.661 - 14.40.799 after appointment to retirement under this Act, that
15 individual forfeits incentive credit received or due under sec. 17(i) of this Act and incurs an
16 indebtedness to the defined benefit retirement plan under which the individual has been
17 reemployed as a member. The indebtedness is 110 percent of the amount, including health
18 insurance premium costs, that the individual received solely as a result of participation in a
19 retirement incentive program under secs. 17 - 27 of this Act. The administrator shall apply the
20 amount the individual has paid under sec. 17 of this Act as a requirement for participation in
21 the retirement incentive as a credit toward the member's reemployment indebtedness under
22 this subsection. Interest on the reemployment indebtedness accrues from the date of
23 reemployment until the date that the individual either is appointed to retirement and accepts
24 an actuarial adjustment to the individual's future benefits or repays the indebtedness in full.
25 The rate of interest is that established by regulation for the member's defined benefit
26 retirement plan by the Alaska Retirement Management Board.

27 (b) A state agency or the University of Alaska may not employ or contract for
28 personal services with an individual who is appointed to retirement under a retirement
29 incentive program authorized by secs. 17 - 27 of this Act for a period of three years
30 immediately following the date of the individual's appointment to retirement, except that the

31 (1) University of Alaska may enter into a personal services contract with the

1 individual for teaching or research;

2 (2) individual may accept employment with the legislature during a legislative
3 session if the employment is on an hourly basis and does not entitle the individual to receive
4 retirement, health, or leave benefits;

5 (3) individual may accept employment with a school district as a substitute
6 teacher; and

7 (4) individual may accept employment with a school district if the individual
8 participated in the defined benefit plan in the teachers' retirement system and the employment
9 is on an hourly basis and does not entitle the individual to receive retirement, health, or leave
10 benefits.

11 (c) Notwithstanding the prohibition in (b) of this section, a state agency or the
12 University of Alaska may enter into a personal services contract with an individual who was
13 appointed to retirement under secs. 17 - 27 of this Act if the administrator approves the
14 contract.

15 * **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 OFFICE OF MANAGEMENT AND BUDGET. (a) The director of the office of
18 management and budget shall review each retirement incentive program adopted by a state
19 agency, determine whether the program will result in a net reduction to the operating costs of
20 the state agency that adopted it for a five-year period beginning July 1, 2016, and report the
21 outcome of the review to the administrator. The administrator may not approve a retirement
22 incentive program adopted by a state agency under sec. 17 of this Act unless the office of
23 management and budget determines that the program's expected effect on the state agency's
24 operation costs is a net reduction. The state agency that adopts the program shall cooperate
25 with and provide information to the office of management and budget to aid with the
26 preparation of the review under this subsection and reports under (b) of this section.

27 (b) Beginning January 15, 2017, and continuing through June 30, 2019, the office of
28 management and budget shall submit to the senate secretary and the chief clerk of the house
29 of representatives an annual report on the retirement incentive programs established under this
30 Act and notify the legislature that the report is available. Each report must provide the
31 information necessary for the legislature to evaluate the retirement incentive programs,

1 including the effect of the programs on the defined benefit plans of the teachers' retirement
2 system and the public employees' retirement system, and whether the programs are
3 economical for employers. The report must include, for each program,

- 4 (1) the designated employee categories;
- 5 (2) the employer's cost for each participant;
- 6 (3) the actual annual cost to the state;
- 7 (4) for state agencies, the budgeted annual cost;
- 8 (5) the cost paid by each participant;
- 9 (6) the number of positions that became vacant as a result of the program and
10 how many of those positions remain vacant;
- 11 (7) for the relevant three-year period, the projected net savings and the actual
12 net savings resulting from the program.

13 * **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 PROGRAM CHANGES. An individual employee does not have a vested or
16 contractual right to a benefit under this Act until an agreement is executed with the
17 administrator that authorizes the employee to participate in that retirement incentive program.
18 The legislature may change a retirement incentive program established under secs. 17 - 27 of
19 this Act as it relates to employees for whom an agreement under this section has not been
20 executed.

21 * **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 REGULATIONS. The commissioner of administration may adopt regulations under
24 AS 44.62 (Administrative Procedure Act) to implement and interpret secs. 17 - 27 of this Act.

25 * **Sec. 27.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 DEFINITIONS. (a) Unless provided otherwise in this Act, the definitions set out in
28 AS 14.25.220 apply to provisions in secs. 17 - 27 of this Act that relate to the teachers'
29 retirement system and members of the teachers' retirement system.

30 (b) Unless provided otherwise in this Act, the definitions set out in AS 39.35.680
31 apply to provisions in secs. 17 - 27 of this Act that relate to the public employees' retirement

1 system and members of the public employees' retirement system.

2 (c) In secs. 17 - 27 of this Act,

3 (1) "administrator" means the commissioner of administration or the
4 commissioner's designee;

5 (2) "employer" has the meaning given in AS 14.25.220 and AS 39.35.680;

6 (3) "office of management and budget" means the office of management and
7 budget in the Office of the Governor;

8 (4) "public employees' retirement system" means the Public Employees'
9 Retirement System of Alaska (AS 39.35);

10 (5) "public organization" has the meaning given in AS 39.35.680;

11 (6) "state agency" means

12 (A) the legislative branch of state government;

13 (B) a principal department of the executive branch of state
14 government;

15 (C) an independent state entity that is attached to a principal
16 department of the executive branch of state government for administrative purposes
17 and is not a public organization as defined in AS 39.35.680; or

18 (D) the Office of the Governor;

19 (7) "teachers' retirement system" means the Teachers' Retirement System of
20 Alaska (AS 14.25).

21 * **Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **APPLICABILITY TO EXISTING BENEFICIARIES.** (a) Notwithstanding sec. 29 of
24 this Act, sec. 13 of this Act may not impair or diminish the retirement benefits of a person
25 who is appointed to retirement under a defined benefit plan in the teachers' retirement system
26 or the public employees' retirement system, or receives a benefit under that plan, before the
27 effective date of sec. 13 of this Act.

28 (b) Sections 1 and 17 - 27 of this Act may not impair or diminish the retirement
29 benefits of a person who is appointed to retirement under a defined benefit plan in the
30 teachers' retirement system or the public employees' retirement system, or receives a benefit
31 under that plan, before the effective date of sec. 1 and secs. 17 - 27 of this Act.

1 * **Sec. 29.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 APPLICABILITY TO CONTRACTS. (a) Sections 1, 4, 7 - 12, and 17 - 27 of this Act
4 apply to contracts made on or after the effective date of this section.

5 (b) AS 39.30.095(e), as amended by sec. 13 of this Act, applies to contracts made on
6 or after January 1, 2017.

7 * **Sec. 30.** Sections 1 and 17 - 27 of this Act are repealed July 1, 2019.

8 * **Sec. 31.** AS 39.30.095(e), as amended by sec. 13 of this Act, takes effect January 1, 2017.

9 * **Sec. 32.** Sections 1 - 12 and 14 - 31 of this Act take effect immediately under
10 AS 01.10.070(c).

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 368
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB368-DOA-DLR-03-25-16
Title: RIP PUBLIC EMPLOYEES &
TEACHERS/E-REPORTS
Sponsor: HUGHES
Requester: House State Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Labor Relations
OMB Component Number: 58

*Rep Vazgulis
850
ou fiscal*

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	10.1		20.2	30.3	40.4	50.5	60.6	
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	10.1	0.0	20.2	30.3	40.4	50.5	60.6	

Fund Source (Operating Only)

1005 GF/Prgm	10.1		20.2	30.3	40.4	50.5	60.6
Total	10.1	0.0	20.2	30.3	40.4	50.5	60.6

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

*discussing
as a retire/rehire*

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Nancy Sutch
Division: Personnel & Labor Relations
Approved By: Sheldon Fisher, Commissioner
Agency: Administration

Phone: (907)465-3794
Date: 03/25/2016 12:00 AM
Date: 03/25/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB368

Analysis

Section 7 and 9 of the bill allow for a pin and/or a one-step merit increase or pay increment to be awarded by the Governor to up to five employees per year if they suggest an efficiency that reduces or eliminates government waste, improves service to the public or makes an operation of government more efficient.

Using an average pay of Range 16, step D for purposes of calculation, awarding the one step merit increase would be \$10,020 per year. Range 16 D = \$2327.00 semi-monthly. Range 16 E = \$2410.50 semi-monthly.
 $\$2410.50 - \2327.00×24 (3 of pay periods in a year) $\times 5$ employees = \$10,020.

Each year there will potentially be five new employees that would receive the award, so each successive year the amount would increase.

Nancy Manly

From: Rep. Bob Lynn
Sent: Tuesday, March 29, 2016 9:17 AM
To: Nancy Manly
Subject: FW: Support HB 368

Aaaand again. Sorry if you don't need these anymore – I figured it was better to just send them, and you can delete them if you don't need them.

Esther Mielke

Office of Representative Bob Lynn
Session Office Phone: 907-465-4931
Toll-Free: 800-870-4931
State Capitol Room 108
Juneau AK, 99801

From: Pat Harvey [mailto:prh7772003@yahoo.com]
Sent: Tuesday, March 29, 2016 8:36 AM
To: Rep. Bob Lynn; Rep. Wes Keller; Rep. Louise Stutes; Rep. David Talerico; Rep. Liz Vazquez; Rep. Jonathan Kreiss-Tomkins; Rep. Ivy Spohnholz
Subject: Support HB 368

Dear Representatives of the House State Affairs Committee,

HB 368 offers seasoned state employees reason to consider early retirement. I am in this group of state employees.

A Retirement Incentive Program can serve both the employee and the employer when shrinking budgets and changing program priorities result in a need to reshape the work force.

Please consider and recommend the passage of HB 368 to provide long-time state employees with retirement options that are also designed to reduce the state operating budget.

This action is an excellent example of the potential to save tens of millions of dollars, with very little - if any - reduction in services that cause contention in the decision making process in the very difficult goal of cutting the budget.

Thank you for your consideration.

Patrick Harvey
1015 E. Hanna Circle
Wasilla, AK 99654

29-LS1476A
Wayne
2/17/16

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE HUGHES

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the preparation, electronic distribution, and posting of reports by
2 state agencies; limiting the number of special assistants in the executive branch;
3 changing the amount of the required employee contribution to health care premiums for
4 certain state employees; establishing an award for state employees who report or suggest
5 certain efficiencies; relating to retirement incentives for members of the defined benefit
6 plan of the Teachers' Retirement System of Alaska and the defined benefit plan of the
7 Public Employees' Retirement System of Alaska; and providing for an effective date."

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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

11 PURPOSE AND INTENT. The purpose of the proposed amendments to uncodified
12 law in this Act is to make a variety of management tools temporarily available to the state and
13 to municipalities and school districts in the state. This will enable those entities to reduce

1 operating costs by incentivizing employees to reduce costs and by allowing certain positions
2 to become vacant and then eliminating those positions or leaving them vacant.

3 * **Sec. 2.** AS 14.56.120(a) is amended to read:

4 (a) Each state agency shall deposit, upon release, at least five [FOUR] copies
5 of each of its state publications in the center. Additional copies of each publication
6 may be requested by the center for deposit in quantities necessary to meet the needs of
7 the depository library system and to provide inter-library service to those libraries not
8 having depository status.

9 * **Sec. 3.** AS 14.56.170 is amended to read:

10 **Sec. 14.56.170. Distribution of state publications and research data.** The
11 center may not engage in general public distribution of either (1) state publications or
12 lists of publications or (2) the index of publications and research data. However,
13 unless expressly prohibited by law, the center shall make available to any person, upon
14 request and under procedures established by it, publications, summaries, research data,
15 indices, and other materials in its possession. Except as provided in AS 44.99.260,
16 reasonable [REASONABLE] fees for reproduction or printing costs and for mailing
17 and distribution of materials may be charged by the center.

18 * **Sec. 4.** AS 39.25.120(c) is amended to read:

19 (c) The following positions in the state service constitute the partially exempt
20 service:

21 (1) deputy and assistant commissioners of the principal departments of
22 the executive branch, including the assistant adjutant general of the Department of
23 Military and Veterans' Affairs;

24 (2) the directors of the major divisions of the principal departments of
25 the executive branch and the regional directors of the Department of Transportation
26 and Public Facilities;

27 (3) attorney members of the staff of the Department of Law, of the
28 public defender agency, and of the office of public advocacy in the Department of
29 Administration;

30 (4) one private secretary for each head of a principal department in the
31 executive branch;

1 (5) employees of councils, boards, or commissions established by
2 statute in the Office of the Governor or the office of the lieutenant governor, unless a
3 different classification is provided by statute;

4 (6) not more than one [TWO] special assistant [ASSISTANTS] to the
5 commissioner of each of the principal departments of the executive branch [, BUT
6 THE NUMBER MAY BE INCREASED IF THE PARTIALLY EXEMPT SERVICE
7 IS EXTENDED UNDER AS 39.25.130 TO INCLUDE THE ADDITIONAL
8 SPECIAL ASSISTANTS];

9 (7) the principal executive officer of the following boards, councils, or
10 commissions:

11 (A) Alaska Public Broadcasting Commission;

12 (B) Professional Teaching Practices Commission;

13 (C) Parole Board;

14 (D) Board of Nursing;

15 (E) Real Estate Commission;

16 (F) Alaska Royalty Oil and Gas Development Advisory Board;

17 (G) Alaska State Council on the Arts;

18 (H) Alaska Police Standards Council;

19 (I) Alaska Commission on Aging;

20 (J) Alaska Mental Health Board;

21 (K) State Medical Board;

22 (L) Governor's Council on Disabilities and Special Education;

23 (M) Advisory Board on Alcoholism and Drug Abuse;

24 (N) Statewide Suicide Prevention Council;

25 (O) State Board of Registration for Architects, Engineers, and

26 Land Surveyors;

27 (P) Alaska Health Care Commission;

28 (8) Alaska Pioneers' Home and Alaska Veterans' Home managers;

29 (9) hearing examiners in the Department of Revenue;

30 (10) the comptroller in the division of treasury, Department of

31 Revenue;

1 (11) airport managers in the Department of Transportation and Public
2 Facilities employed at the Anchorage and Fairbanks International Airports;

3 (12) the deputy director of the division of insurance in the Department
4 of Commerce, Community, and Economic Development;

5 (13) the executive director and staff of the Alaska Public Offices
6 Commission;

7 (14) the rehabilitation administrator of the division of workers'
8 compensation;

9 (15) guards employed by the Department of Public Safety for
10 emergencies;

11 (16) marine pilot coordinator of the Board of Marine Pilots;

12 (17) guards employed by the Department of Corrections, other than in
13 state correctional facilities, to carry out the responsibility of the commissioner of
14 corrections under AS 33.30.071(b);

15 (18) hearing officers and administrative law judges of the Regulatory
16 Commission of Alaska;

17 (19) the compact administrator appointed under AS 33.36.130;

18 (20) the chief administrative law judge and administrative law judges
19 of the office of administrative hearings;

20 (21) the executive secretary of the Board of Public Accountancy.

21 * **Sec. 5.** AS 39.25.130 is amended by adding a new subsection to read:

22 (d) Notwithstanding (a) of this section, a principal department of the executive
23 branch may not have more than one special assistant to the commissioner position in
24 the partially exempt service.

25 * **Sec. 6.** AS 39.25 is amended by adding a new section to article 2 to read:

26 **Sec. 39.25.139. Definitions.** In AS 39.25.090 - 39.25.130, "special assistant to
27 the commissioner" includes deputy commissioner and assistant commissioner.

28 * **Sec. 7.** AS 39.27.011 is amended by adding a new subsection to read:

29 (l) The governor may grant one pay step under (a) of this section or one pay
30 increment under (h) of this section to an employee who is entitled to receive an award
31 under AS 44.19.018(a). A pay step or pay increment granted under this section is in

1 addition to a pay step or pay increment for which an employee may be eligible under
2 this section based on the employee's length of service and an evaluation of the
3 employee's performance. The number of grants under this subsection in a calendar
4 year may not exceed five.

5 * **Sec. 8.** AS 39.30.095(e) is amended to read:

6 (e) **The** [NOTWITHSTANDING (b) OF THIS SECTION, THE] rate of
7 employer contribution to provide hospital, surgical, dental, audiovisual, and other
8 medical care benefits under AS 39.30.091 is **90 percent of the amount the**
9 **commissioner determines to be necessary to provide those benefits under (b) of**
10 **this section** [\$515 MONTHLY BEGINNING JULY 1, 2000; \$575 MONTHLY
11 BEGINNING JULY 1, 2001; AND \$630 MONTHLY BEGINNING JULY 1, 2002,]
12 for the following employees and officials:

13 (1) employees in the executive branch of the state government,
14 including the governor and lieutenant governor, who are not members of a collective
15 bargaining unit established under the authority of AS 23.40.070 - 23.40.260 (Public
16 Employment Relations Act);

17 (2) officials and employees of the legislative branch of state
18 government under AS 24;

19 (3) employees in the judicial branch of state government, including
20 magistrates and other judicial officers, who are not members of a collective bargaining
21 unit established under AS 23.40.070 - 23.40.260 (Public Employment Relations Act).

22 * **Sec. 9.** AS 44.19 is amended by adding a new section to read:

23 **Sec. 44.19.018. Efficiency incentives awards.** (a) The governor may award
24 to a state employee who makes a report or suggestion under this section that the
25 governor approves

26 (1) a pin that includes the seal of the state and a symbol or words that
27 signify employee excellence; and

28 (2) to not more than five state employees each calendar year, an extra
29 pay increment or an extra monthly base salary pay step under AS 39.27.011(I).

30 (b) The governor shall make arrangements for the pin under (a) of this section
31 to be produced in a suitable quantity and at nominal cost to the state based on a design

1 determined through a statewide design competition participated in by the school
2 children of the state. Production or use of a pin is subject to the limitations and
3 potential penalties under AS 44.09.015.

4 (c) A state employee may

5 (1) suggest to the governor an efficiency, including a new policy or
6 practice, that will

7 (A) reduce or eliminate government waste, the state's debt, or
8 an operating or capital cost;

9 (B) improve service to the public; or

10 (C) make an operation of state government more efficient;

11 (2) report to the governor a waste by the state of a government
12 resource.

13 (d) The governor may maintain and make available, at no cost to state
14 employees, a telephone number, electronic mail address, Internet website, and other
15 means to make a report under this section.

16 (e) A state employee who makes a report under this section may provide or
17 withhold information that personally identifies the state employee.

18 (f) In addition to limitations or protections under AS 39.26.010(a) and
19 AS 39.90.100 - 39.90.150 that may apply, action affecting the employment status of a
20 state employee, including appointment, reduction of compensation, promotion,
21 demotion, suspension, or removal, may not be taken or withheld in retaliation against
22 the employee for making a report or suggestion to the governor under this section.

23 (g) This section does not

24 (1) authorize the disclosure of information that is legally required to be
25 kept confidential; or

26 (2) diminish or impair the rights of an employee under a collective
27 bargaining agreement.

28 (h) In this section,

29 (1) "government resource" means public funds, facilities, equipment,
30 services, or employees;

31 (2) "state employee" means a person employed by the state in the

1 executive branch who is paid a wage or salary, but does not include a person hired by
2 the state to work as an independent contractor or a person who is in the custody of the
3 state;

4 (3) "waste" means an extravagant, unnecessary, or fiscally imprudent
5 use of a government resource.

6 * **Sec. 10.** AS 44.62.175(a) is amended to read:

7 (a) The lieutenant governor shall develop and supervise the Alaska Online
8 Public Notice System, to be maintained on the state's site on the Internet. The
9 lieutenant governor shall prescribe the form of notices posted on the system by state
10 agencies. The Alaska Online Public Notice System must include

11 (1) notices of proposed actions given under AS 44.62.190(a);

12 (2) notices of state agency meetings required under AS 44.62.310(e),
13 even if the meeting has been held;

14 (3) notices of solicitations to bid issued under AS 36.30.130;

15 (4) notices of state agency requests for proposals issued under
16 AS 18.55.255, 18.55.320; AS 36.30.210; AS 37.05.316; AS 38.05.120; and
17 AS 43.40.010;

18 (5) executive orders and administrative orders issued by the governor;

19 (6) written delegations of authority made by the governor or the head
20 of a principal department under AS 44.17.010;

21 (7) the text or a summary of the text of a regulation or order of repeal
22 of a regulation for which notice is given under AS 44.62.190(a), including an
23 emergency regulation or repeal regardless of whether it has taken effect;

24 (8) notices required by AS 44.62.245(b) regarding an amended version
25 of a document or other material incorporated by reference in a regulation;

26 (9) a summary of the text of recently issued published opinions of the
27 attorney general;

28 (10) a list of vacancies on boards, commissions, and other bodies
29 whose members are appointed by the governor;

30 (11) in accordance with AS 39.52.240(h), advisory opinions of the
31 attorney general; [AND]

1 (12) notices required by AS 26.30.010(d) and (e) regarding
2 applications for military facility zones; and

3 (13) reports of state agencies, if required under AS 44.99.250.

4 * **Sec. 11.** AS 44.99 is amended by adding new sections to read:

5 **Article 3A. Distribution of Agency Reports.**

6 **Sec. 44.99.250. Electronic distribution and posting.** (a) A state agency that
7 produces and distributes a report shall, if the agency has the technological capability to
8 do so, provide copies electronically and post the report on the Alaska Online Public
9 Notice System (AS 44.62.175). An agency may not produce print copies of reports
10 except as

11 (1) required

12 (A) under AS 14.56.120;

13 (B) by agreement; or

14 (C) by federal law; or

15 (2) requested under AS 44.99.260 or specifically approved by the head
16 of a state agency or the head's designee.

17 (b) A report produced and distributed by a state agency shall prominently state
18 the Internet website where a digital copy and the physical address where a print copy
19 of the report may be found.

20 (c) Except as provided in (a) of this section, electronic distribution and
21 electronic posting on the Alaska Online Public Notice System (AS 44.62.175) fulfills
22 any obligation in state law to publish, prepare, or present a report, and electronic
23 distribution fulfills any obligation in state law to submit a report.

24 **Sec. 44.99.260. Print copy requests.** A person may obtain, at no charge, up to
25 two print copies of reports from the state library distribution and data access center
26 under AS 14.56.170 each day. A person may obtain additional print copies of reports
27 from the state library distribution and data access center for a reasonable fee under
28 AS 14.56.170.

29 **Sec. 44.99.270. Graphic design for reports.** Notwithstanding AS 44.99.200,
30 when preparing reports, a state agency may not hire contractors to provide
31 photographs or graphics unless

- 1 (1) no agency employee qualified to perform the work is available; or
2 (2) the agency would use fewer state resources by hiring a contractor.

3 **Sec. 44.99.290. Definitions.** In AS 44.99.250 - 44.99.290,

4 (1) "report" means an official document that a state agency is required
5 by law to prepare and distribute to the legislature or the public without a specific
6 request, but does not include proposed regulations or documents related to the
7 adoption or amendment of regulations;

8 (2) "state agency" means a department, institution, board, commission,
9 division, authority, public corporation, committee, or other administrative unit of the
10 executive branch of state government, including the University of Alaska, the Alaska
11 Railroad Corporation, the Alaska Permanent Fund Corporation, and the Alaska
12 Housing Finance Corporation.

13 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 **RETIREMENT INCENTIVE PROGRAM.** (a) An employer, including a state agency,
16 a political subdivision of the state, a public organization, and the University of Alaska, may
17 elect to adopt a retirement incentive program under secs. 12 - 22 of this Act. The employer
18 may limit applicability of the program to employees

19 (1) in specific budget or administrative components designated by the
20 employer;

21 (2) in specific job classifications designated by the employer;

22 (3) in specific geographic locations identified by the employer; or

23 (4) based on any combination of factors under (1) - (3) of this subsection.

24 (b) Only the administrator may approve or deny an employee's application to
25 participate in a retirement incentive program adopted by an employer under (a) of this section.

26 (c) An employer that elects to adopt a retirement incentive program under (a) of this
27 section shall propose the adopted program to the administrator for approval. The administrator
28 shall approve the program if the program meets the requirements of this section and, if the
29 employer is a state agency, sec. 19(a) of this Act. A program proposed under this section must

30 (1) designate job classifications, and specific budget and administrative
31 components related to those job classifications, that are wholly or partially made up of

1 employees who may be eligible to participate in the program;

2 (2) include a reimbursement agreement that requires

3 (A) the employer, for each employee who participates in the program,
4 to reimburse the defined benefit plan in the appropriate retirement system, within three
5 years after the end of the fiscal year in which the employee is appointed to retirement,
6 in an amount equal to the actuarial equivalent of the difference between the benefits
7 the participant receives after the addition of the credit under (i) of this section and the
8 benefits the participant would have received without the credit, less the amount the
9 participant has paid on the indebtedness determined under (g) or (h) of this section;
10 and

11 (B) the employer's obligation to contribute under this section be given
12 priority over other financial obligations of the employer to the maximum extent
13 permitted by law.

14 (d) An employer that elects, under (a) of this section, to adopt a retirement incentive
15 program may request that the administrator establish one or more periods during which one or
16 more employees of the employer who are eligible under (e) of this section may apply to
17 participate in the program. A period established by the administrator under this subsection
18 may not begin earlier than 30 days after the date it is established or end later than June 30,
19 2019, and must be not less than 30 days and not more than 60 days in duration.

20 (e) The administrator may not allow an employee to participate in a retirement
21 incentive program adopted under secs. 12 - 22 of this Act unless the employee is eligible
22 under the program for appointment to retirement not later than the earlier of

23 (1) the first day of the sixth month that follows the last day of the application
24 period established by the administrator under (d) of this section; or

25 (2) a date set by the retirement incentive program as the date employees are
26 required to be eligible for appointment to retirement.

27 (f) An employee is eligible to participate in a retirement incentive program under
28 secs. 12 - 22 of this Act only if

29 (1) the employee is a vested member of a defined benefit plan in the public
30 employees' retirement system or the teachers' retirement system;

31 (2) the employee has credit for service under AS 14.25.110 or AS 39.35.370

1 that occurred before July 1, 2006;

2 (3) the employee is at least 50 years of age, and, before application of credit
3 described in (i) of this section, has

4 (A) at least 17 years of credited service as a peace officer or firefighter,
5 as those terms are defined in AS 39.35.680; or

6 (B) at least 20 years of credited service as an employee other than an
7 employee described in (A) of this paragraph;

8 (4) the employee will be qualified to retire under AS 14.25.110 or
9 AS 39.35.370 after receipt of the credit described in (i) of this section;

10 (5) if the employer is a state agency, the employee satisfies the additional
11 requirements under sec. 13 of this Act; and

12 (6) the savings to the employer in personal services costs for the employee's
13 position will exceed the costs to the employer for that position within three years after the
14 employee is appointed to retirement.

15 (g) A member of the defined benefit plan in the teachers' retirement system who
16 participates in an approved retirement incentive program under secs. 12 - 22 of this Act is
17 indebted to the defined benefit retirement plan for an amount calculated under this subsection.
18 The indebtedness is 25.95 percent of the member's actual compensation for the school year in
19 which the member terminates employment, or the calculated school year compensation for a
20 member who works less than the entire school year, plus an appropriate share of the
21 administrative costs of the program. The member may apply annual or personal leave to the
22 indebtedness before appointment to retirement. If the indebtedness is outstanding
23 indebtedness at the time the member is appointed to retirement under the retirement incentive
24 program, the pension benefits payable to the member shall be reduced by an actuarial
25 adjustment that eliminates the indebtedness.

26 (h) A member of the defined benefit plan in the public employees' retirement system
27 who participates in an approved retirement incentive program under secs. 12 - 22 of this Act
28 is indebted to the defined benefit retirement plan for an amount calculated under this
29 subsection. The indebtedness is 22.5 percent for a peace officer or firefighter, and 20.25
30 percent for other members, of the member's actual annual compensation for the year in which
31 the member terminates employment, or the calculated annual compensation for a member

1 who works fewer than 12 months, plus an appropriate share of the administrative costs of the
2 program. The member may apply annual or personal leave to the indebtedness before
3 appointment to retirement. If the indebtedness is outstanding at the time the member is
4 appointed to retirement under the retirement incentive program, the pension benefits payable
5 to the member shall be reduced by an actuarial adjustment that eliminates the indebtedness.

6 (i) An employee who participates in an approved retirement incentive program under
7 this Act receives a credit of three years. The three years must be applied in the following
8 order of priority until exhausted:

9 (1) to meet the age or service required for eligibility for normal retirement
10 under AS 14.25.110 or AS 39.35.370, as appropriate;

11 (2) to meet the age required for early retirement under AS 14.25.110 or
12 AS 39.35.370, as appropriate;

13 (3) to reduce the actuarial adjustment required for early retirement under
14 AS 14.25.110 or AS 39.35.370, as appropriate;

15 (4) as years of credited service for calculating retirement benefits.

16 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 **AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE.** (a)
19 Subject to (b) of this section, an employee of a state agency may participate in a retirement
20 incentive program approved under sec. 12 of this Act by the administrator if the employee is
21 eligible to participate under sec. 12 of this Act and the employee

22 (1) has been continuously employed by the state for at least one year before
23 the employee applies to participate in the program;

24 (2) is a permanent seasonal employee employed by the state in a permanent
25 seasonal position for the entire period the position was filled during the 12 months preceding
26 the employee's application to participate in the program;

27 (3) has been employed under a job-sharing agreement in which a state agency
28 allowed two or more employees to share a single position that is identified by a single
29 position control number, for the entire period in which the position was shared during the 12
30 months preceding the employee's application to participate in the program; or

31 (4) meets a combination of the requirements of this subsection.

1 (b) The governor, the lieutenant governor, and a commissioner, deputy commissioner,
2 or assistant commissioner of a principal department of the executive branch of state
3 government may not retire under a retirement incentive program adopted under secs. 12 - 22
4 of this Act.

5 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF THE
8 UNIVERSITY OF ALASKA. Notwithstanding AS 14.40.661 - 14.40.799, a participant in a
9 university retirement program under AS 14.40.661 - 14.40.799 who is vested in a defined
10 benefit plan in the public employees' retirement system or the teachers' retirement system may
11 participate in a retirement incentive program for that defined benefit retirement plan if the
12 participant satisfies the requirements under secs. 12 and 13 of this Act that apply to
13 participants in that retirement incentive program.

14 * **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.
17 Notwithstanding AS 14.25 or AS 39.35, for purposes of determining the years of service
18 required for retirement under AS 14.25.110 or AS 39.35.370, as appropriate, an employee of a
19 state agency who has vested as a member of a defined benefit plan in the teachers' retirement
20 system or the public employees' retirement system and applies to participate in a retirement
21 incentive program approved under secs. 12 - 22 of this Act may receive credit for service
22 while employed with a political subdivision or a public organization that occurred before the
23 political subdivision or public organization elected to participate in that defined benefit
24 retirement plan. The credit may not be applied for the purpose of determining the amount of a
25 retirement benefit.

26 * **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency owed
29 under secs. 12 - 22 of this Act by an employer other than the state, the commissioner of
30 administration may

31 (1) withhold an amount of money equal to the amount of the delinquency, or a

1 lesser amount, from money payable to the employer by the state, and credit it against the
2 delinquency; and

3 (2) bring an action against the employer.

4 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 **STOPPING ENROLLMENT FOR ACTUARIAL REASONS.** If the administrator
7 determines after approving a retirement incentive program under secs. 12 - 22 of this Act that
8 an increase in the number of participants in that retirement incentive program will have a
9 significant negative effect on the actuarial soundness of a defined benefit plan in the teachers'
10 retirement system or the public employees' retirement system, the administrator may close the
11 program to new applicants.

12 * **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 **REEMPLOYMENT INDEBTEDNESS; PROHIBITION ON REEMPLOYMENT.** (a)
15 If an individual is reemployed as a member of the defined benefit plan in the public
16 employees' retirement system under AS 39.35, the defined benefit plan in the teachers'
17 retirement system under AS 14.25, the defined benefit plan in the judicial retirement system
18 under AS 22.25, or the defined benefit plan in the optional university retirement program
19 under AS 14.40.661 - 14.40.799 after appointment to retirement under this Act, that
20 individual forfeits incentive credit received or due under sec. 12(i) of this Act and incurs an
21 indebtedness to the defined benefit retirement plan under which the individual has been
22 reemployed as a member. The indebtedness is 110 percent of the amount, including health
23 insurance premium costs, that the individual received solely as a result of participation in a
24 retirement incentive program under secs. 12 - 22 of this Act. The administrator shall apply the
25 amount the individual has paid under sec. 12 of this Act as a requirement for participation in
26 the retirement incentive as a credit toward the member's reemployment indebtedness under
27 this subsection. Interest on the reemployment indebtedness accrues from the date of
28 reemployment until the date that the individual either is appointed to retirement and accepts
29 an actuarial adjustment to the individual's future benefits or repays the indebtedness in full.
30 The rate of interest is that established by regulation for the member's defined benefit
31 retirement plan by the Alaska Retirement Management Board.

1 (b) A state agency or the University of Alaska may not employ or contract for
2 personal services with an individual who is appointed to retirement under a retirement
3 incentive program authorized by secs. 12 - 22 of this Act for a period of three years
4 immediately following the date of the individual's appointment to retirement, except that the

5 (1) University of Alaska may enter into a personal services contract with the
6 individual for teaching or research;

7 (2) individual may accept employment with the legislature during a legislative
8 session if the employment is on an hourly basis and does not entitle the individual to receive
9 retirement, health, or leave benefits;

10 (3) individual may accept employment with a school district as a substitute
11 teacher; and

12 (4) individual may accept employment with a school district if the individual
13 participated in the defined benefit plan in the teachers' retirement system and the employment
14 is on an hourly basis and does not entitle the individual to receive retirement, health, or leave
15 benefits.

16 (c) Notwithstanding the prohibition in (b) of this section, a state agency or the
17 University of Alaska may enter into a personal services contract with an individual who was
18 appointed to retirement under secs. 12 - 22 of this Act if the administrator approves the
19 contract.

20 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 OFFICE OF MANAGEMENT AND BUDGET. (a) The director of the office of
23 management and budget shall review each retirement incentive program adopted by a state
24 agency, determine whether the program will result in a net reduction to the operating costs of
25 the state agency that adopted it for a five-year period beginning July 1, 2016, and report the
26 outcome of the review to the administrator. The administrator may not approve a retirement
27 incentive program adopted by a state agency under sec. 12 of this Act unless the office of
28 management and budget determines that the program's expected effect on the state agency's
29 operation costs is a net reduction. The state agency that adopts the program shall cooperate
30 with and provide information to the office of management and budget to aid with the
31 preparation of the review under this subsection and reports under (b) of this section.

1 (b) Beginning January 15, 2017, and continuing through June 30, 2019, the office of
2 management and budget shall submit to the senate secretary and the chief clerk of the house
3 of representatives an annual report on the retirement incentive programs established under this
4 Act and notify the legislature that the report is available. Each report must provide the
5 information necessary for the legislature to evaluate the retirement incentive programs,
6 including the effect of the programs on the defined benefit plans of the teachers' retirement
7 system and the public employees' retirement system, and whether the programs are
8 economical for employers. The report must include, for each program,

9 (1) the designated employee categories;

10 (2) the employer's cost for each participant;

11 (3) the actual annual cost to the state;

12 (4) for state agencies, the budgeted annual cost;

13 (5) the cost paid by each participant;

14 (6) the number of positions that became vacant as a result of the program and
15 how many of those positions remain vacant;

16 (7) for the relevant three-year period, the projected net savings and the actual
17 net savings resulting from the program.

18 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 PROGRAM CHANGES. An individual employee does not have a vested or
21 contractual right to a benefit under this Act until an agreement is executed with the
22 administrator that authorizes the employee to participate in that retirement incentive program.
23 The legislature may change a retirement incentive program established under secs. 12 - 22 of
24 this Act as it relates to employees for whom an agreement under this section has not been
25 executed.

26 * **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 REGULATIONS. The commissioner of administration may adopt regulations under
29 AS 44.62 (Administrative Procedure Act) to implement and interpret secs. 12 - 22 of this Act.

30 * **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 DEFINITIONS. (a) Unless provided otherwise in this Act, the definitions set out in
2 AS 14.25.220 apply to provisions in secs. 12 - 22 of this Act that relate to the teachers'
3 retirement system and members of the teachers' retirement system.

4 (b) Unless provided otherwise in this Act, the definitions set out in AS 39.35.680
5 apply to provisions in secs. 12 - 22 of this Act that relate to the public employees' retirement
6 system and members of the public employees' retirement system.

7 (c) In secs. 12 - 22 of this Act,

8 (1) "administrator" means the commissioner of administration or the
9 commissioner's designee;

10 (2) "employer" has the meaning given in AS 14.25.220 and AS 39.35.680;

11 (3) "office of management and budget" means the office of management and
12 budget in the Office of the Governor;

13 (4) "public employees' retirement system" means the Public Employees'
14 Retirement System of Alaska (AS 39.35);

15 (5) "public organization" has the meaning given in AS 39.35.680;

16 (6) "state agency" means

17 (A) the legislative branch of state government;

18 (B) a principal department of the executive branch of state
19 government;

20 (C) an independent state entity that is attached to a principal
21 department of the executive branch of state government for administrative purposes
22 and is not a public organization as defined in AS 39.35.680; or

23 (D) the Office of the Governor;

24 (7) "teachers' retirement system" means the Teachers' Retirement System of
25 Alaska (AS 14.25).

26 * **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 **APPLICABILITY TO EXISTING BENEFICIARIES.** (a) Notwithstanding sec. 24 of
29 this Act, sec. 8 of this Act may not impair or diminish the retirement benefits of a person who
30 is appointed to retirement under a defined benefit plan in the teachers' retirement system or
31 the public employees' retirement system, or receives a benefit under that plan, before the

1 effective date of sec. 8 of this Act.

2 (b) Sections 1 and 12 - 22 of this Act may not impair or diminish the retirement
3 benefits of a person who is appointed to retirement under a defined benefit plan in the
4 teachers' retirement system or the public employees' retirement system, or receives a benefit
5 under that plan, before the effective date of sec. 1 of this Act.

6 * **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **APPLICABILITY TO CONTRACTS.** Sections 1, 4 - 8, and 12 - 22 of this Act apply
9 to contracts made on or after the effective date of this Act.

10 * **Sec. 25.** Sections 1 and 12 - 22 of this Act are repealed July 1, 2019.

11 * **Sec. 26.** AS 39.30.095(e), as amended by sec. 8 of this Act, takes effect January 1, 2017.

12 * **Sec. 27.** Sections 1 - 7 and 9 - 26 of this Act take effect immediately under
13 AS 01.10.070(c).

Nancy Manly

From: Rep. Bob Lynn
Sent: Tuesday, March 29, 2016 9:16 AM
To: Nancy Manly
Subject: FW: Early Rip bill

And again!

Esther Mielke
Office of Representative Bob Lynn
Session Office Phone: 907-465-4931
Toll-Free: 800-870-4931
State Capitol Room 108
Juneau AK, 99801

-----Original Message-----

From: Jacque Jones [mailto:jacque0235@yahoo.com]
Sent: Tuesday, March 29, 2016 8:37 AM
To: Rep. Bob Lynn
Subject: Early Rip bill

Dear Representative,

HB 368 offers seasoned state employees reason to consider early retirement.

A Retirement Incentive Program can serve both the employee and the employer when shrinking budgets and changing program priorities result in a need to reshape the work force.

Please consider and recommend the passage of HB 368 to provide long-time state employees with retirement options that are also designed to reduce the state operating budget.

Sent from my iPhone

Nancy Manly

From: Rep. Bob Lynn
Sent: Tuesday, March 29, 2016 9:15 AM
To: Nancy Manly
Subject: FW: Support HB 368

And again.

Esther Mielke

Office of Representative Bob Lynn

Session Office Phone: 907-465-4931

Toll-Free: 800-870-4931

State Capitol Room 108

Juneau AK, 99801

From: carrie wolfe [mailto:cwolfeak@hotmail.com]
Sent: Tuesday, March 29, 2016 8:57 AM
To: Rep. Bob Lynn; Rep. Wes Keller; Rep. Louise Stutes; Rep. David Talerico; Rep. Liz Vazquez; Rep. Jonathan Kreiss-Tomkins; Rep. Ivy Spohnholz
Subject: Fw: Support HB 368

Dear Representatives of the House State Affairs Committee,

HB 368 offers seasoned state employees reason to consider early retirement.

A Retirement Incentive Program can serve both the employee and the employer when shrinking budgets and changing program priorities result in a need to reshape the work force.

Please consider and recommend the passage of HB 368 to provide long-time state employees with retirement options that are also designed to reduce the state operating budget.

This action is an excellent example of the potential to save tens of millions of dollars, with very little - if any - reduction in services that cause contention in the decision making process in the very difficult goal of cutting the budget.

Thank you for your consideration.

Carrie F Wolfe
1015 E. Hanna Circle
Wasilla, AK 99654

Nancy Manly

From: Rep. Bob Lynn
Sent: Tuesday, March 29, 2016 9:14 AM
To: Nancy Manly
Subject: FW: HB 368

This is kind of past the point now, but this is on the bill in Committee today I think.

Esther Mielke
Office of Representative Bob Lynn
Session Office Phone: 907-465-4931
Toll-Free: 800-870-4931
State Capitol Room 108
Juneau AK, 99801

-----Original Message-----

From: John Waisanen [mailto:johnjw@mtaonline.net]
Sent: Tuesday, March 29, 2016 8:59 AM
To: Rep. Bob Lynn; Rep. Wes Keller; Rep. Louise Stutes; Rep. David Talerico
Subject: HB 368

I am e-mailing you in hopes that you support Representative Hughes proposed legislation.

Thank you

John waisanen

Sent from my iPhone

Nancy Manly

From: Rep. Bob Lynn
Sent: Tuesday, March 29, 2016 11:38 AM
To: Nancy Manly
Subject: FW: Early rip bill

Aaaaaaaaaaaaaaaaaand another.

Esther Mielke

Office of Representative Bob Lynn

Session Office Phone: 907-465-4931

Toll-Free: 800-870-4931

State Capitol Room 108

Juneau AK, 99801

From: Alan's Email [mailto:jacque0235@gmail.com]
Sent: Tuesday, March 29, 2016 11:05 AM
To: Rep. Bob Lynn
Subject: Early rip bill

Dear Representative,

HB 368 offers seasoned state employees reason to consider early retirement.

A Retirement Incentive Program can serve both the employee and the employer when shrinking budgets and changing program priorities result in a need to reshape the work force.

Please consider and recommend the passage of HB 368 to provide long-time state employees with retirement options that are also designed to reduce the state operating budget.

Sent from my iPhone