

HB

11

<TARGET><BILL>HB 11</BILL><SUBJECT>HB
11</SUBJECT><COMM>HSTA30</COMM></TARGET>



Representative Scott Jiu Wo Kawasaki

Alaska State Legislature

District 1 Fairbanks

House Bill 11 Sponsor Statement

“An Act relating to retirement incentives for members of the defined benefit retirement plan of the Teachers' Retirement System and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date.”

House Bill 11 would implement a temporary, voluntary Retirement Incentive Program to increase state savings by allowing public employees to retire up to three years early. Long-serving public employees are among the highest paid in the state. In many cases, pensions paid to retiring employees would cost the state less money than their current salaries. Providing high-salaried employees the option to retire early would save Alaska money through lower personnel costs.

HB 11 could also help prevent layoffs. The bill presents a method of cost-cutting and payroll reduction without forcing anyone out of the workforce before they are ready to retire. This gives the State of Alaska the opportunity to reduce operating costs by opening up vacancies that enable the placement of more junior employees.

Retirement Incentive Programs have been used on a temporary basis three times in Alaska's history and was last proposed in 2004. In 1986, Senator Jim Duncan estimated savings at approximately \$25 million. A Legislative Audit of the 1989 Retirement Incentive Program demonstrated a savings of \$22.9 million with nearly 1,764 individual participants. In 1996, Rep. McGuire calculated the state gained \$41 million in savings through identical legislation.

House Bill 11 is an innovative policy option for state agencies, municipalities and school districts to consider as a means to reduce payroll costs without layoffs.

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Email: Rep.Scott.Kawasaki@akleg.gov



Representative Scott Jiu Wo Kawasaki

Alaska State Legislature

District 1 Fairbanks

MEMORANDUM

Date: March 27, 2017

To: Representative Jonathan Kreiss-Tomkins
Chair, House State Affairs Committee

From: Representative Scott Kawasaki
District 1 Fairbanks

RE: Hearing Request for House Bill 11

*Meredith Gilbert
for Rep. Kawasaki*

I respectfully request a hearing for House Bill 11: An Act relating to retirement incentives for members of the defined benefit retirement plan of the Teachers' Retirement System and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date.

I have included the following items with this request:

- HB 11: 30-LS0140\A
- Sponsor Statement
- Sectional Analysis
- Supporting documents

Please let me know if there's anything else I can provide for you. Thank you for your consideration of hearing HB 11.



Representative Scott Jiu Wo Kawasaki

Alaska State Legislature

District 1 Fairbanks

Sectional Summary

HB 11

Retirement Incentives Program for Public Employees

Section 1: Defines the purpose and intent of the bill to make Retirement Incentive Programs (RIP) temporarily available to state agencies, municipalities and school districts. Includes intent for state agencies that adopt authorized RIPs to adopt an accompanying policy to prohibit hiring of new employees.

Section 2: Allows public employers, including the University of Alaska, to elect to adopt a RIP under the bill. The employer may limit the program to specific components, job classifications, geographic locations or a combination of the three.

Specifies the public agency's commissioner of administration or the commissioner's designee ("administrator") has the sole authority to approve or deny an employee's RIP application.

An employer adopting a RIP shall propose the program to the agency administrator to approve if it meets the requirements set forth under sec. 9 of this bill.

Establishes the requirements for any RIP proposed by a public employer:

- (1) Designate job classifications and specific budget and administrative components of employees eligible to participate; and
- (2) For each participating employee, the employer must reimburse the defined benefit retirement plan within three years after the end of the fiscal year in which the employee retires. This reimbursement must be equal to an amount that is the difference between the benefits the RIP participant receives after the credit and the benefits the participant would have received without the credit, less the amount the participant has paid on the indebtedness provided later in this section. The reimbursement agreement requires the employer's contributions must be given priority over other financial obligations.

An employer adopting a RIP may request the administrator to establish one or more application periods open to at least one eligible employee. The RIP application period must be at least 30 days and at most 60 days in duration. RIP application periods may only be established between 30 days after the program is established and no later than June 30, 2020.

An administrator may allow an employee to retire early under a RIP no later than six months after the last day of the application period, or a date set by the RIP as the date employees are eligible to retire early—whichever is earlier.

Establishes RIP eligibility requirements for an employee:

- (1) The employee is vested in a defined benefit retirement plan in PERS or TRS;

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- (2) The employee has credit for service under Tiers 1, 2 or 3;
- (3) The employee is at least 50 years old and has at least 17 years of credited service as a peace officer or firefighter, or at least 20 years of credited service in any other public agency;
- (4) The employee is qualified to retire under their defined benefit plan after receipt of the approved early retirement credit;
- (5) An employee of a state agency satisfies the requirements under sec. 3; and
- (6) The savings in personal services costs for the participating employee's position will exceed the cost to the employer for that vacating position within three years after the employee is appointed to retirement.

Sets the level of indebtedness for RIP participants. For TRS members, participants pay 25.95 percent of the year's annual compensation for the school year, or the calculated school year compensation if they work a partial year, plus a share of the administrative costs. The indebtedness for peace officers and firefighters is 22.5 percent and 20.25 percent for all other PERS members.

For any RIP participants, annual or personal leave may be applied toward indebtedness. Pension benefits shall be reduced by an actuarial adjustment if the participant has not paid the indebtedness at the time of retirement.

Provides a credit of three years of service to be given to an employee participating in the program. The three years credit must be applied in an order of priority until the credit is met: to meet the age or service required for normal retirement eligibility; to meet the age required for early retirement; to reduce the actuarial adjustment required for early retirement; as years of credited service for calculating benefits.

Section 3: Requires interested eligible state employees must be employed for at least 12 months prior to application to an approved RIP.

Prohibits the governor, lieutenant governor, commissioners, deputy commissioners or assistant commissioners from participating in a RIP.

Section 4: Authorizes University of Alaska employees who are members of PERS or TRS may participate in a RIP under the appropriate requirements for their defined benefit retirement program established under this bill.

Section 5: Allows PERS or TRS members to receive a credit for service while employed in a political or public organization prior to that organization's participation in PERS or TRS. The credit may not be applied to determine the amount of retirement benefits that employee receives.

Section 6: Allows the commissioner of administration to recover a delinquency owed to the state by an employer. Provides a delinquency may be recovered by withholding money owed to the employer equal to or less than the amount of the delinquency, and by bringing action against the employer.

Section 7: Allows an administrator to close an adopted RIP to new applicants if it has been determined that an increase in the number of participants will have a significant negative effect on the actuarial soundness of PERS or TRS.

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Section 8: Requires an employee who participated in a RIP that is reemployed under PERS or TRS or the judicial retirement system to forfeit the incentive credits received or due as established under sec. 2. That employee must also incur an indebtedness to the reemploying defined benefit plan at 110 percent of the amount received solely as a result in participating in a RIP, including health insurance premium costs.

The administrator shall apply the amount the employee paid in indebtedness under sec. 2 as a credit toward the member's reemployment indebtedness. Interest on the reemployment indebtedness accrues from the date of reemployment until the date the individual is appointed to retirement and accepts an actuarial adjustment to future benefits, or until the employee repays the indebtedness in full. The rate of interest is established by the Alaska Retirement Management Board.

Prohibits a state agency or the University of Alaska from employing or contracting an individual who retired under a RIP for a period of three years. Establishes a number of exceptions for the University of Alaska, school districts and the legislative branch.

Section 9: Requires the director of the Office of Management and Budget (OMB) to determine if each RIP adopted will reduce net operating costs for the state agency for a five year period beginning July 1, 2017 and report the outcome of the review to the administrator.

Prohibits the administrator from approving a RIP unless the OMB determines the program is expected to reduce the agency's net operation costs. The state agency adopting a RIP shall cooperate with and provide information to the OMB to aid with the preparation of the review and the annual report submitted to the legislature.

Requires the OMB to submit to both legislative chambers an annual report of established RIPs beginning January 15, 2018, through January 15, 2021. Sets the requirements for those annual reports so that the legislature can evaluate the RIPs, their impacts on PERS and TRS, and their economic impact to employing agencies.

Section 10: Provides that an employee does not have a vested or contractual right to a benefit under this bill until an agreement is executed with the administrator that authorizes the employee to participate in the RIP. Allows the legislature to change a RIP as it relates to employees for whom an agreement has not been executed.

Section 11: Allows the commissioner to adopt regulations to implement and interpret the Act.

Section 12: Provides definitions of administrator, employer, OMB, PERS, TRS, public organization and state agency for purposes of the Act established under this bill.

Section 13: Prohibits sections 1-12 from impairing the benefits of a person appointed to retirement under PERS or TRS before the effective date of this bill.

Section 14: Sections 1-12 apply to contracts made on or after the effective date.

Section 15: Repeals sections 1-12 on July 1, 2020.

Section 16: Enacts the bill immediately under AS 01.10.070(c).

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AVERAGE AGE BY DEPARTMENT AND GENDER

Department	Average Age	Average Age	
		Male	Female
Office of the Governor	45.7	44.5	46.2
Administration	44.0	44.6	43.6
Commerce, Community and Economic Development	46.1	47.9	45.0
Corrections	43.4	43.0	44.2
Education and Early Development	46.3	46.9	46.0
Environmental Conservation	44.5	46.4	42.8
Fish and Game	42.3	43.5	40.7
Health and Social Services	45.7	45.9	45.6
Labor and Workforce Development	48.9	48.5	49.0
Law	44.0	45.4	43.3
Military and Veterans Affairs	47.2	47.7	46.0
Natural Resources	45.0	44.7	45.5
Public Safety	42.6	41.9	44.0
Revenue	44.7	44.3	45.0
Transportation and Public Facilities	46.5	46.6	46.0
Statewide	45.1	45.2	44.9

Employees	Highest Average Age	Lowest Average Age
Overall Average	Labor and Workforce Development (48.9)	Fish and Game (42.3)
Male Average	Labor and Workforce Development (48.5)	Public Safety (41.9)
Female Average	Labor and Workforce Development (49.0)	Fish and Game (40.7)



AVERAGE SALARY BY DEPARTMENT

Department	Statewide	
	Employee Count	Average Base Monthly Salary
Office of the Governor	127	\$7,013.62
Administration	937	\$6,137.04
Commerce, Community and Economic Development	445	\$6,231.51
Corrections	1766	\$5,456.90
Education and Early Development	282	\$6,172.02
Environmental Conservation	474	\$6,285.11
Fish and Game	1319	\$5,273.47
Health and Social Services	3172	\$5,279.91
Labor and Workforce Development	664	\$5,573.56
Law	479	\$7,285.82
Military and Veterans Affairs	225	\$5,415.83
Natural Resources	827	\$5,775.89
Public Safety	789	\$6,473.67
Revenue	481	\$6,334.61
Transportation and Public Facilities	3140	\$5,525.06
Statewide	15127	\$5,696.01

AVERAGE BASE MONTHLY SALARY BY BARGAINING UNIT & DEPARTMENT

Bargaining Unit	General Government		Supervisory		Confidential	
	Employee Count	Average Salary	Employee Count	Average Salary	Employee Count	Average Salary
Office of the Governor						
Administration	436	\$4,868.05	116	\$6,674.33	128	\$5,114.09
Commerce, Community and Economic Development	246	\$5,084.41	63	\$6,696.46	2	\$5,366.00
Corrections	495	\$4,980.34	159	\$7,289.53	8	\$5,414.00
Education and Early Development	121	\$5,402.26	35	\$7,656.94	1	\$6,635.00
Environmental Conservation	321	\$5,487.07	136	\$7,981.34	2	\$5,890.50
Fish and Game	894	\$4,409.61	368	\$7,042.89	3	\$5,632.00
Health and Social Services	2400	\$4,870.90	503	\$7,135.06	9	\$5,538.75
Labor and Workforce Development	459	\$5,074.83	110	\$7,029.34	1	\$7,089.00
Law	171	\$4,364.08	40	\$5,592.78		
Military and Veterans Affairs	118	\$4,707.48	34	\$6,433.15	1	\$5,694.00
Natural Resources	546	\$4,871.76	160	\$7,047.58	3	\$4,642.21
Public Safety	292	\$4,515.49	82	\$8,200.69	2	\$6,025.50
Revenue	309	\$4,670.44	72	\$6,839.59	2	\$5,514.00
Transportation and Public Facilities	947	\$5,691.88	314	\$8,224.79	15	\$5,132.56
Statewide	7755	\$4,942.47	2192	\$7,290.18	177	\$5,201.04

Executive Branch Employees: Classified (Permanent, Probationary, and Provisional), Partially Exempt, and Exempt

AVERAGE BASE MONTHLY SALARY BY BARGAINING UNIT & DEPARTMENT (CONT.)

Bargaining Unit	Labor, Trades and Crafts		Correctional Officers		Public Safety Officers	
	Employee Count	Average Salary	Employee Count	Average Salary	Employee Count	Average Salary
Office of the Governor						
Administration	27	\$4,613.56				
Commerce, Community and Economic Development						
Corrections	128	\$4,348.77	953	\$5,413.70		
Education and Early Development	5	\$4,467.13				
Environmental Conservation	6	\$4,643.17				
Fish and Game	11	\$5,037.50				
Health and Social Services	197	\$3,401.53				
Labor and Workforce Development	39	\$4,796.33				
Law						
Military and Veterans Affairs	47	\$4,598.27				
Natural Resources	41	\$4,320.12				
Public Safety	13	\$4,363.25			390	\$7,560.91
Revenue						
Transportation and Public Facilities	1082	\$4,797.42			75	\$6,173.99
Statewide	1596	\$4,564.38	953	\$5,413.70	465	\$7,337.21

Bargaining Unit	Marine Engineers		Masters, Mates and Pilots		Inlandboatmen	
	Employee Count	Average Salary	Employee Count	Average Salary	Employee Count	Average Salary
Office of the Governor						
Administration						
Commerce, Community and Economic Development						
Corrections						
Education and Early Development						
Environmental Conservation						
Fish and Game						
Health and Social Services						
Labor and Workforce Development						
Law						
Military and Veterans Affairs						
Natural Resources						
Public Safety						
Revenue						
Transportation and Public Facilities	81	\$5,999.94	90	\$6,948.38	503	\$4,402.69
Statewide	81	\$5,999.94	90	\$6,948.38	503	\$4,402.69

Executive Branch Employees: Classified (Permanent, Probationary, and Provisional), Partially Exempt, and Exempt

AVERAGE BASE MONTHLY SALARY BY BARGAINING UNIT & DEPARTMENT (CONT.)

Bargaining Unit	AK Vocational Technical Teachers		Mt. Edgecumbe Teachers	
	Employee Count	Average Salary	Employee Count	Average Salary
Office of the Governor				
Administration				
Commerce, Community and Economic Development				
Corrections				
Education and Early Development			27	\$5,600.91
Environmental Conservation				
Fish and Game				
Health and Social Services				
Labor and Workforce Development	32	\$6,667.47		
Law				
Military and Veterans Affairs				
Natural Resources				
Public Safety				
Revenue				
Transportation and Public Facilities				
Statewide	32	\$6,667.47	27	\$5,600.91

Bargaining Unit	Excluded		Exempt / Partially Exempt	
	Employee Count	Average Salary	Employee Count	Average Salary
Office of the Governor			127	\$7,013.62
Administration			230	\$9,019.77
Commerce, Community and Economic Development			134	\$8,131.70
Corrections			23	\$11,016.26
Education and Early Development			93	\$6,867.19
Environmental Conservation			9	\$10,298.86
Fish and Game			43	\$8,126.10
Health and Social Services			63	\$11,886.00
Labor and Workforce Development	3	\$8,024.67	20	\$8,334.65
Law			268	\$9,402.75
Military and Veterans Affairs			25	\$8,901.58
Natural Resources			77	\$10,363.87
Public Safety			10	\$9,921.60
Revenue			98	\$11,227.58
Transportation and Public Facilities			33	\$9,671.07
Statewide	3	\$8,024.67	1253	\$9,069.22

Executive Branch Employees: Classified (Permanent, Probationary, and Provisional), Partially Exempt, and Exempt

AVERAGE STATE SERVICE BY DEPARTMENT AND GENDER

Department	Average State Service	Male	Female
Office of the Governor	8.99	9.63	8.72
Administration	9.24	9.19	9.26
Commerce, Community and Economic Development	8.67	8.81	8.58
Corrections	8.33	8.43	8.15
Education and Early Development	10.73	10.27	10.99
Environmental Conservation	9.63	10.33	9.01
Fish and Game	9.07	10.10	7.66
Health and Social Services	8.81	9.02	8.72
Labor and Workforce Development	10.74	9.93	11.18
Law	9.78	10.18	9.58
Military and Veterans Affairs	8.22	8.33	8.00
Natural Resources	9.44	9.07	9.92
Public Safety	10.45	10.92	9.44
Revenue	9.52	9.46	9.55
Transportation and Public Facilities	9.52	9.71	9.00
Statewide	9.26	9.49	9.02

AVERAGE STATE SERVICE BY BARGAINING UNIT

Bargaining Unit	Average State Service
AK Vocational Technical Center Teachers	8.73
Confidential Employees	9.05
Correctional Officers	7.86
Excluded Employees	27.43
Exempt / Partially Exempt Employees	10.36
General Government Employees	8.11
Inlandboatmen	8.05
Labor, Trades and Crafts Employees	8.93
Marine Engineers	Not Available
Masters, Mates and Pilots	11.28
Mt. Edgecumbe Teachers	9.38
Public Safety Officers	10.70
Supervisory Employees	13.43

Executive Branch Employees: Classified (Permanent, Probationary, and Provisional), Partially Exempt, and Exempt

RETIREMENT PROJECTIONS BY DEPARTMENT

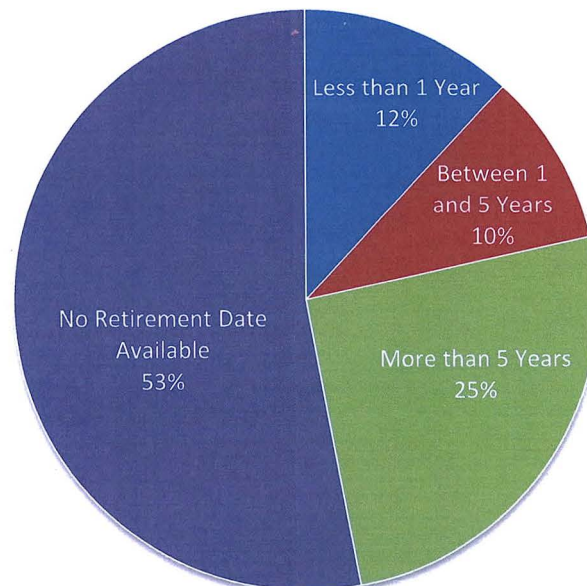
Department	Total Employees in R&B System	Eligible to Retire					No Retirement Date Available
		Less than 1 Year	% Less than 1 Year	Between 1 and 5 Years	% Between 1 and 5 Years	More than 5 Years	
Office of the Governor	125	18	14.4%	8	6.4%	28	71
Administration	932	94	10.1%	80	8.6%	248	510
Commerce, Community and Economic Development	434	62	14.3%	37	8.5%	99	236
Corrections	1759	191	10.9%	172	9.8%	339	1057
Education and Early Development	271	37	13.7%	32	11.8%	98	104
Environmental Conservation	471	52	11.0%	41	8.7%	130	248
Fish and Game	1300	145	11.2%	99	7.6%	416	640
Health and Social Services	3143	357	11.4%	272	8.7%	735	1779
Labor and Workforce Development	661	106	16.0%	79	12.0%	172	304
Law	476	56	11.8%	41	8.6%	121	258
Military and Veterans Affairs	224	19	8.5%	20	8.9%	55	130
Natural Resources	821	103	12.5%	76	9.3%	227	415
Public Safety	783	107	13.7%	115	14.7%	201	360
Revenue	476	48	10.1%	37	7.8%	128	263
Transportation and Public Facilities	3036	381	12.5%	327	10.8%	806	1522
Statewide	14912	1776	11.9%	1436	9.6%	3803	7897

Employees in the licensed engineers bargaining unit, some employees on approved leave without pay on June 30, 2016, and other records being audited by Retirement & Benefits at the time of this report are not included in these calculations.

Tier 4 employees hired on July 1, 2006 or after are included in the "No Retirement Date Available" column.

Calculations are based on retirement dates projected by Division of Retirement & Benefits.

PERCENTAGE OF EMPLOYEES BY RETIREMENT PROJECTION CATEGORY



Executive Branch Employees: Classified (Permanent, Probationary, and Provisional), Partially Exempt, and Exempt

HB 11

Sir / Mam,

I was directed to this site to comment on HB11, and provide any suggested changes. I did reach out to Rep. Kawasaki earlier in the session to speak to the current age limitation for participating in the proposed legislation. Currently, as written, HB11 mandates that an employee be "at least 50yoa..." to participate in the RIP - regardless of time in service. As I understand it, this is because of the IRS rules regarding access to an employee's SBS disbursements upon retirement (penalty if accessed when retiring before 50, no penalty when accessing after 50).

I respectfully submit that a retirement decision, pre-50yoa, should be left up to the employee as long as they have the appropriate time in grade, etc. The age limitation is somewhat discriminatory and should be removed. Any employee that participates will do so with the knowledge that if they decide to retire prior to age 50, and want to access their SBS, they will have to pay a penalty. That is a decision the employee should be allowed to make - and not have the government make it for them.

Other than the current age limitations, I believe that this is a great bill when considering past success of both saving money and reducing the number of employees in state government.

Thank you,

Respectfully submitted,
Leon Morgan
10613 Tradition Ave
Eagle River, AK 99577
854-9329

Dear Representative Kreiss-Tomkins,

My husband is one of many State employees who has eagerly waited for any news on HB 11. We are excited to see if the legislatures will use this avenue to save the state money. After reading some information previously provided by Representative Kawasaki, we are doubting there will be many qualified employees who will exercise the option if health insurance premiums are not part of it. Over my husbands 20 years with the State, he has seen most of the qualified individuals retire the first of the month following their 60th birthday because of the health premiums. The state offers benefits better than most and the powers that be have done an excellent job of keeping premiums lower than most. That being said, the premiums are just too high for most employees to consider affordable out of pocket if they retire before 60. What is the point of retiring early just to go get another job to pay for the health insurance premium? Better yet, why would an over 50 year old, 20+ year State employee leave their State job to go find another job that may not have as good of a health insurance plan as they currently enjoy.

We know navigating this financial crisis is tough!!!! We want to see our legislature use time and effort the most efficient way possible. My husband had talked to many co-workers who are super excited about this bill, but that same group will not be able to exercise this if it were to go forward if the health insurance premium is not part of the benefit. In our opinion, it is a wasted effort without that key part. Thanks to ACA, health insurance is no longer an option and we all know that the Marketplace is not affordable.

There are so many reasons that HB 11 is a good idea so I hope you will consider my input here. It would allow more expensive employees to retire and retain newer, more than likely, less expensive employees to stay if there needs to be more layoffs.

Thank you for you hard work,
Shirlene Cotenias

I am writing on behalf of the Fairbanks Firefighters Union for you to consider an amendment to HB 11(RIP) age recruitment. Currently The bill states age 50 and 17 years of service for Fire/ Police. And 50 and 20 years of service for other employees. We are requesting that you reduce the minimum age proportionally for Fire/ and Police. Fire/ Police are eligible to retire at 20 years of service which a lot are. Most Fire/Police begin their carriers between 18 and 25 years of age. Adding a full 20 years of service get my members to 38 and 45(43 and 50 for health care). With the 50 requirement for all people a lot fire/ Police in that 17 year range will not be eligible for this option. We would like to see the bill amended to age of 45 for Fire/ Police (or to keep it proportional with the 50/20 : 47/17). If you have any questions please feel free to give me a call.

Thank you

Scott Raygor
President Fairbanks Firefighters Union
907-322-7413

House State Affairs Committee Chair Kreiss-Tomkins,

My name is Doug Fournier and I live and work in Fairbanks. I would like to take this opportunity to share my support for the passage of HB11, though I would also like to encourage a few changes to it that would open it up to other employees who may desire to take advantage of the opportunity.

I am a PERS member who has over 24 years of service, and I will be eligible for full retirement at the end of March 2018. Like many employee's closing in on the potential to retire, I am

looking at my finances and determining whether or not retirement makes financial sense for me right now, and whether or not I can afford to stay in Alaska without working after I retire. When I look at all of the places I can retire, by far my preference is to stay in Alaska. But as you are well aware, Alaska is an incredibly expensive place to live. I am not rich, and so my retirement income will dictate where I am able to live and how comfortably I am able to live.

My thoughts for the last 5 years or so have been that I may not retire until I have 26 years in PERS because the extra 25% adds enough additional income to my retirement income to make a difference in where and how I can live. Passage of HB11 would certainly create a significant incentive for me to retire sooner rather than later as it would also make a significant difference in my retirement income.

I recognize the above is focused on "me", but I share it not because my focus is all on myself, but rather because it reveals how quite a few people are thinking. Financially, the State of Alaska is in a very difficult position. As such, incentivizing long serving, higher paid employees to retire makes financial sense for the State. It allows younger employees - who might otherwise be laid off should lay offs become necessary - to keep their jobs and continue providing income and benefits for their families. And at the same time those who choose to retire under the RIP will begin to receive their financial and healthcare retirement benefits, thus keeping and allowing the incomes of both groups to continue to have a positive impact on both the local and state economies.

I would like encourage you to change the language in the bill by either lowering or removing the current minimum retirement age requirement that is written into the Bill. Again, I will use myself as an example. Next year I will be 49 years old and eligible to retire, but as HB11 is currently written, I will not be able to take advantage of the RIP should it pass because I am not 50. And yet employees who are 50 or older, but have less time in the PERS system than I do will be able to take advantage of the RIP. While life is certainly not fair, this is one of those things that can and should be made equitable to everyone who has put in their time, regardless of age. Allowing the age restriction to stand does not accomplish that.

No doubt the State of Alaska can expect to save \$50 - 100 million or more in payroll and benefit expenses with passage of the RIP. With a State that is looking everywhere to reduce budget expenses, those are significant financial savings.

In closing, I would like to thank you for taking time out of your life to serve the State and your constituents. And I would also like to thank you for taking time to read and consider my comments and concerns. Feel free to contact me if you have questions.

Cordially,

A. Douglas Fournier
105 Oak Drive
Fairbanks, Alaska 99709
(H) 907-479-6947

I believe the previous RIP offerings had long term ramifications in the form of increased benefits via years of service.

Would it be cost effective to do a lump sum payout with the State covering the tax burden but with no years of service added? Such as two years of current salary taxes covered with retirement benefits at the current status?

Then the State does not bear the long term burden of increased pension payout.

I have no numbers to evaluate the cost difference between the two types of RIP. It just seemed like a reasonable question.

Thank you.

Debbie Ganley
Sent from my iPad

Ruth A. Kramer
P.O. Box 55442
North Pole, Alaska 99705
April 15, 2017

Dear Sirs;

I am writing in support of the bill, HB11, which would put in place an early retirement incentive for both teachers and public employees of the state of Alaska.

As a retired teacher who worked for the Fairbanks North Star Borough School District from 1996 to 2012, I am in favor of this bill.

In a time of budgetary concerns for our state, this bill allows teachers to retire early, **based on their choice**, rather than using forced layoffs and terminations leading to negative press for our great Alaskan school system.

When the last RIP occurred in 1989, the savings for the state of Alaska were substantial. Teachers who had topped out at the highest pay salary retired early, which enabled new teachers to enter the teaching profession at a lower salary. These newly hired teachers became the backbone of the next creative wave of teachers in Fairbanks. I was one of those new teachers!

We haven't had an early retirement incentive program here in Alaska for 28 years. It's time to implement HB11. Thank you for reading this letter from a retired teacher who loved teaching the kids of Alaska.

Yours,
Ruth A. Kramer

Good morning! Representative Kawasaki said to send an email to this address if anyone had feedback they wished considered for HB11 due to no known public testimony being anticipated on 4/20 when this bill will be heard.

I believe HB11 would be more successful **if the age requirement for police and fire was eliminated**. Many police and fire employees hire at a young age. Many like myself hire on at 21 years of age and when we hit 20 years of service (or more) we are in our mid 40's. Your bill as written will only allow for a small number of the employees that are costing the State the most money to participate in the RIP. By eliminating the age requirement for police and fire, much more people could participate in HB11, likely saving the State of Alaska a significant amount of money by allowing those at the top end of their pay scale the opportunity to move on, ultimately making room for new people to be hired at the lower pay scale.

Please consider removing the age requirement from HB11. I truly believe by doing this, the cost saving objective trying to be achieved would be better met. I can say with full confidence that if the age requirement is removed, I will RIP.

P.S.

I have heard a rumor that DPS higher Command will not allow folks to RIP if the age requirement is removed as they know this would impact them by a decent number of folks who would go. This would negatively effect many who would step into this opportunity if it comes without the age requirement. I would encourage you to strip any department heads of the ability to block the RIP option. To allow them the ability to say no to the RIP, robs the employee of their say and is absolutely wrong. Just my opinion.

Tom Dunn

Sent from Mail for Windows 10

Dear Chair Kreiss-Tomkins and committee members:

I, along with numerous other teachers and public employees, encourage you to support and pass HB11 to aid in reducing the state's operating budget.

I am a lifelong Alaskan resident, raised my family in the Capital City through the similarly tough economic times of the late 1980s and early 1990's, and have served almost 30 years as a public servant. Although I did not make significant amounts of compensation during my middle school and high school days in Ketchikan, I remember when Alaska had an income tax. My support is in favor of reinstating a state income tax as a revenue source. Also, I am humbly grateful to have received every permanent fund dividend distribution, no matter what the amount.

Thank you for serving the state during these challenging economic times.

John Orbistondo
Juneau

Dear Chair Kreiss-Tomkins,

Please support HB11 the Retirement Incentive Program (RIP) for Alaska government employees.

I know that this bill will save the State of Alaska millions in employee salaries and benefits plus give long term employees an option to choose retirement if they desire it.

The only problem I see with HB11 is that if an employee is allowed to use the RIP to retire early the position that employee may be eliminated. Departments should have the option to fill the positions as Tier 4 at an entry Range A.

By allowing all State of Alaska Tier 1 & II employees to take the RIP the saving in salaries alone would be a great deal.

If new employees are hired at the entry level Range & Steps then with long term current employees at pay ranges 16 and lower the savings in salaries only would be \$2000+ per month per position. At ranges above 16 the saving would be \$2,500+ monthly.

Thank You, Sandra Harrel
907-388-4840 Cell
276 Snowy Owl Lane
Fairbanks, AK 99712

Dear Representatives Kreiss-Tompkins and Kawasaki;

Thank you for the opportunity to comment on HB 11. I am a 26 year state employee who is very interested in the outcome of HB11 and would be very interested in taking advantage of a RIP, given the right circumstances.

My concerns with the bill as it is written are;

1. It appears under "Purpose and Intent" that the entity approving the employee to RIP then has to vacate and then eliminate the position. It would seem then that very few employees would actually be approved to partake in the RIP as state offices cannot just vacate and eliminate that many positions. The work flow would be severely impacted. Wouldn't the bill be more accommodating if the actual result was the elimination of high wage earners with less costly employees. You would be saying goodbye to many of the remaining Tier II employees and putting less costly staff in their positions. This allows the functions of the office to continue but at a huge savings. It is noted in Section 2 (f) (6) that the savings to the employer in personal services costs for the employee's position will exceed the cost to the employee for that position within three years after the employee is appointed to retirement.

2. The second concern is if health insurance coverage for those partaking of the RIP will remain the same as if they retired regularly. Staff are not going to retire using the RIP if that is not the case, it simply doesn't make sense for the financial future of the individual.

3. How would it handled if two or more employees in the same section qualify and are interested? As I will qualify for full retirement in January of 2019, I'm very interested if my application would be processed differently than a 52 year old with 20 years of service.

Thank you so much for writing the bill and pushing it forward. If written and administered properly, it could result in considerable saving for the State of Alaska and allow long term, older employees the option to move on and provide opportunity for those coming up behind us.

Thank you,

Sharon Tumacder

Good morning,

I received this email from a colleague of mine at DEC, where we are both Tier-2 employees. I am in full support of the early retirement bill (HB11). I am within 2 years of retirement and would welcome the passage of this bill. The passage would save the state a significant amount of money as well as allow employees such as myself the opportunity to retire early after serving numerous years as an employee of

the great state of Alaska. I know of numerous employees in Fairbanks that would also welcome the opportunity to retire early. Please add me to the email list so that I can be kept up to date on the progress of this important piece of legislation. You have my full support in passing this bill. If I can be of further assistance, please don't hesitate to contact me.

Kind regards,

Wes Ghormley
EPS3 - ADEC, Fairbanks
P: 907-451-2164
E: wesley.ghormley@alaska.gov

Dear Committee Members,

I am writing to encourage you to please forward HB 211 to the floor for a vote. It's been almost twenty years since the last RIP and there is sure to be a new crop of Tier I & II employees willing to take advantage of such a program. Losing valuable employees to attrition is not a viable option when our capabilities are already stretched to the breaking point. However, replacing Tier I & II employees at the higher steps with Tier IV personnel not only revitalizes the workforce, but quite possibly reduces the payroll per individual by half.

And even if it were to happen that only a dozen employees were eligible, is there really a minimum savings too small to consider when the alternative is cuts to other essential services? Can you think of any school that would object to having \$100,000 returned to their budget? Or DOT's maintenance and operations to protect the public where we're no longer able to provide essential road services during the worst of times.

Please Keep Alaska moving.

Blaine Galleher

P.O. Box 1552

Nome, Alaska 99762

I like the concept of a retirement incentive program and hope that the state approves a program. However, as written it appears too overly limit or exclude employees that appear to be eligible based on years of service. Also, these employees have associated high costs to the state from advanced step status. These two groups seem to have their participation limited even if it would save the state money.

Under Purpose and Intent

A policy prohibiting hiring new employees does not seem reasonable. While having less employees would theoretically save more money than having employees that make less money, both are opportunities for savings. An example would be a long term employee retiring and the position being filled by a new lower paid employee. Intent should be to save money. It is possible more money would be saved by retiring more higher-paid employees and replacing them with new lower-paid employees than hoping that you can retire a high paid employee and then keep that position vacant or eliminate it. Many of the high paid employees are in supervisory positions that are not easily eliminated. Other long term employees work in a position that would need to be refilled and could not easily be left vacant or eliminated. The state would not be able to realize savings from refilling the position with a new lower paid employee. As written the program favors lower paid employees and minimizes potential savings to the state.

(h)

If I understand this correctly a PERS employee would pay the state 20.25% of their annual compensation in the year they retire to retire early. The Act refers to "retirement incentive". How is charging the employee to retire early an incentive? What are the long term costs to the employee for buying this incentive? Unless I am reading this wrong this could be a significant deterrent to participation.

Reemployment Indebtedness; Prohibition on Reemployment

If the retired employee is reemployed and then required to pay back 110% the employee received does the state also pay back the 20.25% that the employee paid to participate? Wouldn't it be easier to just state they cannot work in a job that pays benefits? Many retired employees have returned to work for the state in non-permanent jobs that saved the state money in benefits they didn't have to pay while the state continued to benefit from the experience of the former full time employee. As written it appears both the state and retiree would lose.

I appreciate that this program is being considered and support passage of a retirement incentive program. As stated above I have a few questions and concerns.

Thanks,

Lee Johnson

2650 Dale Road

Fairbanks, AK 99709

Mr. Tomkins,

I am writing to offer my support for the early retirement legislation, HB 11. Aside from the budgetary considerations and savings of the bill, it's passing creates new job opportunities around the State. Please support the passing and/or advancement of this bill and contact me if you have any questions.

Sincerely,

Paul Lhotka
Fairbanks, Alaska

Dear Mr. Kreiss-Tomkins,

I think this bill would benefit our state by allowing early retirement for those qualified. The bill would promote those thinking of retiring. I'm anxious to watch the status of this bill.

Sincerely,
Sharon Brooks
Reading Specialist

The most interesting information comes from children, for they tell all they know and then stop. Mark Twain