

LEG. FINANCE - BILLS 1985 - 1986 2391

HB 379 - HB 382

2391

COMMITTEE REPORT

4/25

HOUSE

(7)

FURTHER: FINANCE

4/16/85

Date: 24 April 1985

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had HB 379

"An Act making a special appropriation to the Department of Health and Social Services for a study of the effects of carbon monoxide poisoning; and providing for an effective date."

under consideration and recommends:

- [] do pass [] do not pass
[] do pass with attached amendments(s)
[] replace with CS for HB 379 (HESS) [] same title [] new title
and recommends do pass
[] AND attaches a "Letter of Intent" [] New Fiscal Note [] Zero Fiscal Note Attached
[] reports it back without recommendation
[] referred to the Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

Gruenberg Max Gruenberg
Hurley Katie Hurley
Taylor Robert Taylor
Thompson David W. Thompson
Hanley Alyce Hanley

Koponen (with Koponen) drop amendment

Max Gruenberg CHAIRMAN
David W. Thompson Co-Chair

ered: 4/25/85
ferred: Finance

202d

Original sponsor: Health Education and
Social Services Committee

Funding Information

General Fund	\$275,000
Other Funds	- 0 -
	<u>\$275,000</u>

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 379 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Health and Social Services for a study of the
8 effects of carbon monoxide poisoning in aircraft; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$275,000 is appropriated from the general fund
12 to the Department of Health and Social Services for a study of the effects
13 of carbon monoxide poisoning in aircraft.

14 * Sec. 2. The unexpended and unobligated portion of the appropriation
15 made by this Act lapses into the general fund June 30, 1986.

16 * Sec. 3. This Act takes effect July 1, 1985.

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Introduced: 4/16/85
Referred: Health, Education &
Social Services and Finance

Handwritten:
Fund
1020

Funding Information
General Fund \$275,000
Other Funds - 0 -
 \$275,000

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
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2 HOUSE BILL NO. 379

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COMMITTEE COPY

ALASKA STATE LEGISLATURE
14th..... Legislature FIRST..... Session
HOUSE BILL NO. 379...
By ..THE..HEALTH,..EDUCATION..&.. SOCIAL SERVICES COMMITTEE
"An Act making a special appropriation to the Department of Health and Social Services for a study of the effects of carbon monoxide poisoning; and providing for an effective date."
HESS/ Carbon Monoxide Poisoning
Introduced in the House ...4/16..., 19.85

HISTORY IN THE HOUSE													
19 85	Read first time and referred to Committee on												
Apr. 16	HESS AND FINANCE												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table style="width: 100%; border: none;"> <tr><td style="text-align: center;">PASS</td><td style="text-align: center;">Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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	Reported correctly engrossed Signed by Speaker Sent to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE													
19	Read first time and referred to Committee on												
	Reported back with recommendation that												
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SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE	
19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

Offered: 4/25/85
Referred: Finance

Original sponsor: Health Education and
Social Services Committee

Funding Information

General Fund	\$275,000
Other Funds	- 0 -
	<u>\$275,000</u>

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 379 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

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For an Act entitled: "An Act making a special appropriation to the Department of Health and Social Services for a study of the effects of carbon monoxide poisoning in aircraft; and providing for an effective date."

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* Sec. 3. This Act takes effect July 1, 1985.

Introduced: 4/16/85
Referred: Health, Education &
Social Services and Finance

Funding Information
General Fund \$275,000
Other Funds - 0 -
\$275,000

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BY THE HEALTH, EDUCATION AND
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HOUSE BILL NO. 379

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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15 made by this Act lapses into the general fund June 30, 1986.

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COMMITTEE REPORT
SENATE

FURTHER:

2/28/86

Date 5/11/86

Mr. President

The Committee on FINANCE considered CSHB 380 (C&RA) am
relating to public utility water and sewer service extensions.

and (a majority of the committee) (the committee) reports it back with
the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSHB 380 (FIR)
- new title
- same title and recommends "DO PASS"
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- APUC
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
Chairman
[Signature]
Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: NB 380
 Title: Public Utility Water & Sewer Service Extensions
 Sponsor: Szymanski
 Requestor: _____
 Date of Request: 4/11/85

FISCAL DETAIL

Agency Affected: Ak. Public Utilities Cor
 Program Category Affected: Cons. Prot.
 BRU, Program or Subprogram(s) Affected: Ak. Public Utilities Comm.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

This "zero" fiscal note is submitted with the assumption that the Commission will have a passive role with regard to the legislative changes proposed. If the intent of this legislation is for active Commission monitoring and dispute resolution, the fiscal impact will have to be reevaluated.

Prepared By: John B. Farleigh Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: April 19, 1985

Approved by Commissioner: Carolyn Guess, Chairman Date: _____
 Agency: Alaska Public Utilities Commission

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

Cramer
5/6/86

Original sponsors: Szymanski, Boucher
and Collins

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 380 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public utility water and sewer
7 service extensions."

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

9 * Section 1. AS 42.05.381 is amended by adding new subsections to read:

10 (e) A water or sewer line extension may not be constructed
11 unless the legislative body of each municipality through which the
12 extension passes has approved the extension. This subsection does not
13 apply to an extension that will not create any charges or assessments
14 against the adjacent property.

15 (f) Except as provided in (i) of this section, when utility
16 service is available to a property owner as a result of a water or
17 sewer line extension, the utility offering the service through the
18 extension shall notify the property owner, according to the procedure
19 set forth for service of process in the Alaska Rules of Civil Proce-
20 dure, of the charges and interest due the utility if the property
21 owner elects to obtain the utility service through the extension. The
22 property owner does not owe the charge for the extension until the
23 property owner connects to the extension.

24 (g) Except as provided in (i) of this section, and unless the
25 property owner connects to the extension,

26 (1) charges do not accrue against the property for con-
27 struction of the extension;

28 (2) interest does not accrue against the property for the
29 construction of the extension; and

1 (3) a lien or encumbrance may not be levied against the
2 property for the construction of the extension.

3 (h) If the costs of constructing a water or sewer line extension
4 have been paid by charges collected under this chapter, a utility may
5 not charge for connection to the extension an amount greater than the
6 actual cost of the connection.

7 (i) The provisions of (e) - (h) of this section do not apply to
8 a water or sewer line extension constructed by a municipality under
9 AS 29.46.

10 * Sec. 2. AS 42.05.711(b) is repealed and reenacted to read:

11 (b) Except as otherwise provided in this subsection, public
12 utilities owned and operated by a political subdivision of the state,
13 or electric operating entities established as the instrumentality of
14 two or more public utilities owned and operated by political subdivi-
15 sions of the state, are exempt from this chapter, other than AS 42.-
16 05.221 - 42.05.281 and 42.05.381(e) - (i). However,

17 (1) the governing body of a political subdivision may elect
18 to be subject to this chapter; and

19 (2) a utility or electric operating entity that is owned
20 and operated by a political subdivision and that directly competes
21 with another utility or electric operating entity is subject to this
22 chapter and any other utility or electric operating entity owned and
23 operated by the political subdivision is also subject to this chapter.
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Alaska State Legislature

House of Representatives

Representative Mike Szymanski



11920 Johns Road
Anchorage, Alaska 99515
Phone (907) 349-3373

While in Session:
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 45-4978/4979

Finance Committee
Oil and Gas Committee
April 2, 1986

TO: SENATOR JAN FAIKS, CHAIRMAN, SENATE FINANCE COMMITTEE

FROM: REPRESENTATIVE MIKE SZYMANSKI

RE: PROPOSED SENATE CS FOR CS FOR HB 380 (FINANCE) - AN ACT RELATING TO PUBLIC WATER AND SEWER SERVICE EXTENSIONS

This measure establishes protection for property owners from:

- 1) the imposition of charges for utility connections without their knowledge,
- 2) the imposition of connection charges before a service connection is made, and
- 3) the accrual of interest before a utility connection is made or, when the project has been approved by a majority vote of affected property owners, before the service is available and adequate notice has been given.

Current state law does not require utilities to notify property owners of debt incurred when a new line abuts their property, although most utilities do so as a courtesy.

The provisions of the bill do not apply to water or sewer line extensions undertaken in conjunction with the formation of a local improvement district, a water improvement district, or a road improvement district (under AS 29.46).

The need for this law has been demonstrated in the Anchorage area, where a small utility failed to notify property owners of their obligations as a result of extension of a water line that benefitted a new development nearby. In this case, individuals' charges (known as PILAs, or Payments in Lieu of Assessment) were very large and interest had been accruing (at a rate of 15.6%) for over two years before property owners were notified. Interest continues to accrue on the outstanding principal.

- over -

Sectional Analysis

Senate CS for CS for HB389 (Finance)

SECTION 1, Subsection (e) requires that when water or sewer service becomes available as the result of a utility line extension, a utility shall notify each property owner in the affected area of the charges and interest that will be due when the property owner chooses to obtain the utility service. The bill requires that such notification be according to the procedure set forth in the Alaska Rules of Civil Procedure.

This subsection also specifically states that the property owner does not owe the charge until the service connection is obtained.

Subsection (f) prohibits the utility from charging any interest on the fee to connect to the water or sewer line before the line is available for service.

If a utility line extension has been approved by a majority vote of property owners in the affected area, the utility may start charging interest 30 days after the notice of fee and interest has been sent to the property owners.

If the line extension was not the result of a vote, the utility may charge interest on the connection fee only after an individual property owner obtains the utility service.

Subsection (g) states that if the utility fails to notify a property owner as required, the utility may not assess charges against the owners for the extension of the line or interest until the date the property is connected to the extension.

Subsection (i) says that the provisions of subsections (e) - (g) do not apply to water or sewer line extensions undertaken under AS 29.46, i.e., to extensions undertaken in conjunction with the creation of a local improvement district, a water improvement district, or a road improvement district.

SECTION 2 states that all utilities are subject to the provisions of this bill, i.e., AS 42.05.381 (e) - (i), as well as to AS 42.05.221 - 42.05.281 (sections previously enacted) although they may be exempt from other provisions of the chapter. 42.05.711(b) was repealed and reenacted to clarify these conditions. clarification

Sectional Analysis

Senate CS for CS for HB 99 (Finance)

SECTION 1, Subsection (e) requires that when water or sewer service becomes available as the result of a utility line extension, a utility shall notify each property owner in the affected area of the charges and interest that will be due when the property owner chooses to obtain the utility service. The bill requires that such notification be according to the procedure set forth in the Alaska Rules of Civil Procedure.

This subsection also specifically states that the property owner does not owe the charge until the service connection is obtained.

Subsection (f) prohibits the utility from charging any interest on the fee to connect to the water or sewer line before the line is available for service.

If a utility line extension has been approved by a majority vote of property owners in the affected area, the utility may start charging interest 30 days after the notice of fee and interest has been sent to the property owners.

If the line extension was not the result of a vote, the utility may charge interest on the connection fee only after an individual property owner obtains the utility service.

Subsection (g) states that if the utility fails to notify a property owner as required, the utility may not assess charges against the owners for the extension of the line or interest until the date the property is connected to the extension.

Subsection (i) says that the provisions of subsections (e) - (g) do not apply to water or sewer line extensions undertaken under AS 29.46, i.e., to extensions undertaken in conjunction with the creation of a local improvement district, a water improvement district, or a road improvement district.

SECTION 2 states that all utilities are subject to the provisions of this bill, i.e., AS 42.05.381 (e) - (i), as well as to AS 42.05.221 - 42.05.281 (sections previously enacted) although they may be exempt from other provisions of the chapter. 42.05.711(b) was repealed and reenacted to clarify these conditions. clarification

SENATE CS FOR CS FOR HB 380 (Finance)

SECTIONAL ANALYSIS

Note: The provisions of this bill do not apply to water or sewer line extensions undertaken under the statutory provisions for formation of Local Improvement Districts, Road Improvement Districts, or Water Improvement Districts (AS 29.46) (subsection i).

Section 1.

Subsection (e). No water or sewer line extension for which property owners will be charged may be constructed without the approval of the legislative body of each municipality through which it passes. Line extensions that will serve only developer-owned or municipally owned property do not require this approval.

Subsection (f). When utility service is available as the result of a water or sewer line extension, the utility offering the service shall notify the property owner of the charges and interest due if the property owner elects to obtain the service. This notification shall be under the procedure set forth for service of process in the Alaska Rules of Civil Procedure and involves notification through mail or personal service, with publication as a backup.

Subsection (g). Until a property owner obtains a service connection to the extension

- (1) no charges accrue for construction of the extension
- (2) no interest accrues for construction of the extension
- (3) no lien or encumbrance may be levied against the property for construction of the extension

Subsection (h). If actual costs of constructing a water or sewer line extension have already been paid by owners of property along the line, only the cost of hooking up to the line can be charged for additional connections to the extension.

Subsection (i). The provisions of this bill do not apply to water or sewer line extensions undertaken under the statutory provisions for formation of a Local Improvement District, Road Improvement District, or Water Improvement District (AS 29.46).

Section 2

The provisions of this bill apply to all utilities, including those which may be exempt from other provisions of the chapter.

CSS
4/22/86

Version #1
Cramer
4/2/86 ✓

Original sponsors: Szymanski, Boucher
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 380 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public utility water and sewer
7 service extensions."

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

9 * Section 1. AS 42.05.381 is amended by adding new subsections to read:

10 (e) Except as provided in (h) of this section, when utility
11 service is available to a property owner as a result of a water or
12 sewer line extension, the utility offering the utility service to the
13 property owner through the water or sewer line extension shall notify
14 the property owner, according to the procedure set forth for service
15 of process in the Alaska Rules of Civil Procedure, of the charges and
16 interest due the utility if the property owner elects to obtain the
17 utility service through the water or sewer line extension. The prop-
18 erty owner does not owe the charge for the extension until the prop-
19 erty owner obtains a service connection to the extension.

20 (f) Except as provided in (h) of this section the interest on
21 the charges due a utility for construction of a water or sewer line
22 extension may not accrue unless the water or sewer line extension is
23 available for service connection and,

24 (1) for a water or sewer line extension approved by a
25 majority vote of the property owners in the utility district, until 30
26 days after the date the utility mails notice to the property owner
27 under (e) of this section; or

28 (2) for other water or sewer line extensions, until the
29 date the property owner obtains a utility service connection to the

1 extension of the line.

2 (g) Except as provided in (h) of this section, if a utility
3 fails to notify a property owner as required by (e) of this section,
4 the utility may not assess interest on the charges against the owner
5 for the extension until the date the property is connected to the
6 extension.

7 (h) The provisions of (e) - (g) of this section do not apply to
8 a water or sewer line extension constructed by a municipality under
9 AS 29.46.

10 * Sec. 2. AS 42.05.711(b) is repealed and reenacted to read:

11 (b) Except as otherwise provided in this subsection, public
12 utilities owned and operated by a political subdivision of the state,
13 or electric operating entities established as the instrumentality of
14 two or more public utilities owned and operated by political subdivi-
15 sions of the state, are exempt from this chapter, other than AS 42.-
16 05.221 - 42.05.281 and 42.05.381(e) - (h). However,

17 (1) the governing body of a political subdivision may elect
18 to be subject to this chapter; and

19 (2) a utility or electric operating entity that is owned
20 and operated by a political subdivision and that directly competes
21 with another utility or electric operating entity is subject to this
22 chapter and any other utility or electric operating entity owned and
23 operated by the political subdivision is also subject to this chapter.
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A P P E N D I X

TO: SCS CSHB 380 (Finance)

Page 2, after line 9, insert a new subsection to read:

"(i) Except as provided in (h) of this section, after the person who constructed a utility line extension has received payment for the construction costs of the extension, the utility may not charge a property owner who connects to the extension an amount greater than the actual cost of the connection."

Page 2, line 7, after "(e) - (g)" insert "and (i)"

Page 2, line 16, delete "(h)" and insert "(i)"

A M E N D M E N T

Offered in the

TO: CSHB 380 ^(Finance)~~(C&RA)~~ am

Page 1, line 19, after "extension." insert:

"A property owner is entitled to a credit against the charges assessed by the utility when the owner obtains the utility service through the extension. The credit is the value of the owner's existing water or sewer system at the time the owner obtains service through the extension."

Offered: 1/24/86
Referred: Rules

Original sponsor: Szymanski
and Boucher

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 380 (C&RA) am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - SECOND SESSION

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13 extension shall notify the property owner, according to the procedure
14 set forth for service of process in the Alaska Rules of Civil Proce-
15 dure, of the charges and interest due the utility in the event the
16 property owner elects to obtain the utility service through the water
17 or sewer line extension.

18 (f) The interest on the charges due a utility for construction
19 of a water or sewer line extension may not accrue unless the water or
20 sewer line extension is available for service connection and,

21 (1) for a water or sewer line extension approved by a
22 majority vote of the property owners in the utility district, until 30
23 days after the date the utility mails notice to the property owner
24 under (e) of this section; or

25 (2) for other water or sewer line extensions, until the
26 date the property owner obtains a utility service connection to the
27 extension of the line.

28 (g) If a utility fails to notify a property owner as required by
29 (e) of this section, the utility may not assess charges against the

1 owner for the extension or for interest on the charges until the date
2 the property is connected to the extension.

3 * Sec. 2. AS 42.05.711(b) is repealed and reenacted to read:

4 (b) If none of the utilities of a public utility owned and
5 operated by a political subdivision of the state competes with any
6 other utility, the public utility is exempt from the provisions of
7 this chapter other than AS 42.05.221 - 42.05.281 and 42.05.381(e) and
8 (f), unless the political subdivision elects to be subject to the
9 entire chapter.

COMMITTEE REPORT

SENATE

FURTHER:

Finance

1/30/86

Date Feb 27 '86

Mr. President

The Committee on C&RA considered CSHB 380 (C&RA) am relating to public utility water and sewer service extensions.

and (a majority of the committee) ~~(the committee)~~ reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

**MEMBERS SIGNING
DO PASS**

Dergus
V. Fischer
Allen Sturgulushi

**MEMBERS HAVING
OTHER RECOMMENDATIONS**

Edwin W. Vines
Chairman

Do Pass
Chairman recommendation

Hypothetical Example of How the Rule of Three Might Work

Assume Agency X has a staff of eight "analysts" and because of budget constraints would like to reduce that staff to seven. The agency could lay off one person but that would mean losing a Range 20, Step A "analyst" who is performing very well. In addition, from the employee's point of view, he needs the job and is far from retirement age. On the other hand, the agency has an "analyst" at Range 20, Step M who feels "burned out" and would like to retire soon but who is 49 years old and will not be eligible for early retirement for another year. The head of the agency learns of the Retirement Incentive Program (RIP) and asks for some cost projections from the Division of Retirement and Benefits.

The only "analyst" who could qualify for the RIP is the 49 year old; he would be able to use one of his three years to become eligible for early retirement and the other two to reduce the amount of actuarial adjustment for early retirement (he would have the actuarial adjustment of a 52 year old). The agency learns that the cost of the incentive for this employee is \$47,814.00; this cost will have to be paid to the PERS out of the agency's budget over a period not to exceed three years. In this case, since the agency intends to leave the position vacant, the agency head has an easy time preparing a cost analysis to submit to OMB in support of a request to participate in the RIP for the agency employees in the "analyst" classification. He prepares a short statement showing that the annual savings in personal services costs of about \$71,656.00 (Range 20, Step M) are far greater than the annual payment of \$17,179.00 to the PERS which would be required to pay off the debt in three installments. The agency's cost analysis is reviewed by OMB and it is certified that participation in the RIP is likely to result in cost savings for the state.

At this point a request to participate is presented to the Division of Retirement and Benefits along with the OMB certification. An agreement is executed after the division makes sure the agency understands its obligations under the program.

In this particular hypothetical example, it is worth noting that the agency could have shown cost savings by retiring the 49 year old analyst even if no reduction in force was contemplated provided the position could be satisfactorily filled by a Range 20, Step A "analyst." The personal services savings of approximately \$18,213.00 between a Range 20, Step M and a Range 20, Step A exceed the \$17,179.00 annual payments to the PERS fund.

DUNCAN

HB 382(AM)

Eligibility for R.I.P.

Each participant who retires under the R.I.P. will receive a credit of three years applied in the following order:

1. to reduce the age or years of service required for eligibility for normal or early retirement;

This means that an employee, age 52, would be eligible for full retirement benefits as if he/she were 55, but the multiple in calculating years of service would still be only the the actual number of years worked. The above employee's benefit amount would not be actuarially reduced as it is with early retirement.

Also, a 47 year old would be eligible for early retirement (normally at age 50), but benefits would be calculated only for the actual years of service.

A peace officer or fireman would be eligible to retire with 17 years of service, but the benefit calculation would use 17 years as the multiple rather than 20.

2. to reduce the actuarial adjustment required for early retirement;

In PERS, minimum age for early retirement is 50. The benefit amount at early retirement, age 50, is 62% of the amount received at normal retirement (age 55). The R.I.P. would add three years to the employee's age, making the employee 53 for the purposes of benefit calculation, resulting in a benefit increase of 20%, from 62% to 82% of normal retirement.

3. to increase the years of service credit for those already eligible for full retirement;

R.I.P. would provide an additional three years service credit to an employee already eligible for normal retirement; i.e., a 55 year old, with 22 years service would gain 3 years service credit.

His/her retirement benefit would then be calculated on 25 years of service.

4. or a combination of 1 - 3.

A vested 54 year old employee, eligible for the R.I.P., would receive the three year credit first to add one year to the employee's age to eliminate the actuarial reduction for early retirement, and second, to add two years service credit to the employee's benefit calculation.

Another scenario would be for the 48 year old employee where 2 years of the credit would be used to make the employee eligible for early retirement and the remaining year would be used to increase the early retirement benefit from 62% to 68% of normal retirement benefit.

STATE OF ALASKA 1986 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CSHB 382 (Finance)
 Title : Retirement incentive program
for state employees

Sponsor : Finance
 Requestor : House Finance
 Date of Request : 2/25/86

FISCAL DETAIL

Agency Affected : ALL
 BRU : N/A

Components : N/A

EXPENDITURES/REVENUES : (Thousands of Dollars) Two-Year Program

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANECUS						
TOTAL OPERATING		0	0			

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING : (Thousands of Dollars)

GENERAL FUND		0	0			
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary This bill has no net cost per the provisions of Sec. 2: The head of a state agency may designate positions in the agency eligible to participate in the retirement incentive program. The Office of Management and Budget may then certify that participation in the program by the proposed classification will result in a savings to the agency in personal services costs.

Prepared by :  Phone : 465-3560
 Division : Budget Review, Office of Management & Budget Date : February 25, 1986

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST attached draft of Revision Date: _____
2/25/86 FISCAL DETAIL
 Bill/Resolution No. HR382 (Finance) Agency Affected: All State
 Title: "An Act relating to accelerated normal retirement" BRU: Retirement & Benefits, TRS Match
 Sponsor: Duncan Components: PERS, TRS, TRS Match
 Requestor: Duncan
 Date of Request: 2/25/86

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES						
RTMNT & BNFTS						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
TRS MATCH						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL

REVENUE

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS: 0 -0- -0- -0- -0- -0-

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No retirement costs are shown because the bill requires direct short term reimbursement to the system from participating agencies. Personal services savings may well result for participating agencies but we have no way to accurately estimate them.

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 2/26/86

Approved by Commissioner: Eleanor Andrews Date: 2/26/86
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

POSITION PAPER

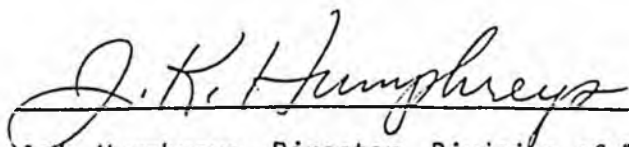
Draft CS HB 382 (Finance)

This bill would establish retirement incentive program to allow eligible state employees to retire from the Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS) (1) as early as age 47, (2) receive a reduction of their early retirement adjustment, (3) receive additional service credit or a combination of these.

Incentives such as these, may avoid the need for lay-offs in certain agencies and serve to alleviate some of the trauma normally associated with reductions in force.

There is no cost to the PERS or TRS since the bill requires the agency participating in the program to pay the additional costs of retirement under the program and to demonstrate that a savings to the state will result.

The Department of Administration supports this bill with its guarantees of fiscal responsibility.

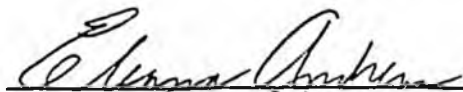


J.K. Humphreys, Director, Division of Retirement & Benefits



2/26/86

Date



Eleanor Andrews, Commissioner, Department of Administration

2/26/86

Date

Original sponsors: Duncan, M.M. Miller,
Gruenberg, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 382 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a retirement incentive program for
7 state employees in the Public Employees' Retirement
8 System and the Teachers' Retirement System; and
9 providing for an effective date."

10 * Section 1. PURPOSE. Since some state agencies may find it necessary
11 to reduce their personal services costs because of declining state revenue,
12 a program encouraging employees to retire voluntarily would reduce the
13 hardship of potential layoffs. This program is intended to realize suffi-
14 cient economies to offset the cost of administration and benefits to state
15 agencies resulting from the award of retirement credits and to result in a
16 net reduction in personal services costs to the state during a period of
17 declining revenue.

18 * Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) The executive head of a
19 state agency may designate divisions, offices, units, or other classifica-
20 tions of members of the Public Employees' Retirement System or the Teach-
21 ers' Retirement System in the agency eligible to participate in the retire-
22 ment incentive program. The administrator shall approve a designated
23 classification if the Office of Management and Budget certifies that par-
24 ticipation in the program by the classification will result in a savings to
25 the agency in personal services costs.

26 (b) A vested member in the Public Employees' Retirement System who is
27 in a designated classification on the date the agency head designates the
28 classification and who has been continuously employed with the state since
29 January 1, 1986, may elect to participate in the retirement incentive

1 program. A vested member in the Teachers' Retirement System who is in a
2 designated classification on the date the agency head designates the clas-
3 sification and who has been continuously employed by the state since Janu-
4 ary 1, 1986, may elect to participate in the retirement incentive program.
5 The member shall apply on forms provided by the administrator.

6 (c) The administrator shall accept the application of an eligible
7 vested member if

8 (1) the member will be qualified to retire under AS 14.25.110 or
9 AS 39.35.370 after receipt of the retirement incentive and will be appoint-
10 ed to retirement before October 2, 1987; and

11 (2) the member's agency has signed a reimbursement agreement
12 that

13 (A) requires the agency to reimburse the system within
14 three years after the date for each member who is appointed to retire-
15 ment in an amount equal to

16 (i) the actuarial equivalent of the difference between
17 the benefits the member receives after the addition of the re-
18 tirement incentive under this section and the amount the member
19 would have received without the incentive; and

20 (ii) an appropriate share of the administrative costs
21 of the program; and

22 (B) provides that contributions from the agency to the
23 system under this section take priority over other obligations of the
24 agency to the maximum extent permitted by law.

25 (d) A participant in the retirement incentive program receives a
26 credit of three years. The three years must be applied in the following
27 order

28 (1) to reduce the age or service required for eligibility for
29 normal retirement or the age required for eligibility for retirement under

1 AS 14.25.110, AS 39.35.370, or 39.35.385;

2 (2) to reduce the actuarial adjustment required for retirement;

3 (3) as years of credited service for calculating retirement
4 benefits; or

5 (4) a combination of (1) - (3) of this subsection.

6 (e) If a participant in the retirement incentive program returns to
7 employment with an employer, the participant loses the incentive years and
8 is indebted to the system in the amount the participant received as a
9 result of participation in the program for which the participant was not
10 otherwise entitled, including the cost of health insurance. Interest
11 accrues on the indebtedness at the rate established by regulation from the
12 date of reemployment until the member is appointed to retirement and ac-
13 cepts an actuarial adjustment to the member's future benefits or until the
14 amount is paid in full.

15 (f) The Department of Education is the only employer under AS 14.-
16 25.220 eligible to participate in the retirement incentive program under
17 this section. An employer under AS 39.35.550 - 39.35.650 is not eligible
18 to participate in the retirement incentive program under this section.

19 (g) The definitions set out in AS 14.25.220 apply to this section for
20 members of the Teachers' Retirement System. The definitions set out in
21 AS 39.35.680 apply to this section for members of the Public Employees'
22 Retirement System.

23 * Sec. 3. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating a
24 classification for participation in the retirement incentive program, the
25 executive head of a state agency shall provide the Office of Management and
26 Budget with information that describes with particularity the expected
27 effect of participation in the program on the agency's personal services
28 cost and operation by employees in the classification.

29 (b) A state agency that is participating in the retirement incentive

1 program shall report as required by the Office of Management and Budget on
2 the cost of each member's participation and the effect on the agency's
3 personal services cost and operation.

4 (c) The Office of Management and Budget shall report to the legisla-
5 ture in January 1987 and 1988 on the effect of the retirement incentive
6 program on state operation and personal services costs.

7 * Sec. 4. A member who is eligible under sec. 2 of this Act and who has
8 submitted an application for participation in the retirement incentive
9 program before July 1, 1987, may be considered for participation in the
10 program notwithstanding sec. 5 of this Act.

11 * Sec. 5. Sections 1 and 2 of this Act are repealed July 1, 1987.

12 * Sec. 6. Section 3 of this Act is repealed February 1, 1988.

13 * Sec. 7. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

STATE OF ALASKA 1986 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CSHB 382 (Finance)
 Title : Retirement incentive program
for state employees

 Sponsor : Finance
 Requestor : House Finance
 Date of Request : 2/25/86

FISCAL DETAIL

Agency Affected : ALL
 BRU : N/A

 Components : N/A

EXPENDITURES/REVENUES : (Thousands of Dollars) Two-Year Program

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0			

CAPITAL						
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REVENUE						
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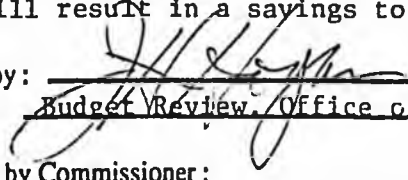
FUNDING : (Thousands of Dollars)

GENERAL FUND		0	0			
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary This bill has no net cost per the provisions of Sec. 2: The head of a state agency may designate positions in the agency eligible to participate in the retirement incentive program. The Office of Management and Budget may then certify that participation in the program by the proposed classification will result in a savings to the agency in personal services costs.

Prepared by :  Phone : 465-3568
 Division : Budget Review, Office of Management & Budget Date : February 25, 1986

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Offered: 2/21/86
Referred: Finance

Original sponsors: Duncan, M.M. Miller,
Gruenberg and Koponen

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 382 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a retirement incentive program for
7 state employees in the Public Employees' Retirement
8 System; and providing for an effective date."

9 * Section 1. PURPOSE. Since some state agencies may find it necessary
10 to reduce their personal services costs because of declining state revenue,
11 a program encouraging employees to retire voluntarily would reduce the
12 hardship of potential layoffs. This program is intended to realize suffi-
13 cient economies to offset the cost of administration and benefits to state
14 agencies resulting from the award of retirement credits and to result in a
15 net reduction in personal services costs to the state during a period of
16 declining revenue.

17 * Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) The executive head of a
18 state agency may designate divisions, offices, units, or other classifica-
19 tions of employees eligible to participate in the retirement incentive
20 program. The administrator of the division of retirement and benefits
21 shall approve a designated classification if the Office of Management and
22 Budget certifies that participation in the program by the classification
23 will result in a savings to the agency in personal services costs.

24 (b) A vested employee in a designated classification who has five
25 years of credited service with the state may elect to participate in the
26 retirement incentive program. The employee shall apply on forms provided
27 by the administrator of the system.

28 (c) The administrator shall accept the application of a vested em-
29 ployee if

1 (1) the employee will be qualified to retire under AS 39.35.370
2 after receipt of the retirement incentive and is appointed to retirement
3 before October 2, 1987; and

4 (2) the employee's agency signs a reimbursement agreement that

5 (A) requires the agency to reimburse the system within
6 three years of the date the employee is appointed to retirement in an
7 amount equal to

8 (i) the actuarial equivalent of the difference between
9 the benefits the member receives after the addition of the re-
10 tirement incentive under this section and the amount the member
11 would have received without the incentive; and

12 (ii) an appropriate share of the administrative costs
13 of the program; and

14 (B) provides that contributions from the agency to the
15 system under this section take priority over other obligations of the
16 agency to the maximum extent permitted by law.

17 (d) A participant in the retirement incentive program receives a
18 credit of three years. The three years must be applied in the following
19 order

20 (1) to reduce the age or service required for eligibility for
21 normal retirement or the age required for eligibility for early retirement
22 under AS 39.35.370 or 39.35.385;

23 (2) to reduce the actuarial adjustment required for early re-
24 tirement;

25 (3) as years of credited service for calculating retirement
26 benefits; or

27 (4) a combination of (1) - (3) of this subsection.

28 (e) If a participant in the retirement incentive program returns to
29 employment with an employer, the employee loses the incentive years and is

1 indebted to the system in the amount the employee received as a result of
2 participation in the program for which the participant was not otherwise
3 entitled, including the cost of health insurance. Interest accrues on the
4 indebtedness at the rate established by regulation from the date of reem-
5 ployment until the employee is appointed to retirement and accepts an
6 actuarial adjustment to the employee's future benefits or until the amount
7 is paid in full.

8 (f) An employer under AS 39.35.550 - 39.35.650 is not eligible to
9 participate in the retirement incentive program under this section.

10 (g) The definitions set out in AS 39.35.680 apply to this section.

11 * Sec. 3. An employee who is eligible under sec. 2 of this Act and who
12 has submitted an application for participation in the retirement incentive
13 program before July 1, 1987, may be considered for participation in the
14 program notwithstanding sec. 4 of this Act.

15 * Sec. 4. Sections 1 and 2 of this Act are repealed July 1, 1987.

16 * Sec. 5. This Act takes effect July 1, 1986.

File 2/26/86

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST attached draft of 2/25/86 Revision Date: _____
 FISCAL DETAIL
 Bill/Resolution No. SHR382 (Finance) Agency Affected: All State
 Title: "An Act relating to accelerated normal retirement..." BRU: Retirement & Benefits, TRS Match
 Sponsor: Duncan Components: PERS, TRS, TRS Match
 Requestor: Duncan
 Date of Request: 2/25/86

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES						
RTMNT & BNFTS						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
TRS MATCH						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

	0	-0-	-0-	-0-	-0-	-0-
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No retirement costs are shown because the bill requires direct short term reimbursement to the system from participating agencies. Personal services savings may well result for participating agencies but we have no way to accurately estimate them.

Prepared By: J.K. Humphreys, Director Phone: 465-1170
 Division: Retirement & Benefits Date: 2/26/86
 Approved by Commissioner: Eleanor Andrews Date: 2/26/86
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

POSITION PAPER

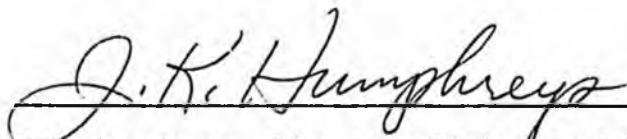
Draft CS HB 382 (Finance)

This bill would establish retirement incentive program to allow eligible state employees to retire from the Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS) (1) as early as age 47, (2) receive a reduction of their early retirement adjustment, (3) receive additional service credit or a combination of these.

Incentives such as these, may avoid the need for lay-offs in certain agencies and serve to alleviate some of the trauma normally associated with reductions in force.

There is no cost to the PERS or TRS since the bill requires the agency participating in the program to pay the additional costs of retirement under the program and to demonstrate that a savings to the state will result.

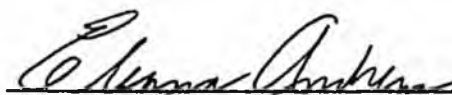
The Department of Administration supports this bill with its guarantees of fiscal responsibility.



J.K. Humphreys, Director, Division of Retirement & Benefits



2/26/86
Date



Eleanor Andrews, Commissioner, Department of Administration

2/26/86

Date

Examples of Savings Under R.I.P.

- Assumptions:
1. a 15 person division has 3 employees who qualify for RIP
 2. current GGU salary schedule and FY 87 benefits costs
 3. current salary is final average salary
 4. annual savings are net of annual RIP costs for first three years

Eligibles:

	<u>Range/Step</u>	<u>Age</u>	<u>Service</u>	<u>Salary & Benefits</u>	<u>Total RIP Cost</u>
1)	20K	52	15	\$ 67,123	\$ 45,804
2)	23F	55	18	76,618	40,248
3)	18J	47	12	57,159	25,723
				<u>\$ 200,900</u>	<u>\$ 111,775</u>

Option I: RIP all - leave all positions vacant.

annual savings in salary and benefits:	\$ 200,900
minus annual payment to PERS for three RIPs:	[40,159]
net annual savings:	<u>\$ 160,741</u>

Option II: RIP all - fill position #1 @ 20A - leave other two positions vacant.

annual savings in salary and benefits:	\$ 147,440
minus annual payment to PERS for three RIPs:	[40,159]
net annual savings:	<u>\$ 107,281</u>

Option III: RIP all - fill position #1 @ 20A and position #3 @ 18A, leave position #2 vacant.

annual savings in salary and benefits:	\$ 100,713
minus annual payment to PERS for three RIPs:	[40,159]
net annual savings:	<u>\$ 60,554</u>

SUMMARY OF ELIGIBILITY FOR R.I.P. BY DEPARTMENT

2/25/86

Department	Vested Employees at least 47 by 10/1/87	Vested Employees at least 52 by 10/1/87	Total Eligible Employees by Department
Governor's Office	6	14	20
Administration	66	147	213
Law	14	21	35
Revenue	21	32	53
Education	37*	65**	102***
Health & Soc.Svc.	117	187	304
Labor	63	86	149
Commerce & Econ. Dev.	28	55	83
Military Affairs	9	15	24
Natural Resources	70	79	149
Fish & Game	68	58	126
Public Safety	70	63	133
Environmental Cons.	16	18	34
Corrections	58	60	118
Community & Reg. Aff.	7	9	16
Transportation & P.F.	261	369	630
Total Eligible	911	1278	2189

*Includes 12 TRS employees

**Includes 22 TRS employees

***Includes a total of 34 eligible TRS employees

EARLY RETIREMENT FACTORS
Effective July 1, 1983

<u>Age At Retirement</u>		<u>Factor</u>	<u>Age At Retirement</u>		<u>Factor</u>
<u>Yrs.</u>	<u>Months</u>		<u>Yrs.</u>	<u>Months</u>	
50	0	0.621079	53	0	0.823587
	1	0.625746		1	0.830001
	2	0.630478		2	0.836506
	3	0.635274		3	0.843102
	4	0.640137		4	0.849792
	5	0.645067		5	0.856577
	6	0.650066		6	0.863460
	7	0.655136		7	0.870443
	8	0.660278		8	0.877528
	9	0.665494		9	0.884716
	10	0.670784		10	0.892011
	11	0.676152		11	0.899415
51	0	0.681597	54	0	0.906930
	1	0.686778		1	0.914088
	2	0.692030		2	0.921346
	3	0.697354		3	0.928708
	4	0.702753		4	0.936176
	5	0.708228		5	0.943751
	6	0.713780		6	0.951437
	7	0.719411		7	0.959235
	8	0.725123		8	0.967148
	9	0.730917		9	0.975178
	10	0.736795		10	0.983328
	11	0.742759		11	0.991601
52	0	0.748811	55 and over - no reduction		
	1	0.754570			
	2	0.760410			
	3	0.766331			
	4	0.772335			
	5	0.778424			
	6	0.784600			
	7	0.790865			
	8	0.797221			
	9	0.803668			
	10	0.810211			
	11	0.816849			

Introduced: 4/17/85
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY DUNCAN AND M.M.MILLER

2

HOUSE BILL NO.382

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to accelerated normal retirement for

7

state employees in the Public Employees' Retirement

8

System; and providing for an effective date."

9

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

10

* Section 1. AS 39.35 is amended by adding a new section to read:

11

Sec. 39.35.375. ACCELERATED NORMAL RETIREMENT. (a) A state

12

employee is eligible for an accelerated normal retirement benefit

13

(1) at age 50 with at least five years credited service;

14

(2) with at least 15 years of credited service as a peace

15

officer or fireman; or

16

(3) with at least 25 years of credited service for all other

17

employees.

18

(b) A state employee who is an active member of the system may

19

elect to take an accelerated normal retirement. An employee who

20

elects to take an accelerated normal retirement shall contribute a

21

lump sum payment to the system calculated at the employee's current

22

rate of contribution for the period between the date of termination

23

from state service and the date on which the employee would be first

24

eligible for a normal retirement. The state shall make an employer

25

contribution calculated at the state's current contribution rate for

26

the same period.

27

(c) Retirement benefits payable under this section are

28

calculated as normal retirement benefits and include the period for

29

which contributions are made under (b) of this section as years of

1 credited service.

2 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

B

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST Bill/Resolution No. <u>SB382 (Finance)</u> Title: <u>"An Act relating to accelerated normal retirement"</u> Sponsor: <u>Duncan</u> Requestor: <u>Duncan</u> Date of Request: <u>2/25/86</u>	FISCAL DETAIL Agency Affected: <u>All State</u> BRU: <u>Retirement & Benefits, TRS Match</u> Components: <u>PFRS, TRS, TRS Match</u>
---	--

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
RTMNT & BNFTS						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
TRS MATCH						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:	0	-0-	-0-	-0-	-0-	-0-
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No retirement costs are shown because the bill requires direct short term reimbursement to the system from participating agencies. Personal services savings may well result for participating agencies but we have no way to accurately estimate them.

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 2/26/86
 Approved by Commissioner: Eleanor Andrews Date: 2/26/86
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Cramer
4/24/86

Original sponsors: Duncan, M.M. Miller,
Gruenberg, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 382 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a retirement incentive program for
7 members of the Public Employees' Retirement System
8 and the Teachers' Retirement System; and providing
9 for an effective date."

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

11 * Section 1. PURPOSE. Since it is necessary for state agencies and may
12 be necessary for other employers who participate in the state retirement
13 systems to reduce their personal services costs because of declining state
14 revenue, a program encouraging employees to retire voluntarily may reduce
15 the hardship of layoffs. This program is intended to realize sufficient
16 economies to offset the cost of administration and benefits to state agen-
17 cies and other employers resulting from the award of retirement credits and
18 to result in a net reduction in personal services costs to the state or
19 other employer during a period of declining revenue.

20 * Sec. 2. STATE EMPLOYEES. (a) Before a state agency lays off employ-
21 ees, the executive head of the agency shall consider the potential savings
22 in personal services costs from the agency's participation in the retire-
23 ment incentive program. The agency head may designate organizational units
24 composed of members of the Public Employees' Retirement System or the
25 Teachers' Retirement System who are eligible to participate in the retire-
26 ment incentive program. The administrator shall approve a designated
27 organizational unit if the Office of Management and Budget certifies that
28 participation in the program by the unit will result in a savings to the
29 agency in personal services costs and that the designation only includes

1 representatives from job classifications whose inclusion contributes to the
2 overall cost savings.

3 (b) A vested member who is a state employee in the Public Employees'
4 Retirement System and who is in a designated organizational unit on the
5 date the agency head designates the unit and who has been continuously
6 employed by the state since January 1, 1986, is eligible to participate in
7 the retirement incentive program. A vested member who is a state employee
8 in the Teachers' Retirement System and who is in a designated organization-
9 al unit on the date the agency head designates the unit and who has been
10 continuously employed by the state since January 1, 1986, is eligible to
11 participate in the retirement incentive program.

12 (c) Notwithstanding (b) of this section and sec. 5(e) of this Act, a
13 member who was laid off from state employment after December 31, 1985, and
14 who meets the other requirements of this Act is eligible to participate in
15 the program even if the member has not been continuously employed by the
16 state since January 1, 1986.

17 * Sec. 3. OTHER EMPLOYEES IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.
18 The governing body of a municipality, other political subdivision of the
19 state, or public organization that has elected to participate in the Public
20 Employees' Retirement System under AS 39.35.550 - 39.35.650 may adopt a
21 resolution designating organizational units in the municipality, political
22 subdivision, or organization and establishing requirements for employees
23 who are eligible to participate in the retirement incentive program. The
24 administrator shall approve the designation after receiving a certified
25 copy of the resolution if the employer meets the requirements of this Act.
26 A vested member of the Public Employees' Retirement System who meets the
27 requirements established by the resolution is eligible to participate in
28 the retirement incentive program.

29 * Sec. 4. OTHER EMPLOYEES IN THE TEACHERS' RETIREMENT SYSTEM. A school
SCS CSHB 382(Fin)

1 board or other employer under the Teachers' Retirement System may designate
2 organizational units and establish requirements for employees who are
3 eligible to participate in the retirement incentive program. The employer
4 shall notify the administrator of the designation and the administrator
5 shall approve it if the employer meets the requirements of this Act. A
6 vested member of the Teachers' Retirement System who meets the requirements
7 of the designation is eligible to participate in the retirement incentive
8 program.

9 * Sec. 5. PROGRAM REQUIREMENTS. (a) The administrator shall accept
10 the application of an eligible vested member if

11 (1) the member will be qualified to retire under AS 14.25.110 or
12 AS 39.35.370 after receipt of the retirement incentive and will be appoint-
13 ed to retirement on or before

14 (A) October 1, 1987, if the member is an employee of the
15 state other than the University of Alaska;

16 (B) January 1, 1988, if the member is an employee of the
17 University of Alaska;

18 (C) April 1, 1988, for all other members of the Public
19 Employees' Retirement System;

20 (D) July 1, 1988, for all other members of the Teachers'
21 Retirement System; and

22 (2) the member's agency or the employer under AS 14.25 or
23 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

24 (A) requires the agency or employer to reimburse the system
25 for each member who is retired within three years after the end of the
26 fiscal year in which the member is appointed to retirement in an
27 amount equal to

28 (i) the actuarial equivalent of the difference between
29 the benefits the member receives after the addition of the

1 retirement incentive under this section and the amount the member
2 would have received without the incentive less the amount the
3 participant has paid on the indebtedness determined under (c) of
4 this section; and

5 (ii) an appropriate share of the administrative costs
6 of the program; and

7 (B) provides that contributions from the agency or employer
8 to the system under this section take priority over other obligations
9 of the agency or employer to the maximum extent permitted by law.

10 (b) In determining whether a member will qualify to retire under (a)
11 of this section, only service credit for employment rendered to an employer
12 under AS 14.25 or AS 39.35 may be used except as provided in (f) of this
13 section.

14 (c) A participant in the retirement incentive program receives a
15 credit of three years. The three years must be applied in the following
16 order

17 (1) to reduce the age or service required for eligibility for
18 normal retirement or the age required for eligibility for early retirement
19 under AS 14.25.110, AS 39.35.370, or 39.35.385;

20 (2) to reduce the actuarial adjustment required for early re-
21 tirement;

22 (3) as years of credited service for calculating retirement
23 benefits; the years shall be considered years of credited service earned
24 before July 1, 1986, for calculating benefits under AS 14.25.110 or AS 39.-
25 35.370; or

26 (4) a combination of (1) - (3) of this subsection.

27 (d) A participant in the retirement incentive program is indebted to
28 the system. For a member in the Public Employees' Retirement System, the
29 amount of the indebtedness is 15 percent for a peace officer or fireman, or

1 12 and three-quarters percent for other members, of the member's actual
2 annual compensation, or the calculated annual compensation for a member who
3 works fewer than 12 months, for the calendar year in which the member
4 terminates employment to participate in the program. For a member in the
5 Teachers' Retirement System, the amount of indebtedness is 21 percent of
6 the member's actual compensation for the school year, or the calculated
7 school year compensation for a member who works less than the entire school
8 year, for the school year in which the member terminates employment to
9 participate in the program. An outstanding indebtedness at the time a par-
10 ticipant is appointed to retirement shall necessitate an actuarial adjust-
11 ment to the benefits payable.

12 (e) A member who wishes to participate shall apply on a form provided
13 by the administrator. A member may not apply for participation in the
14 retirement incentive program unless the member is employed in a position in
15 a designated organizational unit. A state employee other than an employee
16 of the University of Alaska may apply for participation in the program
17 until June 30, 1987. An employee of the University of Alaska may apply for
18 participation in the program between October 1, 1986, and September 30,
19 1987. Other members of the Public Employees' Retirement System may apply
20 for participation in the program between January 1, 1987, and December 31,
21 1987. Other members of the Teachers' Retirement System may apply for
22 participation in the program between April 1, 1987, and March 31, 1988.

23 (f) Notwithstanding other provision of law, a vested member who is a
24 state employee may receive credit for municipal employment before the
25 municipality became an employer under the system for purposes of determin-
26 ing eligibility for retirement under AS 14.25.110 or AS 39.35.370. The
27 member may not receive credit under this subsection for those years for
28 purposes of determining benefits. In order for an employee to receive
29 credit under this subsection, the state agency must show that the

1 employee's participation in the program will contribute to the overall cost
2 savings of the agency.

3 (g) To recover a delinquency owed by an employer other than the state
4 under an agreement entered under (a)(2) of this section, the Department of
5 Administration may

6 (1) bring an action against the employer; or

7 (2) direct that the amount of the delinquency or a lesser amount
8 be withheld from any money payable to the employer by a state department or
9 agency and that the amount withheld be credited to the delinquency.

10 * Sec. 6. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an
11 organizational unit for participation in the retirement incentive program,
12 the executive head of a state agency shall provide the Office of Management
13 and Budget with information that describes with particularity the expected
14 effect of participation in the program on the agency's personal services
15 cost and operation by employees in the unit.

16 (b) A state agency that is participating in the retirement incentive
17 program shall report as required by the Office of Management and Budget on
18 the cost of each member's participation and the effect on the agency's
19 personal services cost and operation.

20 (c) The Office of Management and Budget shall report to the legisla-
21 ture in January 1987 and 1988 on the effect of the retirement incentive
22 program on state operation and personal services costs.

23 * Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
24 tirement incentive program is reemployed as a member of the Public Em-
25 ployees' Retirement System under AS 39.35 or the Teachers' Retirement
26 System under AS 14.25 after appointment to retirement under the program,
27 the participant loses the incentive credit received under sec. 5 (c) of
28 this Act and is indebted to the system. The amount of the indebtedness is
29 equal to 110 percent of the amount the participant received as a result of
SCS CSHB 382(Fin)

1 participation in the program for which the participant was not otherwise
2 entitled, including the cost of health insurance. The participant is
3 entitled to a credit to be applied against the reemployment indebtedness in
4 the amount the participant has paid under sec. 5 (d) of this Act. Interest
5 accrues on the indebtedness at the rate established by regulation from the
6 date of reemployment until the member is appointed to retirement and ac-
7 cepts an actuarial adjustment to the member's future benefits or until the
8 amount is paid in full.

9 * Sec. 8. DEFINITIONS. The definitions set out in AS 14.25.220 apply
10 to this Act for members of the Teachers' Retirement System. The defi-
11 nitions set out in AS 39.35.680 apply to this Act for members of the Public
12 Employees' Retirement System.

13 * Sec. 9. A member who is eligible under secs. 2 - 5 of this Act and
14 who has submitted a timely application for participation in the retirement
15 incentive program may be considered for participation in the program not-
16 withstanding sec. 11 of this Act.

17 * Sec. 10. An employee does not have a vested or contractual right to
18 any benefit under this Act until an agreement is executed with the adminis-
19 trator that permits the benefits to be offered to an organizational unit of
20 which the employee is a member. The legislature reserves the right to
21 change any aspect of the incentive program as it relates to members of
22 organizational units for which participation agreements are executed by the
23 administrator after the effective date of the changes.

24 * Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1988.

25 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).

4/18/86
x salary

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS
PERS - PEACE OFFICERS

Age at Retirement	Annual Salary	Service Years	R.I.P. cost avg.65%	Contribution Percent	Indebtedness#	Indebtedness Factor	Monthly Indebtedness Payment	Benefit w/current law	Benefit w/HB382 w/employee contribution	Benefit w/hb 382 without employee contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
47	45000	12	29250	.15	6750	.007458	50.34	.00	530.91	581.25
49	27000	22	17550	.15	4050	.007609	30.82	1125.00	1262.93	1293.75
51	45000	15	29250	.15	6750	.007779	52.51	828.75	1056.55	1109.06
53	38000	8	24700	.15	5700	.007972	45.44	415.46	524.56	570.00
55	50000	10	32500	.15	7500	.00819	61.43	833.33	1084.40	1145.83

* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86
x salary

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS
Teacher's Retirement System

Age at Retirement	Annual Salary	Service Years	R.I.P. cost avg. 65% salary	Contribution Percent	Indebtedness *	Indebtedness Factor	Monthly Indebtedness Payment	Benefit w/current law	Benefit w/HB382 w/employee contribution	Benefit w/HB382 without employ contribution
47	45000	12	29250	.21	9450	.007458	70.48	.00	488.49	558.97
49	27000	22	17550	.21	5670	.007609	43.14	990.00	1081.86	1125.00
51	45000	15	29250	.21	9450	.007779	73.51	765.00	950.24	1023.75
53	38000	8	24700	.21	7900	.007972	63.62	415.46	506.38	570.00
55	50000	10	32500	.21	10500	.00819	86.00	833.33	997.34	1083.33
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8

4/18/86
x salary

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS
PERS

Age at Retirement	Annual Salary	Service Years	R.I.P. cost avg. 65%	Contribution Percent	Indebtedness *	Indebtedness Factor	Monthly Indebtedness Payment	Benefit w/current law	Benefit w/HB382 w/employee contribution	Benefit w/HB 382 without employee contribution
47	45000	12	29250	.1275	5738	.007458	42.79	.00	516.18	558.97
49	27000	22	17550	.1275	3443	.007609	26.19	.00	715.13	741.32
51	45000	15	29250	.1275	5738	.007779	44.63	771.66	975.66	1020.29
53	38000	8	24700	.1275	4845	.007972	38.62	417.28	531.38	570.00
55	50000	10	32500	.1275	6375	.00819	52.21	833.33	1031.12	1083.33
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86
x r.i.p.

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS
PERS

Age at Retirement	Annual Salary	Service Years	R.I.P. cost avg.65%	Contribution Percent	Indebtedness*	Indebtedness Factor	Monthly Indebtedness Payment	Benefit w/current law	Benefit w/HB382 w/employee contribution	Benefit w/HB 382 without employee contribution
47	45000	12	29250	.1275	3729	.007458	27.81	.00	531.16	558.97
49	27000	22	17550	.1275	2238	.007609	17.03	.00	724.29	741.32
51	45000	15	29250	.1275	3729	.007779	29.01	771.66	991.28	1020.29
53	38000	8	24700	.1275	3149	.007972	25.11	417.28	544.89	570.00
55	50000	10	32500	.1275	4144	.00819	33.94	833.33	1049.39	1083.33
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86
x r.i.p.

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS
Teacher's Retirement System

Age at Retirement	Annual Salary	Service Years	R.I.P. cost avg. 65% salary	Contribution Percent	Indebtedness *	Indebtedness Factor	Monthly Indebtedness Payment	Benefit w/current law	Benefit w/HB382 w/employee contribution	Benefit w/HB382 without employee contribution
47	45000	12	29250	.21	6143	.007458	45.81	.00	513.16	558.97
49	27000	22	17550	.21	3686	.007609	28.04	990.00	1096.96	1125.00
51	45000	15	29250	.21	6143	.007779	47.78	765.00	975.97	1023.75
53	38000	8	24700	.21	5187	.007972	41.35	415.46	528.65	570.00
55	50000	10	32500	.21	6825	.00819	55.90	833.33	1027.43	1083.33
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

4/18/86
x r.i.p.

COMPARISON OF BENEFITS FOR RETIREMENT INCENTIVE PROGRAM WITH AND WITHOUT EMPLOYEE CONTRIBUTIONS
PERS - PEACE OFFICERS

Age at Retirement	Annual Salary	Service Years	R.I.P. cost avg. 65%	Contribution Percent	Indebtedness*	Indebtedness Factor	Monthly Indebtedness Payment	Benefit w/current law	Benefit w/HB382 w/employee contribution	Benefit w/hb 382 without employee contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
47	45000	12	29250	.15	4388	.007458	32.72	.00	548.53	581.25
49	27000	22	17550	.15	4388	.007609	33.30	1125.00	1260.37	1293.75
51	45000	15	29250	.15	4388	.007779	34.13	828.75	1074.93	1109.06
53	38000	8	24700	.15	3705	.007972	29.54	415.46	540.46	570.00
55	50000	10	32500	.15	4875	.00819	39.93	833.33	1105.90	1145.83

* Column 6 is the employee indebtedness which can be paid off lump sum or as the monthly reduction to benefit shown in column 8.

Public Employees Retirement System
Teachers Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees Voluntary Dental Vision Audit Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employees Social Security Contributions

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

POUCH CR (MS 0203)
JUNEAU, ALASKA 99811
PHONE (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Bill Sheffield, Governor

April 22, 1986

The Honorable John Sackett
Co-Chairman
Senate Finance Committee
P.O. Box V
Juneau, AK 99811

Dear Mr. Chairman:

This letter is to provide additional information on House Bill 382 requested by your committee at last Saturday's hearing.

First, at your request, I am enclosing a packet of information on the Retirement Incentive Program (RIP) in California including a copy of the enabling legislation. We have again queried the people in the California system to try to obtain statistics on the results of that program, especially data on overall cost savings. Neither the agency with the responsibility for implementing the program nor the agency responsible for its fiscal review were able to provide information regarding cost savings. They simply have not maintained that data. However, we were able to determine that they had a total of 3,274 people retire under the program during the four phases since 1983.

Next, at Senator Fischer's request, we prepared the enclosed chart which sets out the basic features of HB 382 and the California program to facilitate comparison. The chart is simplified but I hope that, along with the other information, it will be useful.

Senator Halford asked for our comments on the effects of reducing the period that employers have to pay the retirement systems for the cost of the RIP from three years to two or to one year. In general, the shorter the period over which the cost must be amortized, the greater the annual savings a participating agency would have to be realizing from the RIP in order to make the required payments. To the extent that greater savings are required, fewer units could be designated; some marginal units that showed net savings and which could qualify and receive OMB certification would nonetheless fail to be included in the program because the parent agency could not come up with the funds to make the payments. It seems to us that savings which result from hiring at a lower range or step would tend to be insufficient and the RIP would be more confined to areas with

significant reductions in force. In summary, reducing the pay back period would narrow the scope of the program by forcing participating units to come close to realizing annual net savings that equal the total cost of the RIP.

Finally, we were asked to consider how the program could be further tightened to assure cost savings and prevent abuse. In Commissioner Andrews' letter of April 3 to Senator Faiks we suggested that each classification within a designated unit be required to "carry its own weight" and show a cost savings. This suggestion has been incorporated in the proposed committee substitute and should make it much more difficult to offer the incentive to favored employees at the expense of overall savings. I do not know how to further tighten the program except to simply limit the scope of the plan by some change such as shortening the pay back period as discussed above, requiring some percentage margin of savings above the cost of the RIP as you asked about or possibly limiting participation to those that are currently eligible for retirement as Senator Eliason asked about. Incidentally, if participation were limited to those currently eligible for early or normal retirement, the number of eligibles would be reduced by between 20 to 25%.

Limiting the scope of the program would obviously limit the potential for abuse but would limit its use as a management tool at the same time.

One change that I do feel would be in order and which could be very important is to reserve the legislature's ability to make the changes it would like to see in the program. We have done our best to anticipate problems but I have no doubt that some will crop up when the program gets underway that none of us have foreseen. The program is untried and the scale has been expanded a great deal. Especially since the university and non-state employers have been included in the bill and the window periods have been extended, the legislature's right to come in and make changes early in 1987 should be reserved to the greatest extent possible by adding a section similar to the following:

Sec. _____. No employee has any vested or contractual rights to any benefits under this act until an agreement is executed with the administrator which permits those benefits to be offered to an organizational unit of which that employee is a member. The legislature reserves the right to change any aspect of the incentive program as it relates to members of organizational units for which participation agreements are executed by the administrator after the effective date of the changes.

4
4/24/86

Senator John Sackett

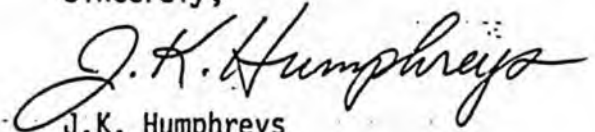
-3-

April 22, 1986

I have discussed this change with Terry Cramer, the attorney who has drafted this bill but, if the committee agrees that such a section should be included, the language should, of course, be reviewed.

Please let me know if you would like further information.

Sincerely,



J.K. Humphreys
Director

JKH/cam/1

Enclosures

cc: Senate Finance Committee w/encs.
Alaska State Legislature

The Honorable Jim Duncan w/encl.
Alaska State Legislature

Comparison of Retirement Incentive Program (RIP)
(Proposed SCS CS HB 382 (Finance) dated 4/18/86)

	<u>Alaska</u>	<u>California</u>
service credit (incentive level)	3 years	2 years
RIP service credit used to satisfy retirement eligibility	yes	no
window period	12 months	2-6 months*
if employee returns to covered employment	110% repayment of extra benefits received and loss of credit	lose credit
agency must be in layoff status	no	yes
windows opened by	legislative action	executive order
agency must show savings	yes	yes
retirement system is reimbursed by agency	yes	yes
retirement system must be repaid within	3 years	currently 2 years**
agency pays administrative fee for overtime and other costs	yes	yes
political subdivisions may participate	yes	yes
employees must bear a portion of cost of RIP	yes	no

*as specified in executive order

**statutes provide for payment in a manner acceptable to employer and board.

EARLY RETIREMENT INCENTIVE PROGRAM

CALIFORNIA

Under the California Public Employees' Retirement System (PERS), additional service credit can be granted to members under an Early Retirement Incentive Program (ERIP). The Governor, by executive order, has the authority to offer an ERIP. Only those agencies anticipating a reduction in workforce within specific fiscal years are eligible to participate. The agency must:

- o establish eligibility to participate, i.e., verify impending workforce reduction;
- o document that the workforce reduction will result in sufficient payroll savings to offset the cost of the ERIP. The agency must also consider the employee's annual leave payoff in the payroll savings calculation.
- o obtain approval from finance department and legislative fiscal and budget committees, and
- o transfer additional funds to the retirement system to pay for administrative costs and increased retirement system liability due to the ERIP. The retirement system can require a lump sum payment or payments within a specific period of time. Interest is charged on the unpaid balance. The agency is required to enter into a contract with the retirement system.

The ERIP is offered to employees during a window period and allows for an additional two years of service credit to be used in the benefit calculation.

- o The ERIP is offered to only those employees who are eligible to retire. The additional ERIP service cannot be used to satisfy eligibility.
- o Except for the additional two years service credit, all other retirement criteria apply.
- o Employee participation is voluntary.
- o The agency provides a list identifying the employee groups to be included by department, organizational unit, job classification and/or geographical location. The agency must provide a list of eligible employees who are included.
- o The additional service credit will be removed retroactive to the date of retirement if a retiree receives unemployment insurance payments on account of employment with an employer participating in

the ERIP. This restriction applies for a one-year period following the issuance of the executive order.

- o The additional service credit is forfeited if the retiree returns to employment under the California PERS.
- o Employees appointed to disability are entitled to the additional service credit under the ERIP if the appointment date falls within the window period. In some cases the additional service will not increase the benefit (occupational disability).

California's ERIP is considered an effective management tool. They report that all participating departments have been successful in obtaining savings that at least match their ERIP costs.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

1416 NINTH STREET, P.O. BOX 90109
SACRAMENTO, CALIFORNIA 95809-0109
Telephone (916) 322-0670

RECEIVED
EMPLOYEES' RETIREMENT
SYSTEM
STATE OF HAWAII



JUN 12 10 44 AM '85
FORWARDED TO _____
FILE _____

June 5, 1985

Stanley Siu, Secretary
State of Hawaii
Employees' Retirement System
888 Mililani Street, Suite 502
Honolulu, Hawaii 96813-2980

Dear Mr. Siu:

Enclosed is some information concerning California's early retirement incentive program.

The last completed program for state employees was implemented by Governor's Executive Order #D-34-84.

California Government Code Section 20816 provides the statutory authority for state employees and Section 20818 the authority for contracting public agency employees.

Basically, the program adds two years service credit to the service of those employees designated for participation and who retire within the "window" period. The employee must be eligible to retire without first adding the service credit. (Attained age 50 and five years service.)

Administration of the program is an unbudgeted workload, therefore, reimbursement is obtained to pay for overtime and other costs. Because of time frames involved - issuance of the order, window period, explanation of benefits and calculation - some employees will experience a delay in receipt of their first retirement warrant. This delay would be alleviated if future executive orders were issued two or more months before the start of the window period. Also, this may result in greater participation through broader dissemination of information.

Your letter has been forwarded to Mr. Michael Carter of the Department of Finance for response to your other inquiries.

Sincerely,

Bruce L. Bassett, Chief
Field & Contracts Services Division

BLB:jmc

cc: Mike Carter

Attachments

EXECUTIVE ORDER D-34-80

WHEREAS, Chapter 680, Statutes of 1982 permits state employees and members of the State Teachers' Retirement System who are state employees and state and university members of the Public Employees' Retirement System to receive an additional two (2) years of service credit whenever the Governor determines by executive order, that

- 1) because of an impending curtailment of, or change in, the manner of performing services, the best interests of the state would be served by encouraging the retirement of state employees; and
- 2) sufficient economies could be realized to offset any cost to state agencies resulting from award of such credit; and

WHEREAS, the impact of changes in funding levels and methods of providing services to achieve program efficiencies may result in a curtailment of employees in state government, the University of California, and the California State University; and

WHEREAS, the best interests of the state would therefore be served by encouraging the retirement of state employees through the award of an additional two years of service credit; and

WHEREAS, sufficient economies could be realized to offset any cost to state agencies resulting from the award of such credit;

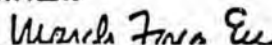
NOW, THEREFORE, I, GEORGE DEUKMEJIAN, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to be implemented according to the following criteria:

- A. State agencies anticipating a layoff of state employees are eligible to participate in the early retirement program provided for by Chapter 680, Statutes of 1982, if such layoffs will result from one or more of the following factors:
 1. Legislative reduction in its annual budget;
 2. Program reduction or elimination;
 3. Population reduction (reduction in enrollment, patients, inmates, wards, etc.)
- B. State agencies other than the University of California and California State University shall submit applications to participate in the program to the Department of Personnel Administration after securing approval of the appropriate Agency Secretary.
- C. The University of California and California State University will utilize the same criteria as applied to their respective programs and, if electing to participate in the program, will submit their applications directly to the Department of Finance for fiscal review.
- D. All applications will include statements of justification and a full fiscal display.
- E. The Department of Personnel Administration will transmit approved state agency applications to the Department of Finance for fiscal review.
- F. Payment of Public Employees' Retirement System and State Teachers' Retirement System costs will be made in a manner and time acceptable to participating state agencies, University of California, California State University, Public Employees' Retirement System and State Teachers' Retirement System Boards and the Department of Finance.
- G. For state agencies electing to participate in the program the early retirement period will terminate 60 days from the effective date of this Executive Order.
- H. For the University of California and California State University, if electing to participate in the program, the early retirement program will not exceed 60 days and will commence on the respective dates agreed to by those organizations and the Department of Finance.
- I. State agencies, the University of California, and the California State University are hereby advised that this program is to be viewed as a means to alleviate or minimize the stress and hardship on personnel in an anticipated layoff situation.
- J. Employee participation is voluntary.
- K. All approved plans are subject to the provisions of Chapter 680, Statutes of 1982.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 29th day of March 1980


Governor of California

ATTEST:





EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA



AMENDED
EXECUTIVE ORDER D-37-84

WHEREAS, Chapter 680, Statutes of 1982 permits state employees and members of the State Teachers' Retirement System who are state employees and state and university members of the Public Employees' Retirement System to receive an additional two (2) years of service credit whenever the Governor determines by executive order, that

- 1) because of an impending curtailment of, or change in, the manner of performing services, the best interests of the state would be served by encouraging the retirement of state employees; and
- 2) sufficient economies could be realized to offset any cost to state agencies resulting from award of such credit; and

WHEREAS, the impact of changes in funding levels and methods of providing services to achieve program efficiencies may result in a curtailment of employees in state government, the University of California, and the California State University; and

WHEREAS, the best interests of the state would therefore be served by encouraging the retirement of state employees through the award of an additional two years of service credit; and

WHEREAS, sufficient economies could be realized to offset any cost to state agencies resulting from the award of such credit;

NOW, THEREFORE, I, GEORGE DEUKMEJIAN, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this order to implemented according to the following criteria:

- A. State agencies anticipating a layoff of state employees are eligible to participate in the early retirement program provided for by Chapter 680, Statutes of 1982, if such layoffs will result from one or more of the following factors:
 1. Legislative reduction in its annual budget;
 2. Program reduction or elimination;
 3. Population reduction (reduction in enrollment, patients, inmates, wards, etc.)
- B. State agencies other than the University of California and California State University shall submit applications to participate in the program to the Department of Personnel Administration after securing approval of the appropriate Agency Secretary.

11 May 21-21
Jun 1-26

$\frac{27}{30}$ June 26, 1984

Page 2

- C. The University of California and California State University will utilize the same criteria as applied to their respective programs and, if electing to participate in the program, will submit their applications directly to the Department of Finance for fiscal review.
- D. All applications will include statements of justification and a full fiscal display.
- E. The Department of Personnel Administration will transmit approved state agency applications to the Department of Finance for fiscal review.
- F. Payment of Public Employees' Retirement System and State Teachers' Retirement System costs will be made in a manner and time acceptable to participating state agencies, University of California, California State University, Public Employees' Retirement System and State Teachers' Retirement System Boards and the Department of Finance.
- G. It is the intent of this Executive Order to extend the early retirement period established by Executive Order D-34-84. For state agencies electing to participate in the program, the early retirement period will terminate 90 days from the effective date of Executive Order D-34-84.
- H. For the University of California and California State University, if electing to participate in the program, the early retirement program will not exceed 60 days and will commence on the respective dates agreed to by those organizations and the Department of Finance.
- I. State agencies, the University of California, and the California State University are hereby advised that this program is to be viewed as a means to alleviate or minimize the stress and hardship on personnel in an anticipated layoff situation.
- J. Employee participation is voluntary.
- K. All approved plans are subject to the provisions of Chapter 680, Statutes of 1982.

IN WITNESS WHEREOF I have hereunto set my hand
and caused the Great Seal of the State of
California to be affixed this 31st day of May 1984

George Deukmejian
Governor of California

ATTEST:

March Fong Eu
Secretary of State

57 *Margaret Heriberg*
MAY 26 1984



organization, which is not a part of the classified service of a 38020 of the Education Code, a contract of the county in which the school district lies, as may be applicable, for the student body organization as a part of the school district during such time unless supported retirement system. If the member had been an employee of the service so credited.

superintendent of schools of an area shall have a requisition against the member equal to the total employer and the member shall have been requisitioned under the provisions of this section and compensation on the basis of the member's service throughout the period of service in accordance with Section 20585. The member shall establish a method of liability for, the amount so credited for such service so credited shall be transmitted and credited to the member's account.

(Added by Stats. 1971, Ch. 1177, effective 7/19/71; amended by Stats. 1977, Ch. 427.)

Subject to Section 21251.146 shall be credited to the member's previous state miscellaneous account for one year of service under the provisions of this section and identify time periods for which the requirement shall be waived if the member is otherwise eligible for a disability benefit.

(Added 8/17/84.)

Service to be credited to a member for service as an elective officer, for one year of tenure in such office. The member shall be serving on a full-time basis at the time of this part.

Provision of this part, a member on or after January 1, 1976, shall, for such credit he would receive if he had not retired and had his or her retirement service credit or she is entitled to under this section, the amount he or she would have received if employed on a full-time basis. The member or her employer both elect to receive the amount that would have been on a full-time basis. Prior to the member's retirement under this section, the district shall make provision for the member's contribution to the State Teachers'

STATE EMPLOYEES

Retirement System and the Public Employees' Retirement System, shall verify the eligibility of the applicant for the reduced workload program. This section shall be applicable only to members who are academic employees of California State University and Colleges or who are certificated employees of school districts and who have met the criteria provided in Sections 44922 and 87483 of the Education Code or Section 89516 of the Education Code and are not older than 70 years and is limited to a period of five years of such part-time status. The employer shall maintain the necessary records to separately identify each employee receiving credit pursuant to this section.

(Added by Stats. 1974, Ch. 1367; amended by Stats. 1975, Ch. 607; by Stats. 1976, Ch. 1079 and Ch. 1115; by Stats. 1978, Ch. 1180, effective 9/26/78; and by Stats. 1981, Ch. 1023.)

20816. Notwithstanding any other provisions of this part, whenever the Governor, by executive order, determines that because of an impending curtailment of, or change in the manner of performing service, the best interests of the state would be served by encouraging the retirement of state employees, and that sufficient economies could be realized to offset any cost to state agencies resulting from this section, an additional two years of service shall be credited to state members, other than school members, if the following conditions exist:

(a) The member is credited with five or more years of service and retires during a period not to exceed 120 days or less than 60 days commencing no sooner than the date of issuance of the Governor's executive order which shall specify such period.

(b) The appointing power, as defined in Section 18524, or the Board of Regents of the University of California or the Board of Trustees of the California State University, transmits to the retirement fund an amount determined by the board which is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service credit under this section and the amount the member would have received without such service credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(c) The appointing power or the Board of Regents or the Board of Trustees determines that it is electing to exercise the provisions of this section, pursuant to the Governor's order, and certifies to the State Department of Finance and to the Office of Legislative Analyst, as to the specific economies that will be realized were the additional service credit towards retirement granted.

As used in this section, "member" means a state employee who is employed in a job classification, department, or other organizational unit designated by the appointing power, as defined in Section 18524, the Board of Regents of the University of California, or the Board of Trustees of the California State University.

The amount of service credit shall be two years regardless of credited service, but shall not exceed the number of years intervening between the date of the member's retirement and the date the member would be required to be retired because of age. The appointing power or the Board of Regents or the Board of Trustees shall make such payment with respect to all eligible employees who retired pursuant to this section.

Any member who qualifies under this section, upon subsequent re-entry to the system shall forfeit the service credit acquired under this section.

This section shall not be applicable to any member otherwise eligible

if such member receives any unemployment insurance payments arising out of employment with an employer subject to this part during a period extending one year beyond the date of issuance of the executive order or if the member is not eligible to retire without the additional credit available under this section.

The benefit provided by this section shall not be applicable to the employees of any appointing power or the Board of Regents or the Board of Trustees until the Director of Finance approves the transmittal of funds by that appointing power or the Board of Regents or the Board of Trustees to the retirement fund pursuant to subdivision (c).

The Director of Finance shall approve the transmittal of funds by the appointing power or the Board of Regents or the Board of Trustees not sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than such lesser time as the chairperson of the committee, or his or her designee, may in each instance determine. If there is any written communication between the Director of Finance and the Legislative Analyst, a copy thereof shall be forthwith transmitted to the chairperson of each appropriate policy committee.

The Office of the Legislative Analyst and the Department of Finance shall report to the Governor and the Legislature as of the first legislative day of each year, as to the extent to which economies realized under the provisions of this section have equaled the cost to agencies as estimated by the board.

(Added by Stats. 1975, Ch. 1167; effective 9/29/75; amended by Stats. 1978, Ch. 440; by Stats. 1982, Ch. 680; effective 8/30/82; and by Stats. 1983, Ch. 1258, effective 9/30/83.)

20818 Notwithstanding any other provisions of this part, when the governing body of a contracting agency determines that because of an impending curtailment of, or change in the manner of performing service, the best interests of the agency would be served, a local member shall be eligible to receive additional service credit if the following conditions exist:

(a) The member is employed in a job classification, department, or other organizational unit designated by the governing body of the contracting agency and retires within any period designated in and subsequent to the effective date of the contract amendment provided the period is not less than 90 days nor more than 180 days.

(b) The governing body transmits to the retirement fund an amount determined by the board which is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service credit under this section and the amount he would have received without such service credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.

(c) The governing body shall certify that it is electing to exercise the provisions of this section, because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the job classification, department or organizational unit as designated by the governing board, resulting from the curtailment of, or change in the manner of performing, its services.

(d) The governing body shall certify that it is its intention at the time that this section is made operative that if any early retirements are

PUBLIC AGENCY EMPLOYEES

ent insurance payments arising
 ject to this part during a period
 uance of the executive order or
 without the additional credit

shall not be applicable to the
 e Board of Regents or the Board
 approves the transmittal of func
 Regents or the Board of Trustees
 ivision (c).

the transmittal of funds by the
 its or the Board of Trustees not
 writing of the necessity therefor
 n each house which considers
 f the Joint Legislative Budget
 er time as the chairperson of the
 in each instance determine. If
 een the Director of Finance and
 hall be forthwith transmitted to
 icy committee.

and the Department of Finance
 nislature as of the first legislative
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 he cost to agencies as estimated

tive 9/29/75; amended by Stats.
 ctive 8/30/82; and by Stats. 1983,

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ob classification, department, or
 by the governing body of the
 any period designated in and
 ntract amendment provided the
 e than 180 days.

the retirement fund an amount
 to the actuarial equivalent of the
 ember receives after the receipt
 nd the amount he would have
 e transfer to the retirement fund
 riod acceptable to the employer

that it is electing to exercise the
 impending mandatory transfers,
 at least one percent of the job
 onal unit as designated by the
 ortalment of, or change in the

that it is its intention at the time
 at if any early retirements are

granted after receipt of service credit pursuant to this section, that any
 vacancies thus created or at least one vacancy in any position in any
 department or other organizational unit shall remain permanently
 unfilled thereby resulting in an overall reduction in the work force of such
 department or organizational unit.

The amount of service credit shall not be more than two years regardless
 of credited service and shall not exceed the number of years intervening
 between the date of his retirement and the date he would be required to
 be retired because of age.

A governing body which elects to make the payment prescribed by
 subdivision (b) shall make such payment with respect to all eligible
 employees who retire during the specified period.

This section shall not be applicable to any member otherwise eligible
 if such member receives any unemployment insurance payments during
 the specified period.

Any member who qualifies under this section, upon subsequent reentry
 to the system shall forfeit the service credit acquired under this section.

This section shall not apply to any member who is not employed by the
 contracting agency during the period designated in subdivision (a) and
 who has less than five years of service credit.

This section shall not apply to any contracting agency unless and until
 the agency elects to be subject to the provision of this section by
 amendment to its contract made in the manner prescribed for approval
 of contracts, except an election among the employees is not required, or,
 in the case of contracts made after the effective date of this section, by
 express provision in such contract making the contracting agency subject
 to the provisions of this section.

Notwithstanding Section 20740, an election to become subject to this
 section shall not exclude an agency from the definition of "employer" for
 purposes of Section 20740.

This section shall remain in effect until September 29, 1988, and as of
 that date is repealed, unless a later enacted statute, which is chaptered
 before that date deletes or extends that date.

(Added by Stats. 1976, Ch. 1324; effective 9/29/76; in effect only until
 1/1/79 and repealed as of such date; added by Stats. 1979, Ch. 1139;
 effective and operative 9/28/79; and amended by Stats. 1982, Ch. 327,
 effective and operative 6/30/82.)

20819. Notwithstanding any other provision of this part, a school
 member employed on a part-time basis on and after January 1, 1983, shall,
 for such period of part-time employment, receive the credit he would
 receive if he or she was employed on a full-time basis and have his or her
 retirement allowance, as well as any other benefits he or she is entitled to
 under this part, based upon the salary that he or she would have received
 if employed on a full-time basis if he or she and his or her employer both
 contribute to the retirement fund the amount that would have been
 contributed if the member was employed on a full-time basis. Prior to the
 reduction of a classified employee's workload under this section, the
 school employer personnel responsible for the administration of this
 program shall verify the eligibility of the applicant for the reduced
 workload program. This section shall be applicable only to school
 members who are classified employees of school employers or community
 college districts and who have met the criteria provided in Sections 45139
 and 88038 of the Education Code.

The employer shall maintain the necessary records to separately

Memorandum

To :

Date :

File No.:

From : Board of Administration—Public Employees' Retirement System

Subject: PAYMENT OF ADDITIONAL EMPLOYER CONTRIBUTIONS AND ADMINISTRATIVE COSTS FOR TWO YEARS ADDITIONAL RETIREMENT SERVICE CREDIT (EXECUTIVE ORDER NUMBER _____)

Your agency must provide additional contributions to the Public Employees' Retirement System to fund this additional retirement benefit. This additional funding is required because the regular retirement contributions are actuarially determined to fund only the regular retirement benefit.

The Board of Administration of the Public Employees' Retirement System recognizes these additional contributions may have a significant impact on your budget. The Board may allow payment of these contributions over more than one year's time. An agreement is acceptable which contains repayment in full, or, in an installment of \$50,000 or one-half of the total amount due whichever is greater within the current fiscal year, and the balance plus interest on July 1, of the budget year. Interest on the budget year installment will be at the same rate as the employer reserve crediting rate in effect in the current year. (You should use 9.93% simple interest as a planning factor.)

The final additional employer contributions required to fund the additional retirement credit cannot be determined until all retirement applications have been completely processed. Attachment B provides a chart to estimate these costs from specific information about potential retirees. The additional service credit will apply only to employees designated by your Department who retire within the specified "window" period.

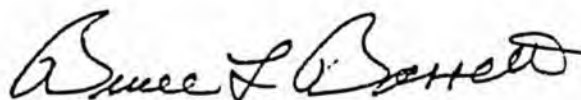
The administration of this program is an unbudgeted cost for PERS and requires reimbursement. These costs are in addition to the additional employer contributions that must be paid to fund the additional retirement credit. We will negotiate a separate interagency agreement with your department for these costs. Attachment A is a schedule of these administrative costs, which are payable in the current fiscal year.

Upon approval by the Departments of Finance and Personnel Administration, the PERS program begins with PERS retirement program specialists conducting a special 2-4 hour training program for your personnel and employee benefit administrators. Your staff will be instructed in the basic retirement benefit elements applicable to most pending retirees, and given a detailed explanation of the contents of a special employee benefit information package. The benefit information package is provided by PERS for your distribution to eligible employees.

~~Your trained staff will then be able to answer~~ most questions and will have a personal contact with PERS experts to provide further assistance. Your staff will also be able to request computer generated estimates of retirement benefits for those employees who need this detailed information.

Your Department must provide a statement executed by the appointing authority which identifies the employees to be covered by Department, Organization Unit, or Job Classification. You also must provide a listing certified by the appointing authority of individual employees by name and identified by social security number who meet the eligibility requirements designated for participation. These certifications must be submitted with the executed Interagency Agreements.

Interagency Agreements to confirm the payment plan and administrative cost reimbursements must be negotiated between your agency and PERS. These agreements should be negotiated shortly after approval is received from the Departments of Personnel Administration and Finance for without them we cannot provide the program. Contact Eva Lane of our Contracts Office, telephone (916) 322-4300, to begin negotiations or for further information on financing arrangements.



BRUCE L. BASSETT, CHIEF
FIELD & CONTRACTS SERVICES DIVISION

BLB:jh

Attachments

C32602

PERS' Contract # _____

Attachment A

Costing Schedule

Administrative Costs of Implementing 2-Year Service Credit

I. Fixed Costs

A.	General Administrative Overhead	\$136.06
B.	Actuarial Costs of service credit calculation for additional service credit.	\$450.00

II. Variable Costs

A.	Training meeting includes pre-training meeting and one general training meeting.	\$545.00	(1st meeting)
		\$442.00	(additional meeting)
B.	Estimate cost (normal estimates = dept. population x 0.009).	\$ 17.63	Per estimate in excess of normal number of estimates
C.	Retirement application cost (normal applications = dept. population x 0.009).	\$102.33	Per application in excess of normal number of applications
D.	Reproduction costs for packets of employee benefits information material sent	\$.50	Per packet

INTERAGENCY AGREEMENT

STD 13 REV 8/76

THIS AGREEMENT is entered into this _____ day of _____, 19____, by and between the undersigned State Agencies:

(Set forth services, materials, or equipment to be furnished, or work to be performed, and by whom, time for performance including the terms, date of commencement and date of completion, and provision for payment per 1212.1-1212.2 and 8750-8760.2 SAM.)

Distribution:
 Agency providing services
 Agency receiving services
 Department of General Services
 (unless exempt from DGS approval)
 Controller

- I. The Public Employees' Retirement System (PERS) agrees to provide specialized training services and estimates of retirement benefits for _____, hereinafter referred to as Department, in implementation of the additional two-year service credit pursuant to Section 20816 of the Government Code.
- II. This agreement will be in effect from _____ through _____ unless terminated sooner by either party upon thirty (30) days written notice to the other.
- III. Upon completion of training materials preparation and training meetings, and submission of invoice in triplicate for said services, the Department agrees to pay PERS the amount of _____ (\$ _____) Dollars.
- IV. The Department agrees to pay PERS monthly in arrears upon receipt of invoices in triplicate an amount equal to the number of retirement estimates calculated and applications processed by PERS.
- V. All costs to be calculated in accordance with the Costing Schedule attached and hereby incorporated into and made a part of this agreement...
- VI. The total amount of this agreement shall not exceed _____ (\$ _____) Dollars.

NAME OF STATE AGENCY	NAME OF STATE AGENCY
CALLER ABOVE (SHORT NAME)	CALLER ABOVE (SHORT NAME)
AUTHORIZED SIGNATURE	AUTHORIZED SIGNATURE
TITLE	TITLE

Continued on _____ sheets which are hereby attached and made a part hereof

DEPARTMENT OF GENERAL SERVICES USE ONLY	AMOUNT ENCUMBERED	APPROPRIATION		
	\$ _____	ITEM	CHAPTER	STATUTES
	UNENCUMBERED BALANCE	FISCAL YEAR		
	\$ _____	FUNCTION		
AS INCREASING ENCUMBRANCE	LINE ITEM ALLOTMENT			
\$ _____				
I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.		T. B. A. NUMBER	B. A. NUMBER	
SIGNATURE OF ACCOUNTING OFFICER		DATE		
I hereby Certify that all conditions for exemption set forth in State Administrative Manual Section 1209 have been complied with and this document <input type="checkbox"/> is exempt <input type="checkbox"/> is not exempt from review by the Department of Finance.				
SIGNATURE OFFICER SIGNING ON BEHALF OF AGENCY		DATE		

VII. PERS will provide the following services:

- A. Conduct one or more training meetings for department benefits officers on benefit implications and procedures for completing special retirement benefit estimate requests.
- B. Provide a special employee benefit information package on retirement under the provisions of Section 20816 of the Government Code in sufficient copies for each eligible employee.
- C. Calculate and accumulate the costs for funding additional service credit awarded under the legislation, and provide a detailed cost summary to the department.
- D. Process estimates of retirement benefits for eligible employees from requests submitted by the department.
- E. Process retirement application to award the additional service credit authorized under the legislation for all eligible employees who retire during the effective period.
- F. Assist departments in developing agreements for payment of additional employer retirement contributions resulting from the award of additional service credit.

VIII. The Department shall provide the following:

- A. A statement executed by the appointing authority which identifies the employees to be covered (Department, Organizational Unit, or Job Classification).
- B. A listing certified by the appointing authority of individual employees by name and identified by social security number who meet the eligibility requirements designated for participation.

IX. This contract shall not be effective until signed by all parties hereto.