

LEG. FINANCE - BILLS 1985 - 1986 2392

HB 382 cont. - HB 383 2392

COST OF TWO-YEAR SERVICE CREDIT

The following is a chart which estimates the cost of this benefit by age, sex, and coverage category. To use the values, simply add up the total annual compensation payable in each cell and then multiply by the corresponding factor. The answer is the approximate cost of the benefit.

Two-Year Service Cost
 Factors Times Annual Salary
 Equals Total Cost (Approximately)

<u>Ages</u>	<u>Miscellaneous Employees</u>				<u>Safety Employees</u>
	<u>With Social Security Coverage</u>		<u>Without Social Security Coverage</u>		<u>All</u>
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	
50-54	0.31	0.33	0.32	0.34	0.41
55-59	0.39	0.43	0.41	0.45	0.46
60-64	0.49	0.54	0.52	0.56	0.42
65-69	0.45	0.51	0.49	0.53	0.38

Prepared by Actuarial Office (MS),
 October 7, 1982

Attachment E

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 8760.8760.2 SAM.)

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

- I. Pursuant to Chapter 680, Statutes of 1982 (Section 20816 of the Government Code), the Governor has proclaimed in Executive Order Number _____, that the best interests of the State will be served by the granting of additional service credit to eligible members of the Public Employees' Retirement System who retire from employment in the _____, hereinafter referred to as Department.

The Department has certified that it is electing to exercise the provisions of the law which grants such additional service credits for eligible members designated by the department and effective only during the period commencing _____, and ending _____, inclusive.

Therefore, the Department, and the Board of Administration of the Public Employees' Retirement System, hereinafter referred to as PERS, agree as follows:

1. PERS shall perform all acts required or authorized by the provisions of Section 20816 of the Government Code upon retirement of an eligible state member who is an employee of the Department.
2. The Department agrees to transmit to the Public Employees' Retirement Fund an amount (hereinafter referred to as cost) which is equal to the actuarial equivalent of the difference.

NAME OF STATE AGENCY CALLED ABOVE (SHORT NAME) AUTHORIZED SIGNATURE ▶ TITLE	NAME OF STATE AGENCY Public Employees' Retirement System CALLED ABOVE (SHORT NAME) PERS AUTHORIZED SIGNATURE ▶ TITLE Chief, FUND																																																								
(Continued on <u>1</u> sheets which are hereby attached and made a part hereof)																																																									
DEPARTMENT OF GENERAL SERVICES USE ONLY	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">AMOUNT ENCUMBERED</td> <td colspan="3">APPROPRIATION</td> </tr> <tr> <td>\$</td> <td style="width: 20%;">ITEM</td> <td style="width: 10%;">CHAPTER</td> <td style="width: 10%;">STATUTES</td> </tr> <tr> <td>UNENCUMBERED BALANCE</td> <td></td> <td></td> <td>FISCAL YEAR</td> </tr> <tr> <td>\$</td> <td colspan="3"></td> </tr> <tr> <td>ADJ. INCREASING ENCUMBRANCE</td> <td colspan="3">FUNCTION</td> </tr> <tr> <td>\$</td> <td colspan="3"></td> </tr> <tr> <td>ADJ. DECREASING ENCUMBRANCE</td> <td colspan="3">LINE ITEM ALLOTMENT</td> </tr> <tr> <td>\$</td> <td colspan="3"></td> </tr> <tr> <td colspan="2" style="text-align: center;"> I hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance. </td> <td style="width: 15%;">T.B.A. NUMBER</td> <td style="width: 10%;">B.R. NUMBER</td> </tr> <tr> <td colspan="2">SIGNATURE OF ACCOUNTING OFFICER</td> <td colspan="2">DATE</td> </tr> <tr> <td colspan="2">▶</td> <td colspan="2"></td> </tr> <tr> <td colspan="4"> 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. </td> </tr> <tr> <td colspan="2">SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY</td> <td colspan="2">DATE</td> </tr> <tr> <td colspan="2">▶</td> <td colspan="2"></td> </tr> </table>	AMOUNT ENCUMBERED	APPROPRIATION			\$	ITEM	CHAPTER	STATUTES	UNENCUMBERED BALANCE			FISCAL YEAR	\$				ADJ. INCREASING ENCUMBRANCE	FUNCTION			\$				ADJ. DECREASING 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.R. 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		▶			
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between the allowance the retiring State member receives after the receipt of service credit pursuant to 20816 of the Government Code and the amount the member would have received without the service credit. The Department shall transmit this cost to the Public Employees' Retirement Fund by payment of (1) or (2):

(1) The estimated total cost of \$ _____, by _____, or _____ (Date)

(2) An installment of \$ _____ by _____ (\$50,000 or 1/2 total)

_____ and the balance of \$ _____ by July 1, _____ plus interest computed at the employer reserve crediting rate in effect on June 30, _____.

3. The cost referred to in this agreement is based upon estimates and will be adjusted after all eligible members have been retired under provisions of this agreement.
4. The amounts specified in this agreement are minimum amounts which the Department shall transmit to PERS. Amounts in excess of these minima may, at the discretion of Department, be transmitted to PERS.
5. Notwithstanding any provisions of this agreement to the contrary, the Department shall not be required to transmit to PERS any amount which exceeds the cost together with accrued interest.
6. Any amount transmitted to PERS which exceeds the cost plus accrued interest, shall be refunded to the Department.
7. Interest shall be calculated from the effective date of retirement. Advance payments shall be credited with interest at the crediting rate from date of receipt.
8. Department shall notify PERS if any member who received additional service credit receives unemployment insurance payments on account of employment with an employer subject to the provisions of the Executive Order _____ during the one-year period following the date of issuance of the Executive Order.

Upon receipt of such notice, PERS shall delete the additional service credit and adjust member's retirement allowance retroactive to member's retirement effective date and calculate and collect from member the overpayment that occurred.

DEPARTMENT OF FINANCE
SACRAMENTO, CA 95814-4998EMPLOYEES' RETIREMENT
SYSTEM
STATE OF HAWAII

June 17, 1985

JUN 24 12 30 PM '85

RECEIVED

FILE

Stanley Siu, Secretary
Employees' Retirement System
State of Hawaii
888 Mililani Street, Suite 302
Honolulu, Hawaii 96813-2980

CALIFORNIA'S EARLY RETIREMENT PROGRAM

A copy of your letter requesting information concerning California's early retirement program was forwarded to my office. In that a representative of the Public Employees' Retirement System (PERS) has answered your questions regarding the administrative aspects of the program, I will limit my response to your fiscal concerns.

Employee participation in the State of California's early retirement program is voluntary; however, an employee has the option only if the employing department requests to participate in the program. Departments may restrict employee participation in the program to those occupational groups of employees in a designated geographical, organizational or functional subdivision of the department. This restriction enables the departments to determine where participants in the program could adversely effect the department's objectives and thus avoid program management problems.

The first three implementations of the early retirement program required a department to be in a layoff situation in order to participate. Thus, departmental participation was very restrictive and consequently limited. We have not maintained any data comparing the number of eligible participants to the number of actual participants. We are currently implementing the program and have limited participation to departments which are anticipating staff reductions. The following table summarizes the actual participation in the first three implementations of the program as well as the current program to date:

	Phase One (1983)	Phase Two (1983)	Phase Three (1984)	Phase Four (1985)*
Number of Departments Participating	9	16	3	25
Number of Retirees	1,310	304	110	1,300

*Data for Phase Four is as of June 10. The number of retirees is based on departmental estimates.

Prior to participation in the program, departments must document to the Department of Finance that sufficient savings will be generated to offset all costs incurred as a result of participating in the program. Associated costs are the additional two-year service credit, the buyout of accrued vacation and the PERS administrative charges. The primary method used to achieve the necessary savings to cover the costs has been to hold open those vacant positions created by early retirement participants and to replace the vacant positions with lower paid classifications. Surveys of participating departments subsequent to the first three program implementations have indicated that all departments have been successful in attaining savings that at least match their costs.

The California early retirement program is viewed as an effective management tool that can assist to alleviate the impact of impending layoffs, or the impact of program efficiencies that result in a curtailment of employees in State government.

Kim Clement

Kim Clement
Budget Analyst

Attachment

A:0406A/0301K

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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



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,

A handwritten signature in cursive script, appearing to read 'Bruce L. Bassett'.

Bruce L. Bassett, Chief
Field & Contracts Services Division

BLB:jmc

✓ cc: Mike Carter

Attachments



Field and Contract Services Division
P.O. Box 90109
Sacramento, CA 95809-0109
(916) 322-0670

Reply to Section 900
Field & Contracts Services
Division

November 4, 1985

Carol Storkel
Division of Retirement & Benefits
Pouch CR
Juneau, Alaska 99811

Dear Ms. Storkel:

It was pleasant talking with you on Friday about the two year service credit program.

Since you already have a copy of my letter to Mr. Siu, I won't repeat that information. Enclosed you will find a copy of the last Executive Order for state employees (D-44-85); Department of Finance Management Memo 85-5 regarding the early retirement program; my cover letter enclosing a pro forma contract for reimbursement of expenses and a contract for payment of the actuarial cost; and a letter which can be given by the participating departments to their employees regarding participation.

As I mentioned in our conversation, we do experience some backlogs because of the issuance of the Executive Order window period stated. If the Executive Order was issued two or more months before the beginning of the window period then there may be greater participation since you would have more time to disseminate information.

If you have any questions please give me a call or write to me at the above address.

Sincerely,

Bruce L. Bassett, Chief
Field & Contracts Services Division

BLB:dl
Encls.

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NOV 08 1985
DIV. OF RETIREMENT

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

MAY 2 0 1985
MARCH FONG EU, Secretary of State
By [Signature]
Deputy



AMENDED EXECUTIVE ORDER D-44-85

WHEREAS, Government Code Section 20816 permits State employees (including members of the State Teachers' Retirement System designated as State employees) and higher education employees who are 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 facing staff reductions are eligible to participate in the Early Retirement Program.
- 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.

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DIV. OF RETIREMENT

- D. All applications shall include documentation of staff reductions, associated costs of participating in the Program, anticipated savings and other relevant information supporting the proposal.
- 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. This Amended Executive Order extends the early retirement period established by Executive Order D-44-85. For State agencies electing to participate, the Early Retirement Program will now terminate on June 30, 1985. This extension will provide additional time for employees to consider their retirement options.
- H. If the University of California and California State University elect to participate in the program, the eligibility period 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 those areas of government facing staff reductions.
- J. Although the applications of the various agencies may be accepted, employee participation is totally voluntary.
- K. All approved plans are subject to the provisions of Government Code Section 20316.

IN WITNESS WHEREOF I have hereunto set my hand
and caused the Great Seal of the State of
California to be affixed this 17th day of May
1985

George Deukmejian

Governor of California

ATTEST:

Murch. Fryer
Secretary of State



MANAGEMENT MEMO

*Don Lane - FCSD
Bruce*

SUBJECT: Implementation of the Early Retirement Program	NO. 85-5
REFERENCES: Executive Order D-44-85	DATE ISSUED: March 22, 1985
	EXPIRES: May 20, 1985

This memo is intended to implement Governor's Executive Order No. D-44-85 (attached) as authorized by Government Code Section 20816 and Education Code Section 22731. These statutes and the Executive Order authorize what is commonly referred to as the Early Retirement Program. The objective of the Early Retirement Program is to provide State management with a mechanism to alleviate or minimize the impact of staff reductions resulting from changes in operations.

I. CRITERIA FOR ELIGIBILITY

This program provides for the granting of additional retirement credits "whenever the Governor, by executive order, determines that because of an impending curtailment of, or change in the manner of performing service, the best interest 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" of the additional service credit. Other criteria are:

- A. In general, State agencies shall be deemed to be eligible and satisfying the criteria of "being faced with an impending curtailment of, or change in, the manner of performing service" if the agency is anticipating staff reductions.
- B. Proposals are limited to staff reductions anticipated in Fiscal Years 1984-85 and 1985-86.
- C. Based on resources necessary to meet department objectives, agencies may request that employee participation in the Early Retirement Program be restricted to occupational groups of employees, geographical, organizational, or functional subdivisions of a State agency where the staffing reduction is occurring. This flexibility, for example, allows agencies to provide for early retirement in constricting program areas without encouraging early retirement in growth programs.
- D. Employees must have been vested in order to be considered eligible for early retirement within the designated period during which the program is operative.
- E. Except for the two-year service credit for prospective retirees, all other retirement criteria remain in force.
- F. Program participation is voluntary on the part of the employees.
- G. According to the Executive Order, the effective date of the Early Retirement Program is March 22, 1985, and extends for a period of 60 days up to and including May 20, 1985.

- H. For the University of California and the California State University, the effective period of the Early Retirement Program will be 60 days from the dates agreed to by those organizations and the Department of Finance.

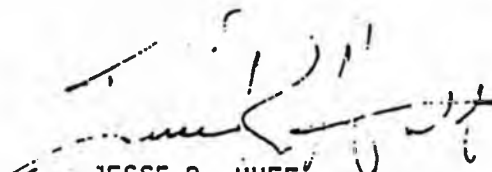
II. APPLICATION

- A. Departments organizationally responsible to an agency secretary shall obtain approval from the secretary before submitting proposals for further consideration by the Department of Personnel Administration (DPA) and Finance. Departments which qualify may then submit applications to DPA. Applications should contain a certification of compliance with the intent and qualification of the Governor's Executive Order and the related statutes.
- B. Applications will consist of two parts: Part A, relating to the description, justification, and impact on personnel; and Part B, relating to the fiscal impact.
1. Part A will contain a narrative statement indicating the number of prospective retirees, number of employees affected by a reduction in workforce and such other information as may be obtained from the PERS Board or the STRS Board. This part of the application should be submitted to DPA, who will notify the departments of approval or denial in writing.
 2. Part B will contain a full fiscal display indicating, but not limited to, the cost of the two years' retirement service credit (plus interest) as required by PERS and STRS; all personnel costs (such as lump-sum pay-off of vacation and overtime); offsetting savings such as reduced salary costs; how long it will take to achieve a "no net cost" and which fiscal year budgets will be affected (payoff period may be extended up to four years); and, any other data relative to the fiscal aspects of the proposal.
- C. Applications (Part A and Part B), along with DPA written approval, will be submitted to the Department of Finance for the review of the fiscal impact of the proposals. Only those proposals indicating no net costs to participating departments will be approved by the Department of Finance.
- D. Approved plans will be forwarded by the Department of Finance to Legislative Fiscal Committees and the Joint Legislative Budget Committee.
- The Director of Finance may not approve the transmittal of funds necessary to pay the cost of the additional service credit sooner than 30 days after having so notified both Legislative Fiscal Committees and the Legislative Budget Committee. (The committee chairpersons may determine that the transmittal may occur earlier than 30 days.)
- E. PERS will be responsible for certifying the number of retirees and charging the employer-departments for the related costs. Notification of the number of retirees and the related costs shall be transmitted to the Department of Finance within a reasonable time period.

F. Participating departments will be required to report employee level detail on the effectiveness of the program. This report will include information such as personnel classification, designation (management, supervisory, or rank-and-file), age, lump sum vacation and CTO payments, and other information to be determined. A subsequent Management Memo will specify these reporting requirements in detail.

III. STAFF CONTACTS

The staff contact at DPA is Bob Rutherford, Salary and Service Program, (916) 324-0439, ATSS 454-0439. The staff contact at the Department of Finance is Michael Carter, Administrative Services, (916) 445-3274, ATSS 485-3274.



JESSE R. HUFF
Director of Finance

Attachment

A:0096A/3381J

DISTRIBUTION: A B C E F G H I J K L M N O P R S T X MM

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 D-44-85)

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 up to four installments. The payment schedule must be negotiated with PERS. Interest on the installments will be at the same rate as the employer reserve crediting rate. (You should use 9.94% 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.

Confirmation of the payment plan should be negotiated between your agency and PERS before approval is requested from DPA and DF. Interagency agreements must 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: _____

Attachments

C0941 (Rev. 4/85)

NUMBER

INTERAGENCY AGREEMENT

'87D 13 REV 8/78:

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 8760-8760.2 SAM.)

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

1. 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.
2. This agreement will be in effect from _____ through _____ unless terminated sooner by either party upon thirty (30) days written notice to the other.
3. 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.
4. 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.
5. All costs to be calculated in accordance with the Costing Schedule attached and hereby incorporated into and made a part of this agreement.
6. The total amount of this agreement shall not exceed _____ (\$ _____) Dollars.

NAME OF STATE AGENCY	NAME OF STATE AGENCY
CALLED ABOVE (SHORT NAME)	CALLED ABOVE (SHORT NAME)
AUTHORIZED SIGNATURE ▶	AUTHORIZED SIGNATURE ▶
TITLE	TITLE
(Continued on _____ sheets which are hereby attached and made a part hereof)	
FUND	

DEPARTMENT OF GENERAL SERVICES USE ONLY	AMOUNT ENCUMBERED	APPROPRIATION				
	\$	UNENCUMBERED BALANCE	ITEM	CHAPTER	STATUTES	FISCAL YEAR
	\$	ADJ. INCREASING ENCUMBRANCE	FUNCTION			
	\$	ADJ. DECREASING ENCUMBRANCE	LINE ITEM ALLOTMENT			
	\$	I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.				
SIGNATURE OF ACCOUNTING OFFICER ▶			T. B. A. NUMBER			B. R. NUMBER
SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY ▶			DATE			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.						

7. 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.

8. 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.

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

Costing Schedule

Administrative Costs of Implementing Two Year Service Credit

I. Fixed Costs

- A. General Administrative Overhead \$142.86
- B. Actuarial Costs of service credit calculation for additional service credit. \$472.50

II. Variable Costs

- A. Training meeting includes pre-training meeting and one general training meeting. \$572.25 (1st meeting)
\$464.00 (additional meeting)
- B. Estimate cost (normal estimates = dept. population x 0.009). \$ 18.51 Per estimate in excess of normal number of estimates
- C. Retirement application cost (normal applications = dept. population x 0.009). \$107.45 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 8760-8760.2 SAM.)

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- (unless exempt from DGS approval)
- Controller

I. Pursuant to Section 20816 of the Government Code, the Governor has proclaimed in Executive Order Number D-44-85, that the best interests of the State will be served by the granting of additional service credit to eligible members of the Public Employees' Retirement System who retire from employment in the _____, hereinafter referred to as Department.

The Department has certified that it is electing to exercise the provisions of the law which grants such additional service credits for eligible members designated by the department and effective only during the period commencing March 22, 1985, and ending May 20, 1985, inclusive.

Therefore, the Department, and the Board of Administration of the Public Employees' Retirement System, hereinafter referred to as PERS, agree as follows:

1. PERS shall perform all acts required or authorized by the provisions of Section 20816 of the Government Code upon retirement of an eligible state member who is an employee of the Department.

NAME OF STATE AGENCY	NAME OF STATE AGENCY			
CALLED ABOVE (SHORT NAME)	CALLED 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		
	\$	UNENCUMBERED BALANCE	ITEM	CHAPTER
	\$	ADJ. INCREASING ENCUMBRANCE	FUNCTION	
	\$	ADJ. DECREASING ENCUMBRANCE	LINE ITEM ALLOTMENT	
	\$	I Hereby Certify upon my own personal knowledge that budgeted funds are available for this encumbrance.		
SIGNATURE OF ACCOUNTING OFFICER ▶	T. B. A. NUMBER	B. R. NUMBER		
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.		DATE		
SIGNATURE: OFFICER SIGNING ON BEHALF OF AGENCY ▶	DATE			

2. The Department agrees to transmit to the Public Employees' Retirement Fund an amount (hereinafter referred to as cost) which is equal to the actuarial equivalent of the difference between the allowance the retiring State member receives after the receipt of service credit pursuant to 20816 of the Government Code and the amount the member would have received without the service credit. The Department shall transmit this cost to the Public Employees' Retirement Fund by payment in the following manner:

(1) The estimated total cost of \$ _____, by June 30, 1985, OR

(2) By installments commencing June 30, 1985, with subsequent installments due July 1, of each following fiscal year, plus interest computed at the employer reserve crediting rate in effect at the beginning of each fiscal year, with final payment due no later than July 1, 1987.

3. The cost referred to in this agreement is based upon estimates and will be adjusted after all eligible members have been retired under provisions of this agreement.
4. The amounts specified in this agreement are minimum amounts which the Department shall transmit to PERS. Amounts in excess of these minima may, at the discretion of Department, be transmitted to PERS.
5. Notwithstanding any provisions of this agreement to the contrary, the Department shall not be required to transmit to PERS any amount which exceeds the cost together with accrued interest.
6. Any amount transmitted to PERS which exceeds the cost plus accrued interest shall be refunded to the Department.
7. Interest shall be calculated from the effective date of retirement. Advance payments shall be credited with interest at the crediting rate from date of receipt.
8. Department shall notify PERS if any member who received additional service credit receives unemployment insurance payments on account of employment with an employer subject to the provisions of the Executive Order D-44-85 during the one-year period following the date of issuance of the Executive Order.

Upon receipt of such notice, PERS shall delete the additional service credit and adjust member's retirement allowance retroactive to member's retirement effective date and calculate and collect from member the overpayment that occurred.

COST OF TWO-YEAR SERVICE CREDIT

The following is a chart which estimates the cost of this benefit by age, sex, and coverage category. To use the values, simply add up the total annual compensation payable in each cell and then multiply by the corresponding factor. The answer is the approximate cost of the benefit.

Two-Year Service Cost
Factors Times Annual Salary
Equals Total Cost (Approximately)

<u>Ages</u>	<u>Miscellaneous Employees</u>				<u>Safety Employees</u>
	<u>With Social Security Coverage</u>		<u>Without Social Security Coverage</u>		<u>All</u>
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	
50-54	0.31	0.33	0.32	0.34	0.41
55-59	0.39	0.43	0.41	0.45	0.46
60-64	0.49	0.54	0.52	0.56	0.42
65-69	0.45	0.51	0.49	0.53	0.38

Prepared by Actuarial Office (MS),
October 7, 1982

C0939 (7/84)

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P. O. Box 1953 (1416 - 9th Street)

Sacramento, CA 95809

Telephone:

Date:

RC:

CIRCULAR
LETTER
NUMBER:

Distribution:

Subject:

GOVERNMENT CODE SECTION 20816
EXECUTIVE ORDER D-44-85 (2 YEARS OF ADDITIONAL SERVICE CREDIT)

Government Code Section 20816 and Executive Order (D-44-85) permit eligible members of the Public Employees' Retirement System who are employees of the Department of _____ to receive two years of additional service credit if they meet the eligibility requirements outlined below. The following information will assist you in determining your eligibility and evaluating the impact of this legislation on your retirement plans. Additional information may be obtained from your Departmental Benefit Coordinator or the P.E.R.S. Area Office nearest you. (See Attached list).

ELIGIBILITY

Current State employees (part-time, full-time, and intermittent) of the Department of _____ will be eligible to receive the additional service credit if all of the following conditions are met:

1. The member must retire within the period specified by the Governor. This period is from March 22, 1985 through May 20, 1985. For a retirement to become effective on the final date of the specified period, the member must be separated from employment status no later than May 19, 1985.
2. The member must be credited with at least five years of service prior to the effective retirement date. If the member is covered by the Second-Tier Retirement Plan, a minimum of ten years of credited service is required unless the member had five years of credited service prior to January 1, 1985. (The additional service credit provided by this legislation may not be used to meet the above requirements.)
3. A member who applies for a service retirement must attain age 50 on or before the effective date of retirement. Members currently covered under the Second-Tier Retirement Plan and who did not have 5 years of credited service prior to January 1, 1985, must attain age 55 on or before their effective date of retirement.

There is no minimum age requirement for a disability retirement.

4. The member must be employed in the department, organizational unit or job classification designated by the employer.

Effect on Retirement Allowance

Information booklets are available from your Departmental Coordinator which explains the formula to use when calculating your unmodified retirement allowance. The years of service credit would be the only factor improved in the calculation of retirement benefits under this legislation. The benefit factor which is based on your age at retirement and the final compensation (average monthly salary during 36 consecutive month period) are not affected by this legislation and should not be increased when estimating the effect of additional service on the retirement allowance.

The tables which are attached show the increase in the unmodified retirement allowance for the two years of additional service credit. Your Departmental Coordinator can give you an explanation on the use of these tables. You may also request estimates which reflect retirement with and without the additional service. See your Departmental Coordinator to arrange for these estimates if needed.

Disability Retirement

Members who apply for and are approved for a disability retirement and whose effective date of retirement falls within the prescribed period, are also entitled to the additional service credit provided by this legislation. In some cases, this additional credit will not affect the allowance. To apply for a disability retirement, a member must be credited with at least five years of service prior to receiving the additional service credit or ten years of service credit under the Second-Tier Retirement Plan unless the member has five years of service which was credited prior to January 1, 1985. Industrial disability is available to safety members whose illness or injury arose out of the course of their employment regardless of the length of employment. Employees considering applying for a disability retirement are advised to contact a P.E.R.S. Area Office for specific details regarding the retirement application process.

Retirement Process

If you decide to retire, you must file an Application for Retirement (Form Ben-369). Applications may be obtained from a Departmental Coordinator or a P.E.R.S. Area Office. The effective retirement date may not be earlier than the first day of the month in which the application is received by the Public Employees' Retirement System. The retirement application for a service retirement may be cancelled in writing any time prior to the mailing of the first retirement check. An application for disability retirement may not be cancelled after P.E.R.S. has determined that you are disabled. However, you may change to service retirement within 30 days of the approval date of disability retirement.

An Election of Optional Settlement and Beneficiary Designation Form (Ben-898) will be mailed to you after you have applied. It takes approximately 90 days to process retirement papers.

Effect on Group Health Insurance

Health and Dental insurance are not affected by the crediting of the additional service. If you are considering a disability retirement, you should contact the Departmental Health Benefits Officer regarding the procedures of the continuation of Health and Dental insurance into retirement. Other questions regarding your Health and Dental insurance should be directed to your Health Benefits Officer.

Other Services Credit Which May Be Available

If you are considering the restoring or adding other P.E.R.S. service credit (such as redeposit, service prior to membership, etc.) you are urged to contact an Area Office as soon as possible. Election forms to add service credit must be filed with P.E.R.S. no later than the day before you wish to retire. You may call an Area Office for additional information.

Deductions from Your Retirement Check

Deductions for your group health and dental insurance are automatically continued if you go directly from pay status into retirement. Information on other payroll deductions can be obtained at the nearest P.E.R.S. Area Office.

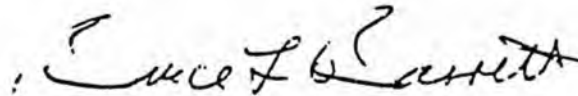
Loss of Additional Service Credit

The additional service credit provided under this legislation is forfeited by the member upon reinstatement from retirement. The additional service is not creditable upon the member's subsequent retirement.

The additional service credit will not be credited if the member receives unemployment insurance payment arising out of employment with the employer granting the additional service credit during a one-year period following the date of the Executive Order.

Questions

General questions regarding the legislation can be directed to your Departmental Benefit Coordinator or the P.E.R.S. Area Office nearest you.



BRUCE L. BASSETT, CHIEF
FIELD & CONTRACTS SERVICES DIVISION

BLB/GM:s1

Attachment

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
USE FOR MEMBERS UNDER THE FIRST TIER (2% @ 60 FORMULA)

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR THOSE MEMBERS WHO ARE CURRENTLY COVERED UNDER THE SOCIAL SECURITY SYSTEM)

AGE AT RETIREMENT

	50	51	52	53	54	55	56	57	58	59	60	61	62	63
\$1100	21.11	22.35	23.66	25.06	26.60	28.23	30.01	31.80	33.69	35.23	38.67	41.26	43.93	46.75
1200	23.30	24.66	26.11	27.65	29.35	31.15	33.11	35.20	37.50	39.98	42.67	45.53	48.47	51.55
1300	25.48	26.97	28.56	30.24	32.11	34.07	36.21	38.50	41.02	43.73	46.67	49.79	53.01	56.42
1400	27.66	29.29	31.01	32.83	34.86	36.99	39.32	41.80	44.54	47.47	50.67	54.06	57.56	61.25
1500	29.85	31.60	33.46	35.42	37.51	39.91	42.42	45.10	48.05	51.22	54.67	58.33	62.10	66.05
1600	32.03	33.91	35.90	38.02	40.36	42.83	45.53	48.40	51.57	54.97	58.67	62.60	66.65	70.93
1700	34.22	36.22	38.35	40.61	43.11	45.75	48.63	51.70	55.08	58.72	62.67	66.87	71.19	75.76
1800	36.40	38.53	40.80	43.20	45.87	48.67	51.73	55.00	58.60	62.47	66.67	71.13	75.73	80.60
1900	38.58	40.85	43.25	45.79	48.62	51.59	54.84	58.30	62.12	66.21	70.67	75.40	80.28	85.44
2000	40.77	43.16	45.70	48.38	51.37	54.51	57.94	61.60	65.63	69.96	74.67	79.67	84.82	90.27
2100	42.95	45.47	48.14	50.98	54.12	57.43	61.05	64.90	69.15	73.71	78.67	83.94	89.37	95.11
2200	45.14	47.78	50.59	53.57	56.87	60.35	64.15	68.20	72.66	77.46	82.67	88.21	93.91	99.94
2300	47.32	50.09	53.04	56.16	59.63	63.27	67.25	71.50	76.18	81.21	86.67	92.47	98.45	104.78
2400	49.50	52.41	55.49	58.75	62.38	66.19	70.36	74.80	79.70	84.95	90.67	96.74	103.00	109.62
2500	51.69	54.72	57.94	61.34	65.13	69.11	73.46	78.10	83.21	88.70	94.67	101.01	107.54	114.45
2600	53.87	57.03	60.38	63.94	67.88	72.03	76.57	81.40	86.73	92.45	98.67	105.28	112.09	119.29
2700	56.06	59.34	62.83	66.53	70.63	74.95	79.67	84.70	90.24	96.20	102.67	109.55	116.63	124.12
2800	58.24	61.65	65.28	69.12	73.29	77.87	82.77	88.00	93.76	99.95	106.67	113.81	121.17	128.96
2900	60.42	63.97	67.73	71.71	76.14	80.79	85.88	91.30	97.28	103.69	110.67	118.08	125.72	133.80
3000	62.61	66.28	70.18	74.30	78.89	83.71	88.98	94.60	100.79	107.44	114.67	122.35	130.26	138.63
3100	64.79	68.59	72.62	76.90	81.64	86.63	92.09	97.90	104.31	111.19	118.67	126.62	134.81	143.47
3200	66.98	70.90	75.07	79.49	84.39	89.55	95.19	101.20	107.82	114.94	122.67	130.89	139.35	148.30

FINAL COMPENSATION
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
USE FOR MEMBERS UNDER THE FIRST TIER (2% @ 60 FORMULA)

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR THOSE MEMBERS WHO ARE NOT CURRENTLY COVERED UNDER THE SOCIAL SECURITY SYSTEM)

AGE AT RETIREMENT

	50	51	52	53	54	55	56	57	58	59	60	61	62	63
\$1100	24.02	25.43	26.93	28.51	30.27	32.12	34.14	36.30	38.68	41.23	44.00	46.95	49.98	53.20
1200	26.21	27.74	29.38	31.10	33.02	35.04	37.25	39.60	42.19	44.98	48.00	51.22	54.53	58.03
1300	28.39	30.06	31.82	33.70	35.78	37.96	40.35	42.90	45.71	48.72	52.00	55.48	59.07	62.87
1400	30.58	32.37	34.27	36.29	38.53	40.88	43.46	46.20	49.22	52.47	56.00	59.75	63.62	67.70
1500	32.76	34.65	36.72	38.88	41.28	43.80	46.56	49.50	52.74	56.22	60.00	64.02	68.16	72.54
1600	34.94	36.99	39.17	41.47	44.03	46.72	49.66	52.80	56.26	59.97	64.00	68.29	72.70	77.39
1700	37.13	39.30	41.62	44.06	46.78	49.64	52.77	56.10	59.77	63.72	68.00	72.56	77.25	82.21
1800	39.31	41.62	44.06	46.66	49.54	52.56	55.87	59.40	63.29	67.46	72.00	76.82	81.79	87.05
1900	41.50	43.93	46.51	49.25	52.29	55.48	58.98	62.70	66.80	71.21	76.00	81.09	86.34	91.88
2000	43.68	46.24	48.96	51.84	55.04	58.40	62.08	66.00	70.37	75.16	80.00	85.35	90.88	96.72
2100	45.86	48.55	51.41	54.43	57.79	61.32	65.18	69.30	73.84	78.71	84.00	89.63	95.42	101.55
2200	48.05	50.86	53.86	57.02	60.54	64.24	68.29	72.60	77.35	82.46	88.00	93.90	99.97	106.39
2300	50.23	53.18	56.30	59.62	63.30	67.16	71.39	75.90	80.87	86.20	92.00	98.16	104.51	111.23
2400	52.42	55.49	58.75	62.21	66.05	70.08	74.50	79.20	84.38	89.95	96.00	102.43	109.05	116.06
2500	54.60	57.80	61.20	64.80	68.80	73.00	77.60	82.50	87.90	93.70	100.00	106.70	113.60	120.90
2600	56.78	60.11	63.65	67.39	71.55	75.92	80.70	85.80	91.42	97.45	104.00	110.97	118.14	125.74
2700	58.97	62.42	66.10	69.98	74.30	78.84	83.81	89.10	94.93	101.20	108.00	115.24	122.69	130.57
2800	61.15	64.74	68.54	72.58	77.06	81.76	86.91	92.40	98.45	104.94	112.00	119.50	127.23	135.41
2900	63.34	67.05	70.99	75.17	79.81	84.68	90.02	95.70	101.96	108.69	116.00	123.77	131.78	140.24
3000	65.52	69.36	73.44	77.76	82.56	87.60	93.12	99.00	105.48	112.44	120.00	128.04	136.32	145.02
3100	67.70	71.67	75.89	80.35	85.31	90.52	96.22	102.30	109.00	116.19	124.00	132.31	140.86	149.92
3200	69.89	73.98	78.34	82.94	88.06	93.44	99.33	105.60	112.51	119.94	128.00	136.58	145.41	154.75

FISCAL COMPENSATION (AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 USE FOR MEMBERS UNDER THE SECOND TIER (1.25% @ 65 FORMULA)

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS
 PROVIDED BY SECTION 20816

AGE AT RETIREMENT

	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
\$1100	11.00	12.10	13.20	14.30	15.40	16.50	17.60	18.70	19.80	20.90	22.00	23.10	24.20	25.30	26.40	27.50
1200	12.00	13.20	14.40	15.60	16.80	18.00	19.20	20.40	21.60	22.80	24.00	25.20	26.40	27.60	28.80	30.00
1300	13.00	14.30	15.60	16.90	18.20	19.50	20.80	22.10	23.40	24.70	26.00	27.30	28.60	29.90	31.20	32.50
1400	14.00	15.40	16.80	18.20	19.60	21.00	22.40	23.80	25.20	26.60	28.00	29.40	30.80	32.20	33.60	35.00
1500	15.00	16.50	18.00	19.50	21.00	22.50	24.00	25.50	27.00	28.50	30.00	31.50	33.00	34.50	36.00	37.50
1600	16.00	17.60	19.20	20.80	22.40	24.00	25.60	27.20	28.80	30.40	32.00	33.60	35.20	36.80	38.40	40.00
1700	17.00	18.70	20.40	22.10	23.80	25.50	27.20	28.90	30.60	32.30	34.00	35.70	37.40	39.10	40.80	42.50
1800	18.00	19.80	21.60	23.40	25.20	27.00	28.80	30.60	32.40	34.20	36.00	37.80	39.60	41.40	43.20	45.00
1900	19.00	20.90	22.80	24.70	26.60	28.50	30.40	32.30	34.20	36.10	38.00	39.90	41.80	43.70	45.60	47.50
2000	20.00	22.00	24.00	26.00	28.00	30.00	32.00	34.00	36.00	38.00	40.00	42.00	44.00	46.00	48.00	50.00
2100	21.00	23.10	25.20	27.30	29.40	31.50	33.60	35.70	37.80	39.90	42.00	44.10	46.20	48.30	50.40	52.50
2200	22.00	24.20	26.40	28.60	30.80	33.00	35.20	37.40	39.60	41.80	44.00	46.20	48.40	50.60	52.80	55.00
2300	23.00	25.30	27.60	29.90	32.20	34.50	36.80	39.10	41.40	43.70	46.00	48.30	50.60	52.90	55.20	57.50
2400	24.00	26.40	28.80	31.20	33.60	36.00	38.40	40.80	43.20	45.60	48.00	50.40	52.80	55.20	57.60	60.00
2500	25.00	27.50	30.00	32.50	35.00	37.50	40.00	42.50	45.00	47.50	50.00	52.50	55.00	57.50	60.00	62.50
2600	26.00	28.60	31.20	33.80	36.40	39.00	41.60	44.20	46.80	49.40	52.00	54.60	57.20	59.80	62.40	65.00
2700	27.00	29.70	32.40	35.10	37.80	40.50	43.20	45.90	48.60	51.30	54.00	56.70	59.40	62.10	64.80	67.50
2800	28.00	30.80	33.60	36.40	39.20	42.00	44.80	47.60	50.40	53.20	56.00	58.80	61.60	64.40	67.20	70.00
2900	29.00	31.90	34.80	37.70	40.60	43.50	46.40	49.30	52.20	55.10	58.00	60.90	63.80	66.70	69.60	72.50
3000	30.00	33.00	36.00	39.00	42.00	45.00	48.00	51.00	54.00	57.00	60.00	63.00	66.00	69.00	72.00	75.00
3100	31.00	34.10	37.20	40.30	43.40	46.50	49.60	52.70	55.80	58.90	62.00	65.10	68.20	71.30	74.40	77.50
3200	32.00	35.20	38.40	41.60	44.80	48.00	51.20	54.40	57.60	60.80	64.00	67.20	70.40	73.60	76.80	80.00

FINAL COMPENSATION
 (AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR SAFETY MEMBERS COVERED UNDER THE 2.5% & 55 FORMULA)

AGE AT RETIREMENT

FINAL COMPENSATION
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

	50	51	52	53	54	55
\$1300	52.00	54.60	57.20	59.80	62.40	65.00
1400	55.00	58.80	61.50	64.40	67.20	70.00
1500	60.00	63.00	65.00	69.00	72.00	75.00
1600	64.00	67.20	70.40	73.60	76.80	80.00
1700	68.00	71.40	74.80	78.20	81.60	85.00
1800	72.00	75.60	79.20	82.80	86.40	90.00
1900	75.00	79.80	83.50	87.40	91.20	95.00
2000	80.00	84.00	88.00	92.00	95.00	100.00
2100	84.00	88.20	92.40	95.50	100.50	105.00
2200	88.00	92.40	95.60	101.20	105.50	110.00
2300	92.00	95.50	101.20	105.80	110.40	115.00
2400	95.00	100.80	105.50	110.40	115.20	120.00
2500	100.00	105.00	110.00	115.00	120.00	125.00
2500	104.00	109.20	114.40	119.60	124.80	130.00
2700	106.00	113.40	118.80	124.20	129.50	135.00
2800	112.00	117.60	123.20	128.80	134.40	140.00
2900	115.00	121.80	127.50	133.40	139.20	145.00
3000	120.00	125.00	132.00	138.00	144.00	150.00
3100	124.00	130.20	136.40	142.50	148.80	155.00
3200	128.00	134.40	140.80	147.20	153.50	160.00
3300	132.00	138.60	145.20	151.80	158.40	165.00
3400	135.00	142.30	149.50	155.40	163.20	170.00
3500	140.00	147.00	154.00	161.00	168.00	175.00

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SECTION 20816 (FOR SAFETY MEMBERS COVERED UNDER THE 2% @ 55 FORMULA)

AGE AT RETIREMENT

FINAL COMPENSATION
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

	50	51	52	53	54	55
\$1300	37.08	39.57	42.33	45.29	48.52	52.00
1400	39.93	42.62	45.58	48.78	52.25	56.00
1500	42.78	45.66	48.84	52.26	55.98	60.00
1600	45.63	48.70	52.10	55.74	59.71	64.00
1700	48.48	51.75	55.35	59.23	63.44	68.00
1800	51.34	54.79	58.61	62.71	67.18	72.00
1900	54.19	57.84	61.86	66.20	70.91	76.00
2000	57.04	60.88	65.12	69.68	74.64	80.00
2100	59.89	63.92	68.38	73.16	78.37	84.00
2200	62.74	66.97	71.63	76.65	82.10	88.00
2300	65.60	70.01	74.89	80.13	85.84	92.00
2400	68.45	73.06	78.14	83.62	89.57	96.00
2500	71.30	76.10	81.40	87.10	93.30	100.00
2600	74.15	79.14	84.66	90.58	97.03	104.00
2700	77.00	82.19	87.91	94.07	100.76	108.00
2800	79.86	85.23	91.17	97.55	104.50	112.00
2900	82.71	88.28	94.42	101.04	108.23	116.00
3000	85.56	91.32	97.68	104.52	111.96	120.00
3100	88.41	94.36	100.94	108.00	115.69	124.00
3200	91.26	97.41	104.19	111.49	119.42	128.00

INCREASE IN THE UNMODIFIED ALLOWANCE FROM TWO YEARS OF ADDITIONAL SERVICE CREDIT AS PROVIDED BY SB 307 (FOR SAFETY MEMBERS COVERED UNDER THE 2% @ 50 FORMULA)

AGE AT RETIREMENT

FINAL COMPENSATION
(AVERAGE MONTHLY SALARY OVER 36 CONSECUTIVE MONTHS)

	50	51	52	53	54	55
\$1300	52.00	55.64	59.28	62.92	66.56	70.20
1400	56.00	59.92	63.84	67.76	71.68	75.60
1500	60.00	64.20	68.40	72.60	76.80	81.00
1600	64.00	68.48	72.96	77.44	81.92	86.40
1700	68.00	72.76	77.52	82.28	87.04	91.80
1800	72.00	77.04	82.08	87.12	92.16	97.20
1900	76.00	81.32	86.64	91.96	97.28	102.60
2000	80.00	85.60	91.20	96.80	102.40	108.00
2100	84.00	89.88	95.76	101.64	107.52	113.40
2200	88.00	94.16	100.32	106.48	112.64	118.80
2300	92.00	98.44	104.88	111.32	117.76	124.20
2400	96.00	102.72	109.44	116.16	122.88	129.60
2500	100.00	107.00	114.00	121.00	128.00	135.00
2600	104.00	111.28	118.56	125.84	133.12	140.40
2700	108.00	115.56	123.12	130.68	138.24	145.80
2800	112.00	119.84	127.68	135.52	143.36	151.20
2900	116.00	124.12	132.24	140.36	148.48	156.60
3000	120.00	128.40	136.80	145.20	153.60	162.00
3100	124.00	132.68	141.36	150.04	158.72	167.40
3200	128.00	136.96	145.92	154.88	163.84	172.80

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LOCATION OF AREA OFFICES

PERS Area and Field Offices	Counties Served			
Sacramento Area Office Resources Building, Room 1116 1416 9th Street P.O. Box 90111 Sacramento, CA 95809-0110 Telephone: (916) 322-5180 ATSS: 492-5180	Alpine Madera Shasta Amador Mariposa Sierra Butte Merced Siskiyou			
	Calaveras Modoc Stanislaus Colusa Mono Sutter El Dorado Nevada Tehama Fresno Placer Trinity Glenn Plumas Tulare Kings Sacramento Tuolumne Lassen San Joaquin Yolo Yuba			
	San Francisco Area Office 350 McAllister Street Room 3248 San Francisco, CA 94102 Telephone: (415) 557-0582 ATSS: 597-0582	Alameda Santa Clara Contra Costa Santa Cruz Del Norte Sonoma Humboldt Solano Lake San Mateo Marin Napa Mendocino San Benito Monterey San Francisco		
		Los Angeles Area Office State Building, Room 4005 107 South Broadway Los Angeles, CA 90012 Telephone: (213) 620-4430 ATSS: 640-4430	Kern Los Angeles San Luis Obispo Santa Barbara Ventura	
			San Diego Field Office State Building, Room 3012 1350 Front Street San Diego, CA 92101 Telephone: (619) 237-7653 ATSS: 631-7653	Imperial San Diego
				San Bernardino Field Office State Building, Room 214 303 West 3rd Street San Bernardino, CA 92401 Telephone: (714) 383-4431 ATSS: 670-4431
			Santa Ana Field Office 1140 W. Santa Ana Blvd. Suite 202 Santa Ana, CA 92703 Telephone: (714) 558-4604 ATSS: 657-4604	

COMMITTEE REPORT
SENATE

FURTHER:

3/24/86

Date 4/25/86

Mr. President

The Committee on FINANCE considered CSHB 382 (Fin) am

creating a retirement incentive program for state employees in the Public Employees' Retirement System and the Teachers' Retirement System; efd.

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 382 (Fin) ^{4/24/86}
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
@ DDA
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]

Rich Hayward

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

Paul Fitch NR

Co - [Signature]

Chairman

do pass

Chairman recommendation

Cramer ✓

A M E N D M E N T

Offered in the SENATE FINANCE COMMITTEE

By Eliason
& Kerittula

TO: SCS CSHB 382 (Finance)

Page 3, line 15, after "Alaska" insert:

"or a member of the Teacher's Retirement System other than
an employee of the University of Alaska;"

Page 3, line 19, after "System;" insert "and"

Page 3, lines 20 - 21, delete all material

Page 5, line 16, after "Alaska" insert:

"or a member of the Teacher's Retirement System other than
an employee of the University of Alaska"

Page 5, line 21, after "1987." through page 5, line 22,
delete all material

Adapted
4/25/86

SECTIONAL ANALYSIS FOR SCS FOR CS HOUSE BILL 382 (Fin)

An Act creating a retirement incentive program for members of the Public Employee's Retirement System and the Teacher's Retirement System and providing for an effective date

Section 1 PURPOSE

Because of declining revenues, it may be necessary for the State, local government and school districts to reduce their personnel costs. Therefore, a program encouraging voluntary retirement may reduce the hardship of layoffs and result in sufficient economies to offset the cost of awarding retirement credits.

Section 2 STATE EMPLOYEES

State agencies shall consider the potential savings of employee participation in a Retirement Incentive Program (RIP) before laying off workers. Each agency head shall designate groups of employees (members of either PERS or TRS) that are eligible to participate in RIP.

The Office of Management and Budget will then assess whether participation in the RIP program will result in overall savings to the agency. In other words, the savings in personnel costs must offset the costs of retirement incentives.

Eligible employees must be vested in either the Public Employees Retirement System or the Teacher's Retirement System and have been continuously employed since January 1, 1986. However, anyone that was laid off after December 31, 1985 may participate.

Section 3 OTHER EMPLOYEES IN THE PUBLIC EMPLOYEES RETIREMENT SYSTEM

This section allows local governments with employees in PERS the option of establishing a similar program.

Section 4 OTHER EMPLOYEES IN THE TEACHER'S RETIREMENT SYSTEM

This section allows local school districts with employees in TRS the option of establishing a similar program.

Section 5 PROGRAM REQUIREMENTS

Applications for participation in RIP will be accepted if a vested employee (by adding the 3 additional years)

qualifies to retire on or before the following dates:

- 1) October 1, 1987 for state employees;
- 2) January 1, 1988 for University of Alaska employees;
- 3) April 1, 1988 for local government employees and classified school district employees;
- 4) July 1, 1988 for teachers.

State agencies shall reimburse the retirement system for the costs of each employee participating in RIP. The amount is determined by the difference between what the member receives after the RIP benefit over what he or she would have received without the program less the additional employee contribution mandated in this bill.

Each agency shall pay an appropriate share of the administrative costs of the program.

Employees taking advantage of the Retirement Incentive Program shall receive three years retirement credit to be applied in the following order:

- 1) to reduce age or service required for eligibility for normal retirement currently at 55 or early retirement which is currently at 50;
- 2) to increase the retirement benefit of the employee to lessen the impact of early retirement;
- 3) as years of credited service for calculating the retirement benefit;
- 4) or a combination of all of the above.

Employees taking advantage of RIP are required to contribute to the cost by paying the retirement system 3 times their retirement contribution rate times their annual compensation rate. Employees are given the option of paying off the indebtedness or taking an actuarial reduction in benefits.

Persons that take advantage of RIP and then decide to return to a job which enrolls them in PERS or TRS would lose the incentive credits previously obtained. In addition, they would be indebted to the system in an amount equal to 110% of what they receive as well as health insurance costs.

Employees could apply and be eligible for the Retirement

Incentive Program between the following dates:

- 1) State employees, July 1, 1986 to October 1, 1987;
- 2) University employees, October 1, 1986 to September 30, 1987;
- 3) Classified school district employees, January 1, 1987 and December 31, 1987;
- 4) Teachers, April 1, 1987 and March 31, 1988.

State employees that were previously employed by a municipality before they were a part of PERS may claim that credit.

Section 6 OFFICE OF MANAGEMENT AND BUDGET

State agencies shall provide OMB with all the necessary information regarding employee participation in the Retirement Incentive Program. OMB will report to the Legislature in January of 1987 and 1988 regarding the impact of RIP on state operation and personnel costs.

Section 7 DEFINITIONS

Current statute definitions of teachers enrolled in TRS and state employees enrolled in PERS are used in this bill.

Section 8

Any member that submits a timely application for participation in RIP shall be considered eligible notwithstanding the repealer date of April 1, 1988.

Section 9

This law is repealed April 1, 1988.

Section 10

This act takes effect immediately.

4/19/86 Adopted CS (Fin)
Ferguson Amend. Adopted
KerHula Amend. Adopted

4/19/86
Sackitt 3-
H
H

WORK DRAFT 4/24/86 Humphrey amendment Adopted p. 2 letter 4/22/86 WORK DRAFT
Eliason → 2 2 5(d) —
Humphrey p. 4 insert (repealed by 9) Cramer 4/18/86 ✓

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

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) A participant in the retirement incentive program receives a
11 credit of three years. The three years must be applied in the following
12 order

13 (1) to reduce the age or service required for eligibility for
14 normal retirement or the age required for eligibility for early retirement
15 under AS 14.25.110, AS 39.35.370, or 39.35.385;

16 (2) to reduce the actuarial adjustment required for early re-
17 tirement;

18 (3) as years of credited service, ^{from Dec 1, 1986} for calculating retirement
19 benefits; or

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

21 (c) A participant in the retirement incentive program is indebted to
22 the system. For a member in the Public Employees' Retirement System, the
23 amount of the indebtedness is 15 percent for a peace officer or fireman, or
24 12 and three-quarters percent for other members, of the member's actual
25 annual compensation, or the calculated annual compensation for a member who
26 works fewer than 12 months, for the calendar year in which the member
27 terminates employment to participate in the program. For a member in the
28 Teachers' Retirement System, the amount of indebtedness is 21 percent of
29 the member's actual compensation for the school year, or the calculated

1 school year compensation for a member who works less than the entire school
2 year, for the school year in which the member terminates employment to
3 participate in the program. An outstanding indebtedness at the time a par-
4 ticipant is appointed to retirement shall necessitate an actuarial adjust-
5 ment to the benefits payable.

6 (d) If a participant in the retirement incentive program is reem-
7 ployed as a member of the Public Employees' Retirement System under AS 39.-
8 35 or the Teachers' Retirement System under AS 14.25 after appointment to
9 retirement under the program, the participant loses the incentive credit
10 received under (b) of this section and is indebted to the system. The
11 amount of the indebtedness is equal to 110 percent of the amount the par-
12 ticipant received as a result of participation in the program for which the
13 participant was not otherwise entitled, including the cost of health insur-
14 ance. The participant is entitled to a credit to be applied against the
15 reemployment indebtedness in the amount the participant has paid under (c)
16 of this section. Interest accrues on the indebtedness at the rate estab-
17 lished by regulation from the date of reemployment until the member is
18 appointed to retirement and accepts an actuarial adjustment to the member's
19 future benefits or until the amount is paid in full.

20 (e) A member who wishes to participate shall apply on a form provided
21 by the administrator. A member may not apply for participation in the
22 retirement incentive program unless the member is employed in a position in
23 a designated organizational unit. A state employee other than an employee
24 of the University of Alaska may apply for participation in the program
25 until June 30, 1987. An employee of the University of Alaska may apply for
26 participation in the program between October 1, 1986, and September 30,
27 1987. Other members of the Public Employees' Retirement System may apply
28 for participation in the program between January 1, 1987, and December 31,
29 1987. Other members of the Teachers' Retirement System may apply for

1 participation in the program between April 1, 1987, and March 31, 1988.

2 (f) Notwithstanding other provision of law, a vested member who is a
3 state employee may receive credit for municipal employment before the
4 municipality became an employer under the system for purposes of determin-
5 ing eligibility for retirement under AS 14.25.110 or AS 39.35.370. The
6 member may not receive credit under this subsection for those years for
7 purposes of determining benefits. *Ferguson insert*

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

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

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

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

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

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

28 * Sec. 7. DEFINITIONS. The definitions set out in AS 14.25.220 apply
29 to this Act for members of the Teachers' Retirement System. The

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definitions set out in AS 39.35.680 apply to this Act for members of Public Employees' Retirement System.

* Sec. 8. A member who is eligible under secs. 2 - 5 of this Act who has submitted a timely application for participation in the retirement incentive program may be considered for participation in the program notwithstanding sec. 9 of this Act.

* Sec. 9. Sections 1 - 7 of this Act are repealed July 1, 1988.

* Sec. 10. This Act takes effect immediately in accordance with AS 010.070(c).

SFC-86
4/19/86
Adopted

SCS CSHB 382 (FIN)

TO : Robanne
Rep Duncan's Office

FROM John Logan
Retirements

SUBJECT HB 382 DATE 4/17/86

MESSAGE

We're opposed to allowing employees to use non-PERS/TRS service credit to qualify in the program, but if it is going to be added, we'd like to see the following sentence included at the end of the paragraph:

"In order for an employee to receive credit under this subsection, the state agency must show that the employee's participation in the program will contribute to the overall savings of that agency."

thanks,
John

SIGNED

Amendment
By Ferguson

Pg. 6, Line 7
Add the word
"benefits." Insert:



SCS-86

4/19/86

[Signature]

4-19-86

PROPOSED AMENDMENT TO SCS CSHB-382 (FINANCE) BY KERTTULA

Page 4, after line 20, add a new subsection to read:

"(C) Only service credit for employment rendered to an employer under AS 14.25 or AS 39.35 may be used to qualify a participant for retirement under the retirement incentive program."

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-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers 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 17, 1986

The Honorable Jay Kerttula
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

APR 18 1986

Dear Senator Kerttula:

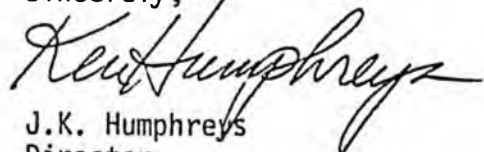
At the Senate Finance Committee hearing on House Bill 382 on April 14, 1986, you expressed concern that members of the retirement systems could qualify for retirement under the bill by using credit for service not actually rendered in the systems, e.g., military service, outside teaching, etc. Because the bill already provides that members must be vested, the only way a member could use such service to meet the requirements for retirement under the bill would be in the instance of service retirements ("30 and out" in the PERS and "25 and out" and the "20 and out" with combined membership and Alaska BIA service in the TRS). The following amendment would preclude that from happening.

Draft SCS CSHB 382 (Finance) Page 4, after line 17, add a new subsection to read:

"(C) Only service credit for employment rendered to an employer under AS 14.25 or AS 39.35 may be used to qualify a participant for retirement under the retirement incentive program."

The division would have no objection to this amendment. If you have other concerns about the bill, I will be happy to work with you on them.

Sincerely,


J.K. Humphreys
Director

JKH/JAL/cam/4

cc: The Honorable Jan Faiks
Chairperson, Senate Finance Committee
Alaska State Legislature

The Honorable Jim Duncan
Representative
Alaska State Legislature

Mike McMullen, Special Assistant
Department of Administration

Cramer
4/12/86

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
17 agencies and other employers resulting from the award of retirement credits
18 and 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

074170

Cramer
4/12/86

*Outdated
SCS*

M.M. Miller,
et al

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 382 (Finance)

LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

* Sec. 2. STATE EMPLOYEES. (a) Before a state agency lays off employees, the executive head of the agency shall consider the potential savings in personal services costs from the agency's participation in the retirement incentive program. The agency head may designate organizational units composed of members of the Public Employees' Retirement System or the Teachers' Retirement System who are eligible to participate in the retirement incentive program. The administrator shall approve a designated organizational unit if the Office of Management and Budget certifies that participation in the program by the unit will result in a savings to the 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 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; and

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

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

25 (i) the actuarial equivalent of the difference between
26 the benefits the member receives after the addition of the re-
27 tirement incentive under this section and the amount the member
28 would have received without the incentive less the amount the
29 participant has paid on the indebtedness determined under (c) of

1 this section; and

2 (ii) an appropriate share of the administrative costs
3 of the program; and

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

7 (b) A participant in the retirement incentive program receives a
8 credit of three years. The three years must be applied in the following
9 order

10 (1) to reduce the age or service required for eligibility for
11 normal retirement or the age required for eligibility for early retirement
12 under AS 14.25.110, AS 39.35.370, or 39.35.385;

13 (2) to reduce the actuarial adjustment required for early re-
14 tirement;

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

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

18 (c) A participant in the retirement incentive program is indebted to
19 the system. For a member in the Public Employees' Retirement System, the
20 amount of the indebtedness is three multiplied by the member's contribution
21 rate under AS 39.35.160 and that number multiplied by the member's actual
22 annual compensation, or the calculated annual compensation for a member who
23 works fewer than 12 months, for the calendar year in which the member
24 terminates employment to participate in the program. For a member in the
25 Teachers' Retirement System, the amount of indebtedness is three multiplied
26 by the member's contribution rate under AS 14.25.050 and that number multi-
27 plied by the member's actual compensation for the school year, or the
28 calculated school year compensation for a member who works less than the
29 entire school year, for the school year in which the member terminates

1 employment to participate in the program. An outstanding indebtedness at
2 the time a participant is appointed to retirement shall necessitate an
3 actuarial adjustment to the benefits payable.

4 (d) If a participant in the retirement incentive program is reem-
5 ployed as a member of the Public Employees' Retirement System under
6 AS 39.35 or the Teachers' Retirement System under AS 14.25 after appoint-
7 ment to retirement under the program, the participant loses the incentive
8 credit received under (b) of this section and is indebted to the system.
9 The amount of the indebtedness is equal to 110 percent of the amount the
10 participant received as a result of participation in the program for which
11 the participant was not otherwise entitled, including the cost of health
12 insurance. The participant is entitled to a credit to be applied against
13 the reemployment indebtedness in the amount the participant has paid under
14 (c) of this section. Interest accrues on the indebtedness at the rate
15 established by regulation from the date of reemployment until the member is
16 appointed to retirement and accepts an actuarial adjustment to the member's
17 future benefits or until the amount is paid in full.

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

28 * Sec. 6. OFFICE OF MANAGEMENT AND BUDGET. (a) When designating an
29 organizational unit for participation in the retirement incentive program,

1 the executive head of a state agency shall provide the Office of Management
2 and Budget with information that describes with particularity the expected
3 effect of participation in the program on the agency's personal services
4 cost and operation by employees in the unit.

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

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

12 * Sec. 7. DEFINITIONS. The definitions set out in AS 14.25.220 apply
13 to this Act for members of the Teachers' Retirement System. The defi-
14 nitions set out in AS 39.35.680 apply to this Act for members of the Public
15 Employees' Retirement System.

16 * Sec. 8. A member who is eligible under secs. 2 - 4 of this Act and
17 who has submitted a timely application for participation in the retirement
18 incentive program may be considered for participation in the program not-
19 withstanding sec. 9 of this Act.

20 * Sec. 9. Sections 1 - 7 of this Act are repealed April 1, 1988.

21 * Sec. 10. This Act takes effect immediately in accordance with AS 01.-
22 10.070(c).

RECEIVED APR - 7 1986

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

POUCH C (MS 0200)
JUNEAU, ALASKA 99811
PHONE: (907) 465-2200

OFFICE OF THE COMMISSIONER

April 3, 1986

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

Dear Madam Chairman:

Since House Bill 382 is moving rapidly through the legislature with wide support and is scheduled for hearing in your committee next week, I would like to provide some advance comments concerning possible amendments to the bill.

As you know, there has been considerable interest in the possibility of including municipalities and school districts in HB 382. While we do support HB 382 and feel that it will be appropriate to include these other entities in the future, I would like to point out some of the reasons why we feel strongly that the coverage of the bill should not be extended at this time.

Although a considerable amount of staff effort has been expended in an attempt to determine the actual impact of the bill, we are still in the process of identifying and developing remedies for the pitfalls that will be encountered when the bill becomes law and we must administer it. Administering the program for state employees only for the first year will allow the department and the legislature to learn from the mistakes that have been made and then include non-state employees with appropriate adjustments in the program to accommodate them.

We know that a great deal of extra staff time and effort will be required to administer this program with the approximately 2400 employees who are potentially eligible as the bill stands now. To increase that number of potential retirees by a factor of two or three by including non-state employees would exceed our ability to provide the necessary counseling to individuals and agencies and process the retirement documents. Even with the use of project employees funded by the program, additional fully trained staff would not be immediately available. A stampede situation must be avoided when the program is still untried. The only drawback to waiting is the relatively short delay itself. By January 1987, at the time that the Office of Management and Budget must report to the

legislature on the bill, there should be sufficient experience gained in the program's administration to allow an informed decision as to changes that should be made along with the inclusion of employers other than the state early in the 1987 session.

Even under the current version of HB 382, the Division of Retirement and Benefits will be hard pressed to properly administer the program with so little lead time since eligible employees can be placed on retirement immediately. The likelihood of errors will increase sharply in the rush to retire employees on time, and more than likely, some retirement checks will still be late.

In addition there are several amendments we wish to propose. The Division of Retirement and Benefits has received numerous inquiries on HB 382 regarding its interpretation and application, which convinces me that a loophole and a considerable amount of misunderstanding exist as a result of the current language in the bill. If there is misunderstanding now, there most certainly will be once the bill becomes law. The problem is that the existing language would allow for an agency to help a "favored employee" qualify for the Retirement Incentive Program (RIP) by allowing his or her job classification to piggy-back on the savings being realized by another classification in the same designated unit even though the inclusion of the "favored employee's" job classification does not contribute to the overall cost savings of the unit. Following is proposed language which should preclude that from happening, maximize cost savings, facilitate the administration of the RIP, and further the stated purpose of the bill.

Section 2 subparagraph (a) should be changed to read:

"Section 2. RETIREMENT INCENTIVE PROGRAM. (a) Before a state agency lays off employees, the executive head of the agency shall consider the potential savings in personal services costs from the agency's participation in the retirement incentive program. The executive head of the agency may designate organizational units composed of members of the Public Employees' Retirement System or the Teachers' Retirement System in the agency eligible to participate in the retirement incentive program. The administrator shall approve a designated organizational unit if the Office of Management and Budget certifies that participation in the program by the organizational unit will result in a savings to the agency in personal services costs and that the designation is valid. In order to be valid, a designated organizational unit may not include representatives from a job classification unless their inclusion contributes to the overall cost savings."

To be consistent with this change, the word "classification" on lines 28 and 29 of page 1 and lines 3 and 4 of page 2 should be changed to read "organizational unit".

Lines 12 through 16 on page 2 should be changed to read:

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

(A) requires the agency to reimburse the system for each member who is retired within three years after the end of the fiscal year in which that member is appointed to retirement in an amount equal to"

This change makes it clear that an agency is expected to sign a single agreement with the system prior to the beginning of participation of each designated unit, not an agreement for each employee who retires. It also allows the agency a full three fiscal years to make repayment.

Change the phrase "to employment with an employer" on lines 7 and 8 of page 3 to "as a member of the Public Employees' Retirement System under AS 39.35 or the Teachers' Retirement System under AS 14.25"

This change is necessary to make it clear that the subparagraph (e) will apply to participants in the retirement incentive program if they return to employment in either system.

Line 9 on page 3 should be changed to read:

"... is indebted to the system in an amount equal to 110% of what the participant received as a ..."

This should insure that sufficient disincentive will exist to preclude most employees from taking advantage of the RIP and then returning to covered employment at a later date and be no worse off than if they had taken out a relatively low interest loan.

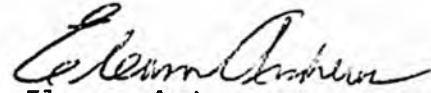
Senator Jan Faiks

-4-

April 3, 1986

Thank you for your consideration. My staff will be happy to provide further information or discuss the bill at your convenience.

Sincerely,




Eleanor Andrews
Commissioner

EA/JAL/cam/1

cc: The Honorable Jim Duncan
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Ski Olsonoski
Deputy Commissioner
Department of Administration

J.K. Humphreys
Director
Division of Retirement and Benefits
Department of Administration

JFC-86
4/25/86
For
Intro. 

WORK DRAFT

WORK DRAFT

WORK DRAFT

14-2061
Cramer
4/10/86 ✓

1 IN THE SENATE BY THE FINANCE COMMITTEE
 2 SENATE CONCURRENT RESOLUTION NO.
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
 4 FOURTEENTH LEGISLATURE - SECOND SESSION
 5 Suspending Uniform Rules 41(b), 24(c),
 6 and 35 of the Alaska State Legislature
 7 concerning House Bill No. 382.

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

9 That under Rule 54 of the Uniform Rules of the Alaska State Legisla-
 10 ture the provisions of Rule 41(b) of the Uniform Rules and the provisions
 11 of Rule 24(c) and Rule 35, regarding changes to the title of a bill, are
 12 suspended in consideration of House Bill No. 382, relating to a retirement
 13 incentive program.

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B

POSITION PAPER

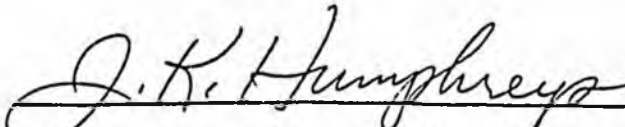
Draft CS HB 382 (Finance)

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.

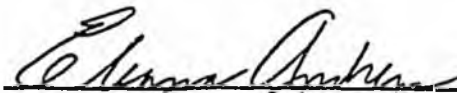


J.K. Humphreys, Director, Division of Retirement & Benefits

20

2/26/86

Date



Eleanor Andrews, Commissioner, Department of Administration

2/26/86

Date

Offered: 2/28/86
Referred: Rules

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

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

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

27 (b) A vested member in the Public Employees' Retirement System who is
28 in a designated classification on the date the agency head designates the
29 classification and who has been continuously employed with the state since

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

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

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

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

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

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

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

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

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

29 (1) to reduce the age or service required for eligibility for

1 normal retirement or the age required for eligibility for retirement under
2 AS 14.25.110, AS 39.35.370, or 39.35.385;

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

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

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

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

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

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

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

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

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

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

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

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

14 * Sec. 7. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

5/3/85

Date: 5-8-85

The Committee on FINANCE has had HB 383

"An Act relating to the recoupment conveyance for land at Illinois Creek; 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 383 (100) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

Ronald J. [Signature]

[Signature]

[Signature]

[Signature]

[Signature]

CHAIRMAN

**STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: CS HB 383
 Title: Illinois Creek

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC

Sponsor: Szymanski
 Requestor: _____
 Date of Request: _____

BRU, Program or Subprogram(s) Affected:
Land and Water Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact

Prepared By: Mike Vediner
 Division: Land and Water Management

Phone: 465-2400
 Date: April 30, 1985

Approved by Commissioner: Norm D Arnold, Deputy
 Agency: Natural Resources

Date: April 30, 1985

Distribution (by Agency preparing fiscal note):

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

7/1/84

Offered: 5/3/85
Referred: Finance

Original sponsor: Szymanski

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2

CS FOR HOUSE BILL NO. 383 (Resources)

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 the recoupment conveyance for
7 land at Illinois Creek; and providing for an effec-
8 tive date."

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

10 * Section 1. PURPOSES AND FINDINGS. (a) The purposes of this Act are
11 to permit the state to recoup certain land selection rights provided for in
12 sec. 606(d)(6) of Public Law 97-468, to realign the ownership of land as
13 between the state, Cook Inlet Region, Inc., and the United States in order
14 to

15 (1) facilitate land management;

16 (2) create private land ownership patterns that encourage
17 mineral development in appropriate areas;

18 (3) facilitate implementation of the Alaska Native Claims Set-
19 tlement Act; and

20 (4) assure maximum public benefit from selections made under the
21 Alaska Statehood Act.

22 (b) The legislature finds that the recoupment conveyance of land at
23 Illinois Creek is a matter of statewide significance, is in the general
24 public interest, and will accomplish the purposes intended.

25 * Sec. 2. APPROVAL OF TRANSFER. (a) In return for the recoupment of
26 selection rights under the Alaska Statehood Act and other consideration
27 described in the "Out of Region Settlement" dated November 18, 1982, be-
28 tween the Cook Inlet Region, Inc. and the state, the commissioner of
29 natural resources may convey the following described land to the United

1 States for reconveyance to Cook Inlet Region, Inc.:

2 (1) Township 15 South, Range 6 East, Kateel River Meridian

3 Sections 11 - 14

4 Sections 23 - 25

5 (2) Township 15 South, Range 7 East, Kateel River Meridian

6 Sections 17 - 20

7 Sections 29 - 30

8 (3) Township 16 South, Range 4 East, Kateel River Meridian

9 Sections 1 - 2

10 Sections 11 - 14

11 Sections 23 - 27

12 Sections 34 - 36

13 (4) Township 16 South, Range 5 East, Kateel River Meridian

14 Sections 6 - 9

15 Sections 16 - 36

16 (5) Township 17 South, Range 4 East, Kateel River Meridian

17 Sections 1 - 3

18 Section 12

19 (6) Township 17 South, Range 5 East, Kateel River Meridian

20 Sections 1 - 12

21 (b) Notwithstanding AS 38.05.125, a conveyance by the commissioner of
22 natural resources under this section transfers all of the right, title, and
23 interest of the state in the land, including the subsurface mineral estate
24 as authorized by sec. 12(b)(11) of Public Law 92-204 as amended by sec.
25 606(d)(1) of Public Law 97-468.

26 (c) The commissioner of natural resources may grant those easements
27 described on a map entitled "Illinois Creek Recoupment Conveyance-1985."

28 * Sec. 3. WAIVER. AS 38.50 does not apply to a conveyance under sec.
29 2(a) of this Act.

1 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
2 10.070(c).

ILLINOIS CREEK RECOUPMENT CONVEYANCE

This fact sheet addresses the attributes of the proposed Illinois Creek Recoupment Conveyance. This conveyance is part of the overall implementation of the Out-of-Region portion of the 1976 Cook Inlet Land Exchange.

Proposal

The proposed legislation would convey approximately 43,000 acres of state patented land near Illinois Creek in western Alaska (see map) to Cook Inlet Region, Inc. (CIRI) in partial fulfillment of CIRI's Out-of-Region land entitlement. In return the State would receive (recoup) equivalent acreage selection rights from the federal government for lands elsewhere in Alaska, as well as other considerations cited below.

Benefits to the State

The State could select, acre for acre, better land:

- ANILCA Sec. 906 now permits an enlarged scope of state selection through "top filling" on federal withdrawals and Native overselections.
- New selections could be for lands unencumbered by mining claims and include lands with predominant surface values or oil and gas potential.
- The Illinois Creek lands do not possess any significant resource values presently under state control (the hard rock mineral rights have already been alienated from state ownership by claims filed four years ago by Anaconda, and it is questionable if these lands would be selected today by the State given the more sophisticated resource information base available).

These lands are already included in a 30-township pool of otherwise state selected lands which have been approved for transfer to CIRI by appropriate state agencies, and the requisite access and other public interests have been protected.

The State's sovereign authority to levy severance, income or other taxes, and to administer environmental controls, would not be affected by the conveyance.

CIRI would waive its nomination priority over future state land selections outside Cook Inlet Region, thus insuring the State an orderly fulfillment of its remaining Statehood entitlement.

CIRI would waive any claim to lands within the TAPS Corridor between the North Slope Borough and the Yukon River.

The conveyance would satisfy obligations of the State regarding fulfillment of a portion of CIRI's Out-of-Region entitlement, and would significantly move the State and CIRI nearer the end of the major implementation issues of the Cook Inlet Land Exchange.

Benefits to CIRI

CIRI and Anaconda have a working agreement which would significantly increase chances for development of the mineral resources to the economic benefit of both parties (Anaconda has already stated its strong support for the proposal in writing).

Other Considerations

The interests of local residents would be fully considered by terms of the original land exchange legislation which require CIRI to obtain certain approvals from local Native corporations before CIRI may obtain title to any lands outside its region.

Alaska Natives as a whole would benefit under the provisions of ANCSA Section 7(i) which requires that 70% of all revenues received by CIRI from mineral development be divided among all twelve regional Native corporations.

Local residents would benefit from the local Native hire provisions of the Anaconda/CIRI joint venture agreement.

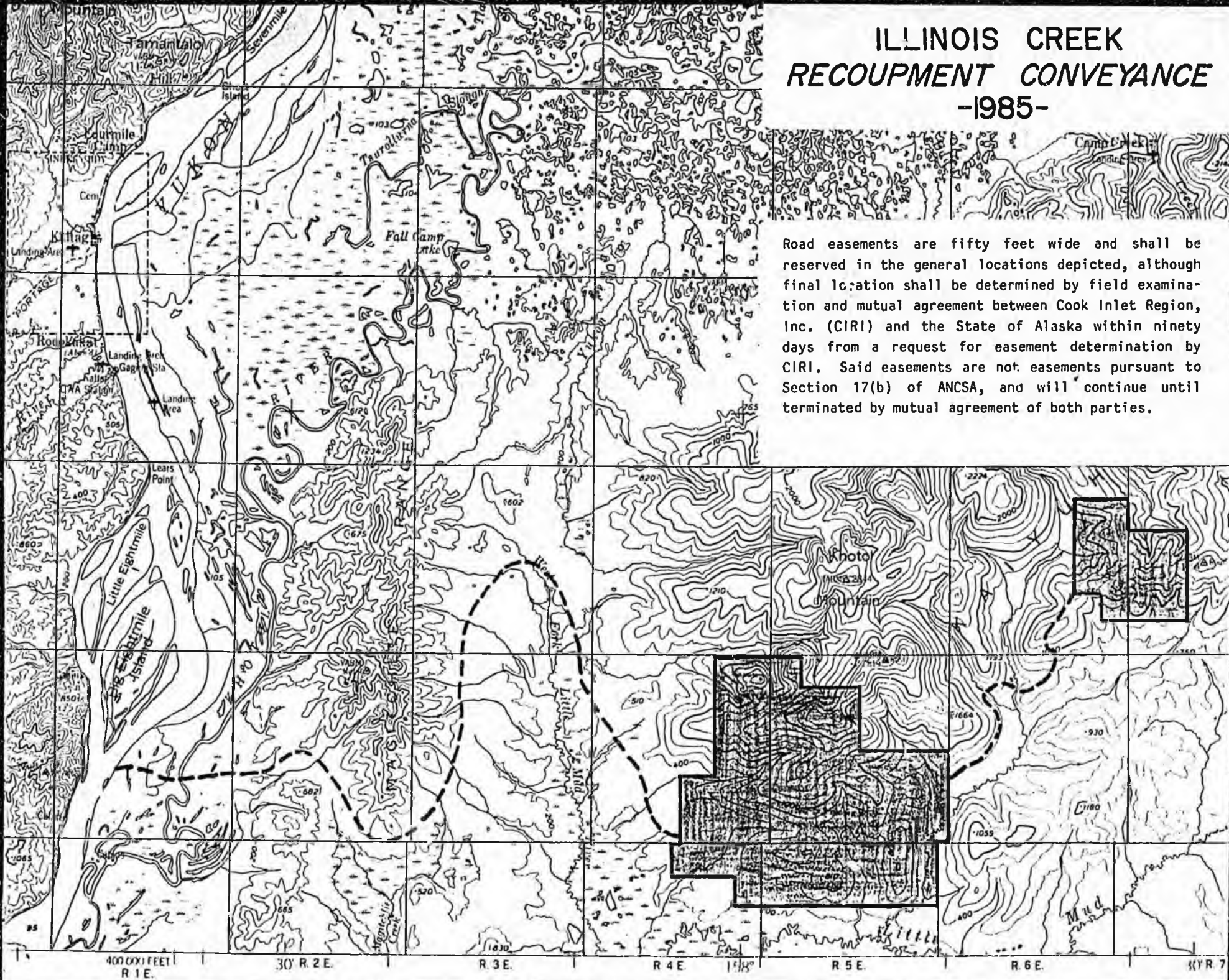
There are no other known mineral claimants on the proposed transfer lands. Still, CIRI has agreed in writing that any valid claimant shall have reasonable access to his or her claim and the complete enjoyment of all rights, privileges and benefits granted to such claim under state law.

Successful development of a major mine in interior Alaska would provide a big boost to the mining industry statewide.

Gana-A' Yoo, Ltd., the Village corporation representing the only populated areas near Illinois Creek, has expressed its support for the Recoupment Conveyance.

ILLINOIS CREEK RECOUPMENT CONVEYANCE -1985-

Road easements are fifty feet wide and shall be reserved in the general locations depicted, although final location shall be determined by field examination and mutual agreement between Cook Inlet Region, Inc. (CIRI) and the State of Alaska within ninety days from a request for easement determination by CIRI. Said easements are not easements pursuant to Section 17(b) of ANCSA, and will continue until terminated by mutual agreement of both parties.



VICINITY MAP

Illinois Creek

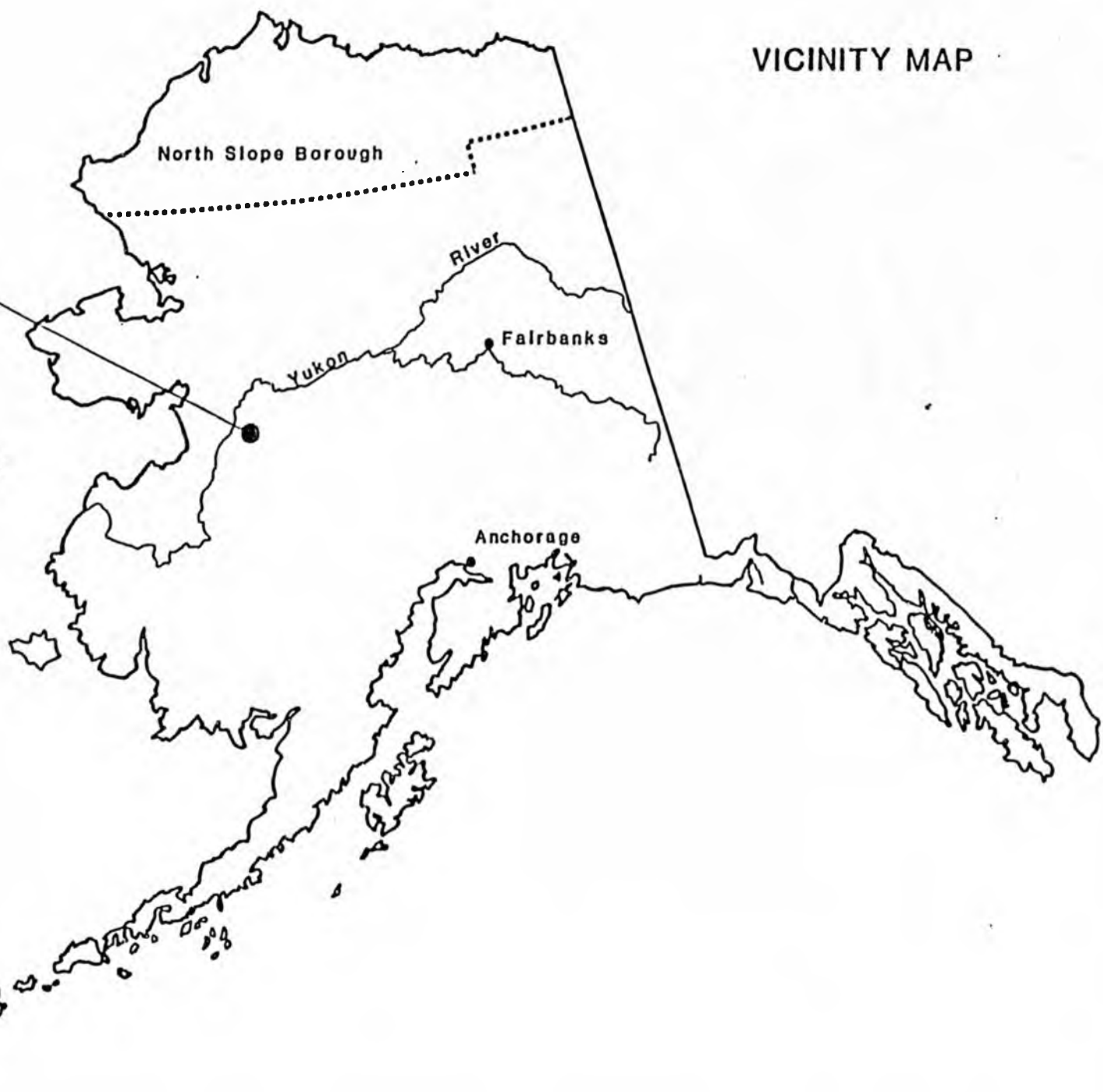
North Slope Borough

River

Yukon

Fairbanks

Anchorage



The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

The 1976 approval of the Terms and Conditions for Land Consolidation and Management in the Cook Inlet Region (hereafter "Terms and Conditions") by the Alaska State Legislature signaled the end of a protracted period of Native, State and federal disagreement, litigation and negotiation. Since that time, the parties have worked together closely and diligently to fairly implement the provisions of that very complicated legislation.

During the past 30 months, the Department of Natural Resources, with cooperation from other State agencies, has worked with Cook Inlet Region, Inc. (CIRI) and other interested parties to finalize one of the last major aspects of the Terms and Conditions document. This aspect is most logically described in two parts, as follows below.

First, at the end of 1982, the State and CIRI signed an agreement concerning their respective rights to select and receive certain federal land outside the boundaries of the Cook Inlet Region. Essentially, the agreement identified a pool of approximately 30 townships of State-selected land which CIRI could select to fulfill its remaining out-of-region land entitlement. In return, CIRI waived its blanket priority right of nomination over existing State-selected lands, thus allowing the State to prioritize and receive the remainder of its previous selections in an orderly and expedited manner. This agreement obviated the possibility that the parties might resort unnecessarily to the complex and unknown results of the "strike and select mechanism" set out in the Terms and Conditions document.

The Honorable Ben Grussendorf -2-

The second area of agreement, and the primary subject of this letter, concerns a proposal by CIRI that approximately 43,000 acres of its remaining out-of-region selection entitlement be fulfilled with State land located near Illinois Creek, approximately 50 miles southwest of the village of Galena, and 20 miles east of the Yukon River. However, because these lands are already patented to the State, and the transfer includes the subsurface estate (as authorized by federal law), I believe legislative authorization of this proposal would be appropriate. Therefore, in anticipation of legislative consideration of this proposal during the 1985 session, I would like to explain the key components of this proposal.

If authorized by enabling legislation, the State will transfer to CIRI approximately 43,000 acres of land in partial fulfillment of CIRI's out-of-region land entitlement. In return, the State will receive a full acre-for-acre recoupment of the lands through additional selection rights to be applied to other available federal lands. Also, CIRI will waive its priority rights over the State to nominate for its own selection any future State land selections, thus precluding the need for the State to subject itself to the aforementioned "strike and select" mechanism.

I believe legislative approval of this proposal is in the best interests of the State for the following reasons:

1. This land is already included in the 30-township pool of land which CIRI may select to fulfill its out-of-region entitlement as provided in the November 18, 1982, State/CIRI Out-of-Region Agreement. This means that these lands have already been reviewed for transfer to CIRI by appropriate State agencies, and the requisite access and other public interests have been addressed and protected. Other than hard-rock mineral values (lead, zinc, silver, gold) the Illinois Creek area is not known to possess any significant resource values.
2. The hard-rock mineral rights (which are CIRI's major interest) have already been completely alienated from State ownership by claims filed by Anaconda Mining Company. CIRI and Anaconda have a working agreement which will significantly increase the changes for development of the resource. Anaconda has already stated its support for the proposal in writing, and there are no other mining claimants in the area. The State's sovereign authority to levy severance, income or other taxes on mineral production would not be affected by implementation of the proposal.

The Honorable Ben Grussendorf -3-

3. CIRI's waiver of its nomination priority over future State land selections will ensure that State selections are not subject to competition from CIRI for fulfillment of the State's remaining statehood land entitlement.
4. CIRI will waive any claim to lands within the TAPS Corridor between the North Slope Borough and the Yukon River. This will enable the State to be the sole entity able to select land within this important interior transportation corridor.
5. The interests of the local people will be fully considered. By terms of the original exchange legislation, CIRI must obtain certain approvals from local Native corporations before they may obtain title to any lands outside of their region. Gana-a'Yoo, Ltd., the Galena village corporation closest to the Illinois Creek area, has already indicated in writing its support of this proposal.
6. It will move the State and CIRI near the end of the major implementation issues of the Terms and Conditions document.

In advocating legislative approval of this proposal, I wish to point out that it is doubtful that this land would be selected today by the State, given our more sophisticated natural resource information base and selection processes, and that the only known resource value (hard-rock minerals) has already been alienated from State ownership.

Legislative approval of the proposal will put behind us the vast majority of the many difficult implementation issues raised by the Terms and Conditions. Your timely and thoughtful consideration of the proposal is therefore appropriate and encouraged.

Sincerely,


Esther C. Wunnicke
Commissioner

cc: George Kriste, CIRI
John Shively, Governor's Office

bcc: Tom Hawkins, DLWM
Gary Gustafson, DLWM
Pedro Denton, Mining
Jim Barnett, Deputy Commissioner
Marlyn Twitchell, Governor's Office

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

May 1, 1985

The Honorable Richard Shultz
Co-Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Shultz:

Re: HB 383 - Illinois Creek Recoupment Conveyance

My staff and I have received a copy of the ten questions on HB 383 which were posed to you on May 1 by Resource Committee staff. Although several of these questions were discussed before the committee this morning by Gary Gustafson and myself, I am pleased to respond to each of the questions.

1. What are the resource values of the land being relinquished by the state (surface and subsurface)?

Preparatory to signing the November, 1982 Out-of-Region Agreement with CIRI, the department conducted a resource inventory analysis of the Illinois Creek land and also consulted with other state agencies. The Illinois Creek region is largely a mountainous area of treeless tundra east of the Yukon River. The surface resource values were determined to be relatively insignificant in comparison to other land statewide. The only natural resources identified as significant were hard rock minerals, particularly lead, zinc, silver and gold. The hard rock mineral resources were determined to be in the top 30 percent statewide by the department's 1978 Resource Assessment System inventory.

2. Why did the state select the lands originally if they do not possess any significant resource values presently?

The Illinois Creek area was selected as part of the massive 40 million acre state selections conducted in 1976 and 1977. In those days, it was commonplace for the state to select entire township blocks. This particular area was selected because it was one of the last available tracts near the Yukon River and mineral terranes were considered favorable.

May 1, 1985

3. What lands are available to the state in return and why won't these lands be available otherwise?

HB 383 allows the state to recoup another 43,000 acres of general grant selection rights which can then be applied between now and 1994 to any vacant, unappropriated and unreserved federal land in Alaska. There are currently about 35 million acres of federal land (managed by BLM) available for selection. In addition, it is likely that additional land, not presently selectable, will become available for selection before 1994. This could include land currently encompassed by Native overselections, excess military withdrawals and other archaic federal withdrawals, which might be revoked in the near future. In short, the state will have the opportunity to obtain replacement land for Illinois Creek of greater value and utility. These lands will be available otherwise, but the recoupment provision allows the state another 43,000 acres to use to select them.

4. What factors in the original Cook Inlet Land Trade caused the Out-of-Region Agreement between CIRI and the state?

This question was discussed and answered in my letter to you dated April 30, 1985.

5. What types of land did Cook Inlet Region and the state trade originally?

All kinds. The specific lands and values thereof are discussed at great length in the 1976 State-Federal Land Use Planning Commission Report on the Cook Inlet Land Trade which has been provided you under separate cover.

6. Why does Cook Inlet presently have a nomination priority over future state land selections outside Cook Inlet Region?

Section I.C.(1)(c) of the "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area" which was approved by Congress and the Alaska State Legislature, provides that any CIRI out-of-region land nomination "shall be superior to and take precedence over any state selection made after July 18, 1975". The vast majority of the state's pending land selections were filed after this date.

7. Why is there a waiver in this bill of AS 38.50 which requires legislative approval of land exchanges involving values over \$5 million?

Because HB 383 is not a land exchange. Rather, it allows the state to convey patented land back to the U.S. (for reconveyance to CIRI) in return for an equal acreage amount of new selections which can be applied elsewhere. The land thus conveyed to CIRI would occur pursuant to CIRI's entitlement under ANCSA.

8. Why are there no legal descriptions of the land being relinquished by this legislation?

Legal descriptions were provided at the committee hearing and the bill has now been amended to incorporate them.

9. What aspects of the Out-of-Region Agreement will CIRI be legally required to carry out if this legislation is enacted?

The only discretionary provision of the agreement is Section 7 - the Illinois Creek recoupment conveyance. This section was made discretionary because it required legislative approval. If HB 383 passes, the entire agreement must be implemented by CIRI and the state. The department has asked the Attorney General's Office (AGO) to review HB 383 so as to ensure that this is the case. The AGO has responded affirmatively.

10. DNR records show that at the time of state selection there were 457 unpatented federal mining claims filed within the 43,000 acres cited in this bill. What information is known about these claims and the resource value of this land?

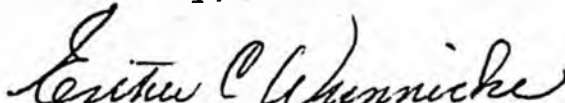
Actually, state records reveal the presence only of state mining claims on the 43,000 acres (filed entirely by Anaconda), not federal claims. According to the Division of Mining, these claims remain in good standing. Any transfer of the Illinois Creek land would occur subject to these claims. Also, it is my understanding that should this conveyance occur, Anaconda intends to relinquish its state claims in favor of a leasehold system with CIRI. As you know, the Anaconda Mineral Corporation is in strong support of this legislation.

May 1, 1985

I appreciated the opportunity to testify in support of HB 383 before the committee this morning. Department staff will also be present at tomorrow's committee meeting to discuss the bill and respond to further questions.

As you know, I also addressed the City of Anderson's land status situation in my April 30 letter. I would like to add that the department agrees to consult the City of Anderson should any land use application be submitted to the state in the adjacent area. Should Anderson be granted a municipal entitlement, you may count upon the department being responsive.

Sincerely,


Esther C. Wunnicke
Commissioner

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

April 30, 1985

The Honorable Richard Shultz
Co-Chairman
House Resources Committee
Pouch V
Juneau, AK 99811

Dear Representative Shultz:

In response to your recent questions concerning HB 383, my staff has forwarded your office several informational items. Other factual information should have arrived under separate cover from CIRI.

Following your discussion with Gary Gustafson last week concerning possible municipal entitlement land for the City of Anderson, he and his staff contacted BLM to obtain an update on land status. As you know, CIRI has recently relinquished its selections near Anderson, thereby removing the only competing interest to the existing state selection in the area. Unfortunately, the land desired by the city is still withdrawn by the military (PLO 1847 and PLO 547). These federal withdrawals bar the State's selection from attaching. However, the State requested the revocation of these withdrawals (as they apply to Sections 4, 5, 7, 8 with Township 7 South, Range 8 West, F.M.) some time ago, and just recently contacted BLM again to help facilitate their removal (attachment). As soon as BLM is able to revoke these withdrawals, the State's land selection will attach and the land will be conveyed to the State. The Anderson land is included on the State's land conveyance priority list for federal fiscal year 1985 (FFY 85). BLM has assured us that they should be able to expeditiously convey the land to the State as soon as the withdrawals are removed.

I would also like to explain the relationship of HB 383 to the 1976 Cook Inlet Land Trade. As you know, the Cook Inlet Land Trade, between the State, CIRI and United States, was debated at some length and ultimately approved by the Alaska State Legislature. One of its provisions allowed CIRI a 29.66 township land entitlement to be obtained from federal land (including state selected land) outside the Cook Inlet Region. CIRI is required to receive title to 10 townships of its out-of-region land entitlement in Alaska. The remainder can be converted to bidding "chits" (\$250/acre)

April 30, 1985

which, as authorized by federal law may be used to obtain surplus federal property in other states at public auction. Therefore, it is in the State's interest that CIRI convert as much of its out-of-region selection rights to "chits" as possible.

There is also a provision of the Cook Inlet Land Trade that could allow CIRI to nominate to BLM at least six times its remaining out-of-region land entitlement for possible conveyance. The BLM then approves from these nominations a pool of three times the remaining entitlement. Upon completion of the pool the State and CIRI commence a strike and select process which alternates until the final CIRI entitlement acreage is established. Obviously, this process is less than satisfactory for both parties.

In order to mutually agree upon which state selected lands would compose CIRI's out-of-region entitlement without having to resort to the above mentioned strike and select mechanism, the parties negotiated and signed the 1982 State/CIRI Out-of-Region Agreement. This agreement specifies and prioritizes those state selected lands which CIRI may receive. It also includes a provision whereby, subject to legislative approval, CIRI may obtain state patented land near Illinois Creek as part of its out-of-region entitlement. This arrangement is articulated in HB 383 and includes a recoupment provision for the State to recover its selection rights on an acre-for-acre basis and CIRI's agreement to waive any further selection rights of priority over future and existing state selections outside the areas specified in the agreement.

Last year the State implemented the first part of the agreement by relinquishing 98,000 acres of selections in the Farewell block to allow their conveyance to CIRI. This action alone makes up half of CIRI's required 10 township in-state conveyance requirement. The Illinois Creek recoupment conveyance would add another 43,000 acres (approximately 2 townships), leaving CIRI with less than 3 townships to obtain in-state.

A comprehensive briefing on this subject will require additional time. My staff will remain available as required to provide you with whatever information you see as useful to the Committee.

Sincerely,

Bob Arnold, Deputy
f Esther C. Wunnicke
Commissioner

Enclosure

April 29, 1985

Mike Penfold, State Director
Bureau of Land Management
701 C. Street, Box 13
Anchorage, AK 99513

Subject: F-44008

Dear Mr. Penfold:

The State of Alaska's land conveyance priority list (p. 2A) for federal fiscal year 85 (FFY 85) includes state selection F-44008 (Township 7 South, Range 8 West, F.M.) near Anderson. I am aware that your staff has previously been unable to convey this land to the state due to two factors: competing Cook Inlet Region, Inc. (CIRI) selections; and two military withdrawals (PLO 1847 and PLO 547).

Recently, CIRI relinquished its land selections near Anderson, thereby helping to facilitate the transfer of this land to the state. Unfortunately, however, the military withdrawals have not yet been removed. I therefore request your assistance to help expedite the removal of these excess military withdrawals as they apply to Sections 4, 5, 7 and 8. I am informed the withdrawal revocation process is underway. Conveyance of this land to the state will enable us to work directly with the City of Anderson to address its urgent need for land associated with community development activities. Thanks for your assistance.

Sincerely,

Tom Hawkins

Tom Hawkins
Director

COOK INLET LAND TRADE FACT SHEET

Background

Under the Alaska Native Claims Settlement Act the people of the Cook Inlet Region are entitled to 1,250,000 acres of land of "like and similar character" to their original sites. The Cook Inlet Basin, however, is the most highly developed part of the state. The federal government has limited suitable holdings in this area from which land might be selected since virtually all of the low-lying, habitable lands were patented to the state under the Statehood Act. So the Native people were offered an entitlement rich only in mountain tops and glaciers--hardly "like and similar in character" to the lands they inhabited for many centuries, nor within the intent and spirit of the Claims Settlement Act.

For almost three years the Cook Inlet Region tried to resolve its land problems through a series of discussions with the Secretary of Interior. When further negotiation proved futile, the Region sued the Secretary in federal court and the case remains there now on appeal.

The State of Alaska was not a party to any of these actions, nor did Cook Inlet make any claims on it. But it soon became evident that despite its lack of legal involvement, the state had a vital stake in the conflict. For instance, if the legal appeal mentioned above is decided in favor of Cook Inlet, there is a very good chance that substantial tracts of land in the Lake Chelatna and Tuxedni Bay areas, selected by the state in a 1972 agreement with the Interior Department, would become available for selection by the native region. And not only would the state's Lake Chelatna area be jeopardized, but all of the 75,000,000 acres transferred to Alaska under that agreement might be lost.

Cook Inlet also took its problems to Congress where support came immediately from Senator Henry Jackson and Representative Lloyd Meeds, both effective advocates of native affairs, who publicly pledged to see that Congress protects Cook Inlet's rights. Again the state saw its interests in possible jeopardy as Congress mentioned areas for consideration in settlement such as the Swanson River oil field.

Either solution--judicial or Congressional--could be made at the expense of the State of Alaska without its consent or participation.

The state, therefore, at the urging of the Alaska Delegation, became a party to renewed negotiations along with the Department of Interior and the native region. The proposed agreement, hammered out after more than eight months of give and take, and approved by Congress and the President, is now before the Alaska Legislature awaiting approval.