

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 890

FISCAL NOTE

BILL NO. SB 334

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: 1/28/92

Title: An act relating to the National Petroleum Reserve - Alaska special revenue fund.

Department Affected: Revenue

BRU: Operations

Component: Treasury Management

Sponsor: Senator Adams

Requestor: Senator Adams

Component Serial No.

0	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)


GENERAL FUND/Unrestricted						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS:

Prepared by: Brian C. Andrews 

Phone: 465-2350

Division: Treasury

Date: January 28, 1992

Approved by Commissioner: 

Agency: Revenue

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

SENATE BILL NO. 334

IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR ADAMS

Introduced: 1/13/92  
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the National Petroleum Reserve - Alaska special revenue fund; and  
2 providing for an effective date."

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

4 \* Section 1. PURPOSE. The purpose of this Act is to

5 (1) identify the funding source for appropriations from the National Petroleum Reserve - Alaska  
6 special revenue fund; and

7 (2) ratify past administrative practices of the Department of Revenue and the Department of  
8 Community and Regional Affairs relating to identification of the fund receipts that are the funding source  
9 for appropriations from the special revenue fund.

10 \* Sec. 2. AS 37.05.530 is amended by adding a new subsection to read:

11 (h) Notwithstanding other provisions of law and unless expressly provided by the  
12 legislature in the appropriation item making the appropriation, an appropriation from the National  
13 Petroleum Reserve - Alaska special revenue fund shall, for the purposes of determining the  
14 funding sources for the appropriation be treated as though the appropriation takes effect in the

1           fiscal year in which the appropriation passes the legislature. The authorization to expend funds  
2           appropriated from the fund shall take effect as otherwise provided by law.

3   \* Sec. 3. This Act is retroactive to May 31, 1986.

4   \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

# MEMORANDUM


STATE OF ALASKA  
DEPARTMENT OF REVENUE

To: Sam Thomas  
Finance Officer  
Department of Community & Regional Affairs

Date: June 28, 1991

Thru: Darrel Rexwinkel   
Deputy Commissioner, Treasury

Telephone: 465-2350

From: Brian C. Andrews   
Comptroller  
Treasury Division

Re: National Petroleum  
Reserve-Alaska (NPRA)

The National Petroleum Reserve-Alaska Special Revenue Fund (NPRA) has not been accurately accounted for due to numerous legal, legislative and administrative interpretations of monies due and from the fund. The Department of Revenue, per AS 37.05.230(d) is the manager of NPRA and is currently reviewing its potential funding capabilities. DOR hereby declares that all FY 92 expenditures for NPRA should not be executed until such time as we so advise. Thank you in advance for your adherence to this memo.

AS 37.05.530(b)

Agency's ResponseRecommendation No. 13

DOR should take action to meet its statutory mandate to manage the National Petroleum Reserve - Alaska (NPRA) special revenue fund. Necessary actions include: (1) correct accounting records, (2) request a supplemental appropriation and process interfund transfers to address NPRA fund insufficiency, and (3) institute controls to ensure the fund is appropriately accounted for and not over-extended in the future.

The Department of Revenue is in agreement with parts 1 and 3 of the recommendation. In September of this year the accounting records on AKSAS were brought into line after a complete review was conducted of all appropriations, encumbrances, and lapse of NPRA monies. This effort was assisted by Kim Garner of your office. The Finance Division of the Department of Administration completed in September the proper budgetary controls to assure that future NPRA funds are properly accounted for and not over-extended.

The Department of Revenue has established the following position on part 2 of the recommendation.

- \* The initial lapse in FY 87 to the Permanent Fund Corporation and to the Public School Fund was made according to an Attorney General's opinion from G. Thomas Koester in which he was specific in his determination of proceeds to the Permanent Fund Corporation and Public School Fund (see memo of September 24, 1987 to Sharon L. Barton, AG's file number 663-87-0003, entitled "Closing the books in Barrow v. State (NPRA Special Revenue Fund) -- Part II").

The Department of Revenue assures you that we are progressing on resolving the funding insufficiency issues of NPRA with appropriate legislation.

Recommendation No. 14

DOR, Child Support Enforcement Division (CSED), should improve its accounting control procedures to ensure that restricted revenues are accurately recorded in the State's accounting system.

Prior Finding

CSED did not properly accrue federal revenues earned under the Office of Child Support Enforcement grant at the close of FY 88 and FY 89 by \$417,704 and \$589,583, respectively. The lack of proper accruals resulted in a FY 89 understatement of revenues by \$171,879 and an understatement of accounts receivable by \$589,583.

We are encouraged by the results of these efforts. DOR has taken positions on most of the contentious issues which have complicated accounting for the fund. We recognize the department's authority to set policy within the law, and concur with the majority of their decisions. The notable exception is the calculation of the initial lapse in FY 87. DOR applied the lapse provision of AS 37.05.530(g) to the full \$50 million received from the federal government, rather than the \$32 million in the reconstituted NPRA fund.

DOR claims that a September 1987 memorandum from an assistant attorney general supports their calculation. We disagree. The memorandum does not address the \$50 million vs. \$32 million basis for the calculation. Rather, it specifically speaks to the \$1.5 million received during FY 87. Furthermore, the memorandum states that the calculation should be based on total NPRA receipts and that "all NPRA receipts are to be deposited in the NPRA Special Revenue Fund, AS 37.25.040(a)." Because the section cited excludes \$18 million deposited into the general fund, it is our opinion that the memorandum actually supports using \$32 million for the lapse calculation.

Aside from the entitlement under the lapse provisions of AS 37.05.530(g), Article IX section 15 of the Alaska Constitution dedicates at least 25% of all federal mineral revenue sharing payments to PF. Based on discussions with our legal counsel, we have determined that this constitutional requirement applies to total federal receipts under NPRA to the extent available after grants are considered.

Given the preceding, the FY 87 lapse which should have gone to PF is the greater of (1) 50% of \$32 million less \$13 million in NPRA grants, or (2) 25% of \$50 million. The greater of these entitles PF to \$12.5 million which is considerably less than the \$20 million actually transferred to PF from NPRA fund for the FY 87 lapse.

It is our position that PF received too much for the FY 87 lapse. As a result, PF owes the NPRA fund \$2.7 million and owes the general fund \$4.7 million. We recommend that DOR initiate interfund transfers to eliminate these payables and receivables.

In addition to the problems stemming from the FY 87 lapse, the NPRA fund has experienced further deficits in FY 89 - FY 91. These are attributable to DCRA grants exceeding federal revenues received in each of these years. We recommend that DCRA seek a supplemental appropriation of \$608,843 for these overexpenditures. DOR should work with DCRA to ensure that deficits of this type do not arise in the future.

Despite the problems remaining, it is our opinion that progress is being made. The comptroller of the Treasury spent substantial time analyzing the complexities of the NPRA fund. DOR has been working with Division of Finance to properly reflect all NPRA activity in the special revenue fund. We are encouraged by DOR's actions to date and hopeful that their efforts will ultimately result in proper accounting for NPRA activity. This will improve the department's ability to manage the fund in accordance with AS 37.05.530.

### Recommendation No. 13

DOR should take action to meet its statutory mandate to manage the National Petroleum Reserve - Alaska (NPR) special revenue fund. Necessary actions include: (1) correct accounting records, (2) request a supplemental appropriation and process interfund transfers to address NPR fund insufficiency, and (3) institute controls to ensure the fund is appropriately accounted for and not over-extended in the future.

### Prior Finding

Under PL 96-514, the State of Alaska receives one-half of the federal mineral revenues generated by competitive oil and gas leasing in NPR. The federal law allows these funds to be used for a wide range of activities but requires that priority in their use be given to subdivisions of the State most directly or severely impacted by oil and gas development leased under that Act.

These communities sued the State for not segregating these funds and for not establishing a mechanism by which they could apply to receive them. Following a March 1986 Superior Court judgment, the legislature passed chapter 53, SLA 1986. This chapter established the Department of Community and Regional Affairs (DCRA) as the state agency responsible for adopting regulations and administering the grants to alleviate the impact of oil and gas development in NPR. The legislation also reconstituted the NPR fund in light of the court decision.

Alaska Statute 37.05.530(g) requires that amounts received by the State under PL 96-514 and not appropriated as NPR impact grants lapse at the end of the fiscal year 50% to the Alaska Permanent Fund (PF), .5% to the public school fund, with the remainder lapsing to the general fund. In addition to this statutory lapse requirement and the grants administered by DCRA, the legislature has appropriated designated recipient grants to several departments using the NPR fund as the funding source.

All of these factors have made management of the NPR fund a complex task. The accounting records have never reflected the activity which AS 37.05.530 was intended to establish. The number of departments involved, coupled with inadequate DOR leadership, have resulted in inconsistent and inappropriate accounting as well as a negative unreserved fund balance.

### Legislative Audit's Current Position

As in previous years, substantial fieldwork was devoted to the NPR fund during the FY 90 statewide audit. Many meetings were held with DOR personnel, as well as with representatives of the Division of Finance and the Division of Legal Services. Following these meetings, calculations for properly presenting the NPR fund were drafted, reviewed, and redone under changing scenarios.

**NATIONAL PETROLEUM RESERVE - ALASKA  
ACTUAL ACCOUNTING TREATMENT**

**LAPSE CALCULATION**

FY	RECEIPTS	APPROP.	GRANTS	PERMANENT FUND	PUBLIC SCHOOL FUND	GENERAL FUND	NPRA FUND REVENUE	
83	34,802,130	0	0	17,401,065	174,011	17,227,054	0	
84	1,649,475	0	0	824,737	8,247	816,490	0	
85	10,911,172	0	0	5,455,586	0	0	5,455,586	
86	1,271,558	3,700,000	3,700,000	635,779	0	0	635,779	
87	1,514,727	2,155,000	2,155,000	0	0		1,514,727	
87 RECON.		24,499,400	7,240,237	(24,317,167)	(182,258)	0	24,499,425	NPRA PLUS RECEIPTS LESS GRANTS
<b>TOTAL</b>	<b>50,149,062</b>	<b>30,354,400</b>	<b>13,095,237</b>	<b>0</b>	<b>0</b>	<b>18,043,544</b>	<b>32,105,517</b>	
87 LAPSE				20,376,622	203,767	2,129,391	(22,709,780)	(3,699,500)
88	1,002,123	0	0	0	0	0	1,002,123	(2,697,377)
89	837,459	937,000	937,000	0	0	0	837,459	(2,796,918)
90	596,282	937,000	836,746	0	0	0	596,282	(3,037,382)
91	367,378	937,000 (1,982,000)	590,000 (1,982,000)	0	0	0	367,378 1,982,000	(3,260,004) (1,278,004)
<b>TOTAL</b>	<b>52,952,304</b>	<b>31,183,400</b>	<b>13,476,983</b>	<b>20,376,622</b>	<b>203,767</b>	<b>20,172,935</b>	<b>14,180,979</b>	<b>(1,278,004)</b>

**NATIONAL PETROLEUM RESERVE - ALASKA  
ACTUAL PROGRAM TREATMENT (SB 334)**

**LAPSE CALCULATION**

FY	RECEIPTS	APPROP.	GRANTS	LAPSE CALCULATION				NPRF FUND REVENUE
				PERMANENT FUND	PUBLIC SCHOOL FUND	GENERAL FUND		
83	34,802,130	0	0	17,401,065	174,011	17,227,054	0	
84	1,649,475	0	0	824,737	8,247	816,490	0	
85	10,911,172	0	0	5,455,586	0	0	5,455,586	
86	1,271,558	3,700,000	3,700,000	635,779	0	0	635,779	
87	1,514,727	2,155,000	2,155,000	0	0		1,514,727	
87 RECON.		24,499,400	7,240,237	(24,317,167)	(182,258)	0	24,499,425	NPRA PLUS RECEIPTS LESS GRANTS
<b>TOTAL</b>	<b>50,149,062</b>	<b>30,354,400</b>	<b>13,095,237</b>	<b>0</b>	<b>0</b>	<b>18,043,544</b>	<b>32,105,517</b>	
87 LAPSE				20,376,622	203,767	2,129,391	(22,709,780)	(3,699,500)
88	1,002,123	937,000	937,000	0	0	0	1,002,123	(3,634,377)
89	837,459	937,000	836,746	0	0	0	837,459	(3,633,664)
90	596,282	937,000	590,000	0	0	0	596,282	(3,627,382)
91	367,378	600,000 (1,982,000)	367,378 (1,982,000)	0	0	0	367,378 1,982,000	(3,627,382) (1,645,382)
<b>TOTAL</b>	<b>52,952,304</b>	<b>31,783,400</b>	<b>13,476,983</b>	<b>20,376,622</b>	<b>203,767</b>	<b>20,172,935</b>	<b>14,180,979</b>	<b>(1,645,382)</b>

Prepared by the Division of Legislative Audit on 2-3-92.

NOTE: The receipts column reflects actual NPRA receipts in the proper year. The appropriations and grants columns were treated by program managers as occurring in the same fiscal year as the receipts (as reflected in this table), when in fact, the actual appropriations and grant awards were for the subsequent fiscal year.

NATIONAL PETROLEUM RESERVE - ALASKA  
LEGISLATIVE AUDIT POSITION (with SB 334)

LAPSE CALCULATION								
FY	RECEIPTS	APPROP.	GRANTS	PERMANENT FUND	PUBLIC SCHOOL FUND	GENERAL FUND	NPRA FUND REVENUE	
83	34,802,130	0	0	17,401,065	174,011	17,227,054	0	
84	1,649,475	0	0	824,737	8,247	816,490	0	
85	10,911,172	0	0	5,455,586	0	0	5,455,586	
86	1,271,558	3,700,000	3,700,000	635,779	0	0	635,779	
87	1,514,727	2,155,000	2,155,000	0	0		1,514,727	
87 RECON.		24,499,400	7,240,237	(24,317,167)	(182,258)	0	24,499,425	NPRA PLUS RECEIPTS LESS GRANTS LESS LAPSE
<b>TOTAL</b>	<b>50,149,062</b>	<b>30,354,400</b>	<b>13,095,237</b>	<b>0</b>	<b>0</b>	<b>18,043,544</b>	<b>32,105,517</b>	
87 LAPSE				12,537,265	95,051	6,377,964	(19,010,280)	0
88	1,002,123	937,000	937,000	65,123	0	0	1,002,123	0
89	837,459	937,000	836,746	713	0	0	837,459	0
90	596,282	590,000	590,000	6,282	0	0	596,282	0
91	367,378	600,000 (1,982,000)	367,378 (1,982,000)	0	0	0	367,378 0	0 1,982,000
<b>TOTAL</b>	<b>52,952,304</b>	<b>31,783,400</b>	<b>13,844,361</b>	<b>12,609,383</b>	<b>95,051</b>	<b>24,421,508</b>	<b>(15,898,479)</b>	<b>1,982,000</b>

Prepared by the Division of Legislative Audit on 2-3-92.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

**NATIONAL PETROLEUM RESERVE - ALASKA  
LEGISLATIVE AUDIT POSITION (with SB 334)**

LAPSE CALCULATION								
FY	RECEIPTS	APPROP.	GRANTS	PERMANENT FUND	PUBLIC SCHOOL FUND	GENERAL FUND	NPRA FUND REVENUE	
83	34,802,130	0	0	17,401,065	174,011	17,227,054	0	
84	1,649,475	0	0	824,737	8,247	816,490	0	
85	10,911,172	0	0	5,455,586	0	0	5,455,586	
86	1,271,558	3,700,000	3,700,000	635,779	0	0	635,779	
87	1,514,727	2,155,000	2,155,000	0	0		1,514,727	
87 RECON.		24,499,400	7,240,237	(24,317,167)	(182,258)	0	24,499,425	NPRA PLUS RECEIPTS LESS GRANTS LESS LAPSE
<b>TOTAL</b>	<b>50,149,062</b>	<b>30,354,400</b>	<b>13,095,237</b>	<b>0</b>	<b>0</b>	<b>18,043,544</b>	<b>32,105,517</b>	
87 LAPSE				12,537,265	95,051	6,377,964	(19,010,280)	<b>0</b>
88	1,002,123	937,000	937,000	65,123	0	0	1,002,123	<b>0</b>
89	837,459	937,000	836,746	713	0	0	837,459	<b>0</b>
90	596,282	590,000	590,000	6,282	0	0	596,282	<b>0</b>
91	367,378	600,000 (1,982,000)	367,378 (1,982,000)	0	0	0	367,378 0	<b>0</b> <b>1,982,000</b>
<b>TOTAL</b>	<b>52,952,304</b>	<b>31,783,400</b>	<b>13,844,361</b>	<b>12,609,383</b>	<b>95,051</b>	<b>24,421,508</b>	<b>(15,898,479)</b>	<b>1,982,000</b>

Prepared by the Division of Legislative Audit on 2-3-92.

1987 FISCAL YEAR END LAPSE CALCULATION		
	ACTUAL CALCULATION	LEGISLATIVE AUDIT RECALCULATION
Receipts thru FY 87	50,149,062	50,149,062
less: GF Deposits	(18,043,545)	(18,043,545)
NPRA Balance: FYE 87	32,105,517	32,105,517
less: Grants	note <sup>1</sup>	(3,700,000)
	(2,155,000)	(2,155,000)
	(7,240,237)	(7,240,237)
Available for Lapse <sup>2</sup>	22,710,280	19,010,280
Lapse: Permanent Fund	(20,376,622) <sup>3</sup>	(12,537,265) <sup>4</sup>
Lapse: Public School Fund	(203,767)	(95,051) <sup>5</sup>
Lapse: General Fund	(2,129,391)	(6,377,964)

Prepared by the Division of Legislative Audit on 2-3-92.

- <sup>1</sup> The original lapse calculation did not consider the 3,700,000 appropriated in FY 86 as municipal grants with an NPRA funding source as impacting the fund.
- <sup>2</sup> The effect of note 1 is that, per our calculation, the actual lapse out of the NPRA fund was 3,700,000 more than available; the difference between 22,710,280 and 19,010,280. This put the NPRA Fund in a deficit from the beginning.
- <sup>3</sup> The amounts highlighted below are the actual amounts lapsed. Actual percentage calculation is slightly different.

Receipts	50,149,062	
less: grants	(2,155,000) (7,240,237)	
Subtotal	40,753,825	
X	50%	.5%
Lapse	20,376,622	203,767
Fund	Permanent Fund	Public School Fund

- <sup>4</sup> Our recalculation is based on discussions with the Division of Legal Services. Accordingly, the Permanent Fund is entitled to the greater of 25% of the total receipts as long as it does not impair the grants or 50% of the after-grant amount available to lapse. Therefore, the Permanent Fund is entitled to 12,537,265 (25% of 50,149,062).
- <sup>5</sup> The Public School Fund is entitled only to .5% of the amount "Available for Lapse" which equals 95,051 (.5% of 19,010,280).

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DOCUMENTS WHICH HAVE NOT BEEN  
FILMED BUT ARE AVAILABLE IN THE  
ORIGINAL FILE INCLUDE:

→ DEPT. OF Community and Regional Affairs Jan. 1992  
National Petroleum Reserve - Alaska  
Impact Mitigation Program

**SB335**



FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 335AM

Revision Date: \_\_\_\_\_ Department Affected: HEALTH & SOCIAL SVS  
 Title: Governor's Council for the BRU: Community Dev. Disabilities Grants  
Handicapped & Gifted & definition of  
developmentally disabled Component: Community DD Grants  
 Sponsor: Sen. Duncan  
 Requestor: House Finance Committee COMPONENT SERIAL NO. 

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
see attached analysis

Prepared By: Co-Chair Eileen MacLean *Eileen P. MacLean* Phone: 465-4833  
Co-Chair Mike Navarro *Mike Navarro* Phone: 465-3779  
 Division: House Finance Committee Date: Feb. 26, 1992

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

## SENATE BILL NO. 335 am

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATORS DUNCAN, Uehling, Rodey, Pourchof, Sturgulewski, Collins, Craft

Amended: 1/27/92

Introduced: 1/13/92

Referred: Health, Education and Social Services

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to the Governor's Council for the Handicapped and Gifted and the  
 2 definition of 'developmentally disabled'."

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

4 \* Section 1. AS 47.80.030 is amended to read:

5           Sec. 47.80.030. GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL  
 6 EDUCATION [FOR THE HANDICAPPED AND GIFTED]. There is established the  
 7 Governor's Council on Disabilities and Special Education [FOR THE HANDICAPPED AND  
 8 GIFTED]. For budgetary purposes, the council is located within the Department of Health and  
 9 Social Services but is the interdepartmental planning and coordinating agency of the Department  
 10 of Health and Social Services, the Department of Education, and other departments that deliver  
 11 services to persons who are [HANDICAPPED OR] gifted or experiencing a disability. In  
 12 addition, the council is the state planning council and interagency coordinating council for  
 13 purposes of federal laws relating to persons who are [THE HANDICAPPED OR] gifted or  
 14 experiencing a disability.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 335AM

Revision Date: \_\_\_\_\_ Department Affected: HEALTH & SOCIAL SVS  
 Title: Governor's Council for the BRU: Community Dev. Disabilities Grants  
Handicapped & Gifted & definition of  
developmentally disabled Component: Community DD Grants  
 Sponsor: Sen. Duncan  
 Requestor: House Finance Committee COMPONENT SERIAL NO. 

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
see attached analysis

Prepared By: Co-Chair Eileen MacLeant *Eileen P. MacLeant* Phone: 465-4833  
Co-Chair Mike Navarre *Mike Navarre* Phone: 465-3779  
 Division: House Finance Committee Date: Feb. 26, 1992

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

ANALYSIS: This bill expands the definition of individuals eligible for developmentally disabled services. Developmentally Disabled Services is not an entitlement program. Should the legislature choose to fund services for the additional clientele, the Department projects the following:

## EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	64.0	66.0	68.0	70.0	72.0	74.5
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	6.5	1.0	1.0	1.0	1.0	1.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	2,621.7	5,243.3	7,865.0	10,486.7	13,108.4	13,108.4
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	2,704.2	5,322.3	7,946.0	10,569.7	13,193.4	13,195.9
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE FUND SOURCE:	GF	GF	GF	GF	GF	GF

## FUNDING: (Thousands of dollars)

GENERAL FUND	2,704.2	5,322.3	7,946.0	10,569.7	13,193.4	13,195.9
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER						
FUND SOURCE:	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,704.2	5,322.3	7,946.0	10,569.7	13,193.4	13,195.9

## POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

It is projected that it will cost \$18,635 per person annually to serve new individuals added by the adoption of the Federal definition. If 699 individuals apply, \$13,025,865 will be required to serve them. This assumes implementation of the program over a five year period. At least one developmental disabilities Program Specialist I will be required to design and/or find appropriate programs. Costs associated with this position are included.

## SENATE BILL NO. 335 am

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATORS DUNCAN, Uehling, Rodey, Pourchot, Sturgulewski, Collins, Craft

Amended: 1/27/92  
 Introduced: 1/13/92  
 Referred: Health, Education and Social Services

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to the Governor's Council for the Handicapped and Gifted and the  
 2 definition of 'developmentally disabled'."

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

4 \* Section 1. AS 47.80.030 is amended to read:

5           Sec. 47.80.030. GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL  
 6 EDUCATION [FOR THE HANDICAPPED AND GIFTED]. There is established the  
 7 Governor's Council on Disabilities and Special Education [FOR THE HANDICAPPED AND  
 8 GIFTED]. For budgetary purposes, the council is located within the Department of Health and  
 9 Social Services but is the interdepartmental planning and coordinating agency of the Department  
 10 of Health and Social Services, the Department of Education, and other departments that deliver  
 11 services to persons who are [HANDICAPPED OR] gifted or experiencing a disability. In  
 12 addition, the council is the state planning council and interagency coordinating council for  
 13 purposes of federal laws relating to persons who are [THE HANDICAPPED OR] gifted or  
 14 experiencing a disability.

1 \* Sec. 2. AS 47.80.040(a) is amended to read:

2 (a) The council consists of no fewer than 18 nor more than 26 [23] members appointed  
3 by the governor in a manner that satisfies the requirements for a state interagency  
4 coordinating council under 20 U.S.C. 1482 and a state planning council under 42 U.S.C.  
5 6024 [ACCORDANCE WITH P.L. 91-517, P.L. 94-103, P.L. 94-142, AS AMENDED, AND  
6 AS 14.30.231].

7 \* Sec. 3. AS 47.80.090 is amended to read:

8 Sec. 47.80.090. RESPONSIBILITIES. The council shall

9 (1) serve as a forum by which issues and benefits regarding current and potential  
10 services to disabled [HANDICAPPED] and gifted persons may be discussed by consumer,  
11 public, private, professional, and lay interests;

12 (2) advocate the needs of disabled [HANDICAPPED] and gifted persons before  
13 the executive and legislative branches of the state government and before the public;

14 (3) advise the executive and legislative branches of the state government and the  
15 private sector on programs and policies pertaining to current and potential services to disabled  
16 [HANDICAPPED] or gifted persons and their families;

17 (4) submit periodic reports to the commissioner of health and social services, the  
18 commissioner of education, and to other appropriate departments, on the effects of current federal  
19 and state programs regarding services to disabled [HANDICAPPED] or gifted persons; these  
20 reports must [SHALL] include program performance reports to the governor, the federal  
21 government, and to state agencies as required under 20 U.S.C. 1482 and 42 U.S.C. 6024 [BY  
22 P.L. 91-517, P.L. 94-103, OR P.L. 94-142, AS AMENDED];

23 (5) in conjunction with the Departments of Health and Social Services and  
24 Education, develop, prepare, adopt, periodically review, and revise as necessary an annual state  
25 plan prescribing programs that [WHICH] meet the needs of persons with developmental  
26 disabilities as required under 42 U.S.C. 6022 [P.L. 91-517 OR P.L. 94-103, AS AMENDED];

27 (6) review and comment to commissioners of state departments on all state  
28 plans and proposed regulations relating to programs for persons who are experiencing  
29 disabilities [WITH HANDICAPS] before the adoption of a plan or regulation; for this purpose,  
30 the appropriate departments shall submit the plans and proposed regulations to the council;

31 (7) recommend the priorities and specifications for the use of funds received by

1 the state under 20 U.S.C. 1471 - 1485 and 42 U.S.C. 6000 - 6083 [P.L. 91-517, P.L. 94-103  
2 AND P.L. 94-142, AS AMENDED];

3 (8) submit annually to the commissioner of health and social services, the  
4 commissioner of education, and the commissioner of community and regional affairs a proposed  
5 interdepartmental program budget for services to disabled [HANDICAPPED] or gifted persons  
6 that [WHICH] includes, insofar as possible, projected revenues and expenditures for programs  
7 implemented by state agencies, local governmental agencies, and private organizations; the  
8 interdepartmental program budget is an informational supplement to the regular annual budgetary  
9 submissions of the departments to the Office of the Governor;

10 (9) provide information and guidance for the development of appropriate special  
11 educational programs and services for exceptional children as defined in AS 14.30.350;

12 (10) monitor and evaluate budgets or other implementation plans and programs  
13 for disabled [HANDICAPPED] and gifted persons to assure nonduplication of services and  
14 encourage efficient and coordinated use of federal, state, and private resources in the provision  
15 of services; members of the council, with the approval of the council, have access to information  
16 in the possession of state agencies subject to disclosure restrictions imposed by state or federal  
17 confidentiality or privacy laws;

18 (11) perform other duties required under applicable federal laws [P.L. 91-517,  
19 P.L. 94-103, P.L. 94-142, AS AMENDED,] or AS 14.30.231 [.] and as the governor may assign;  
20 and

21 (12) govern the special education service agency [.] and may hire personnel  
22 necessary to operate the agency.

23 \* Sec. 4. AS 47.80.900(7) is repealed and reenacted to read:

24 (7) "person with a developmental disability" means a person who is experiencing  
25 a severe, chronic disability that

26 (A) is attributable to a mental or physical impairment or combination of  
27 mental and physical impairments;

28 (B) is manifested before the person attains age 22;

29 (C) is likely to continue indefinitely;

30 (D) results in substantial functional limitations in three or more of the  
31 following areas of major life activity: self-care, receptive and expressive language,

1 learning, mobility, self-direction, capacity for independent living, and economic self-  
2 sufficiency; and

3 (E) reflects the person's need for a combination and sequence of special,  
4 interdisciplinary, or generic care, treatment, or other services that are of lifelong or  
5 extended duration and are individually planned and coordinated;

6 \* ~~Sec. 5.~~ AS 47.80.040(b), 47.80.040(c), 47.80.040(d), and 47.80.040(e) are repealed.

7 \* **Sec. 6. REVISOR'S INSTRUCTION.** Wherever in the Alaska Statutes and the Alaska  
8 Administrative Code the term "Governor's Council for the Handicapped and Gifted" is used, it shall be  
9 read as referring to the Governor's Council on Disabilities and Special Education when to do so would  
10 be consistent with the changes made in sec. 1 of this Act. Under AS 01.05.031, the revisor of statutes  
11 shall implement this section in the statutes and, under AS 44.62.125(b)(6), the regulations attorney shall  
12 implement this section in the administrative code.

11  
FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 335 AM

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the Governor's Council for  
the Handicapped and Gifted.  
 Sponsor: Senator Duncan, et al.  
 Requestor: (H) HESS

Department Affected: Education  
 BRU: Vocational Rehabilitation  
 Component: Vocational Rehabilitation Administration

COMPONENT SERIAL NO. 

	2	0	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE:</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact to Department of Education. Budget implications should be obtained by the Department of Health and Social Services.

Prepared by: Keith J. Anderson  
 Division: Vocational Rehabilitation

Phone: 465-2814  
 Date: 1/15/92

Approved by Commissioner: J. Colby  
 Agency: Education

Jerry Covey  
 Date: 2-10-92

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 335 AM

Revision Date: \_\_\_\_\_ Department Affected: Education  
 Title: An Act Relating to the Governor's BRU: Educational Program Support  
Council for the Handicapped & Gifted Component: Office of Special and Supplemental  
Services  
 Sponsor: Senator Duncan  
 Requestor: (H) PESS COMPONENT SERIAL NO. 

	1	6	6
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-					

CAPITAL	-0-					
---------	-----	--	--	--	--	--

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	-0-					
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

SB 335 will have no fiscal impact on the Department. However, there may be a fiscal impact on Health and Social Services because the "developmentally disabled" definition change will increase the number of people eligible for D.D. Services.

Prepared By: *Jim Rusk* Phone: 465-2970  
 Division: Educational Program Support Date: 1/16/92  
 Approved by Commissioner: *Mark McLean* Jerry Covey *Don JC*  
 Agency: Education Date: 2/8/92

SENATE BILL 335

"An Act relating to the Governor's Council for the Handicapped and Gifted and the definition of 'developmentally disabled'."

Section Four of this Act repeals AS 47.80.900 (7). In so doing, the state definition of developmental disabilities is changed to the current federal definition.

At the time of passage, AS 47.80.900 (7) coincided with the Federal definition. Subsequent to its passage, the federal definition changed. Adoption of the federal definition would allow individuals in need of service who currently fall through the service delivery system cracks, to receive the help they need.

Statistically, it would appear that the individuals' requesting services would be increased by about 700. However, current research shows that states which have adopted the Federal definition have not experienced the increase in applications for service that would be expected statistically. They have, however, experienced requests for services which differ from services they have traditionally offered; for example, providing programs designed specially for persons with physical disabilities as opposed to mental disabilities.

Persons made eligible by this bill would be added to the applicant file which currently exists for developmentally disabled individuals requesting services.

The following incidence statistics were provided by the Governor's Council for the Handicapped and Gifted were derived by the use of a complex formula.

The statistical incidence of individuals experiencing a developmental disability under the state definition is 7,067. The known population seeking or receiving services at this time is 2,110. This equals 29,8% of the population.

# PROPOSITION PAPER

STATE OF ALASKA \* DEPARTMENT OF HEALTH & SOCIAL SERVICES

Department of Health and Social Services  
Position Paper -- SB 335  
Page 2

Statistically the federal definition would increase the overall population to 9,427. Using the same 29.8% request for services rate, this would mean 2,809 persons would need services. This is an increase of 699 individuals.

The Department supports passage of SB 335.

*Margaret R. Lowe*

Margaret Lowe, M.Ed., Ed.S.  
Director  
Division of Mental Health &  
Developmental Disabilities

DATE:

*1/21/92*

*Theodore A. Mala*

Theodore A. Mala, MD, MPH  
Commissioner

DATE:

*21 Jan '92*



# Alaska State Legislature

SENATOR JIM DUNCAN

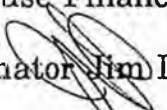
P.O. BOX V JUNEAU, ALASKA 99811-3100

(907) 465-4766

COMMITTEES:  
VICE CHAIR —  
FINANCE  
VICE CHAIR —  
STATE AFFAIRS  
RULES  
BUDGET & AUDIT  
ETHICS REFORM

DATE: February 19, 1992

TO: Representative Eileen MacLean, Co-Chairman  
Representative Mike Navarre, Co-Chairman  
House Finance Committee

FROM:  Senator Jim Duncan

SUBJECT: Senate Bill No. 335 am, an Act relating to the  
Governor's Council for the Handicapped and Gifted  
and the definition of "developmentally disabled".

Since there is no fiscal impact to this bill, your consideration of a waiver through the Finance Committee would be appreciated. If this is not possible, please schedule a hearing for SB 335 at your earliest convenience.

A similar measure, Senate Bill 52, was vetoed by Governor Hickel in 1991 despite supportive departmental position papers and testimony in various committees. The Governor apparently objected to a provision allowing the Council to appoint its executive director which was necessary to comply with federal guidelines and qualify for federal funding. The same provision appears in the Mental Health Lands Trust settlement, Chapter 66/91.

Senate Bill 335 changes the state definition of developmental disability to conform to the federal definition. The current state definition does not allow aid to severely physically handicapped individuals who require many of the same services as mentally disabled persons who currently qualify for state assistance. This bill will allow the state to provide them with such benefits as respite care, day care, homemaker, and community living services to both the physically and mentally disabled.

The membership on the Council increases from 23 to 26 members, in SB 335, to allow for composition changes required by federal law to allow the Council to serve as the Interagency Coordinating Committee for the 1986 Federal Education and Handicapped Act Amendments. With this bill, the Council will be charged with planning for the needs of children from birth to three years in addition to their current planning mandate for older individuals. At the request of the Council, the legislation also changes the name of the agency to the Council on Disabilities and Special Education to more accurately reflect its responsibilities. Throughout the bill the term "handicapped" was changed to "experiencing a disability" or "disabled" to reflect the terminology presently used by disabled persons nation wide.

I urge your support for this legislation.

Attachments

## FEDERAL DEFINITION

"The term "developmental disability" means a severe, chronic disability of a person which --

- (A) is attributable to a mental or physical impairment or combination of mental and physical impairments;
- (B) is manifested before the person attains age twenty-two;
- (C) is likely to continue indefinitely;
- (D) results in substantial functional limitations in three or more of the following areas of major life activity:
  - (i) self-care
  - (ii) receptive and expressive language,
  - (iii) learning,
  - (iv) mobility,
  - (v) self-direction,
  - (vi) capacity for independent living,
  - (vii) economic self-sufficiency; and
- (E) reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated."

PL 95-602, Section 102(7)

## STATE DEFINITION

A Developmental Disability is a disability which:

- (A) is attributable to:
  - (i) mental retardation, cerebral palsy, epilepsy, or autism;
  - (ii) any other condition found to be closely related to mental retardation because the condition results in impairment of general intellectual functioning or adaptive behavior similar to impairment resulting from mental retardation; or
  - (iii) dyslexia resulting from a disability described in (i) or (ii) of this subparagraph, and
- (B) constitutes a substantial handicap to the person's ability to function normally in society.

AS sec. 47.80.900

WALTER J. HICKEL / GOVERNOR  
State of Alaska**GOVERNOR'S COUNCIL FOR THE HANDICAPPED AND GIFTED**

DH&amp;SS Commissioner's Office • P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone (907) 561-5335

## MEMORANDUM

DATE: December 6, 1991

TO: Roxanne Stewart, Legislative Assistant  
Senator Jim Duncan

FROM: David Maltman, Executive Director  
Governor's Council for the Handicapped and Gifted

RE: Re - Write of SB 52

Thank you for discussing the proposed changes to SB 52. The Council is pleased to have Senator Duncan's support. We all know how important his efforts are in seeing this legislation pass again.

For the coming session, Jim Shine of Juneau has been selected as our Legislative Liaison. Mr. Shine and Mary Cattanch, the Council's Chair, will be meeting on December 17th to review your earlier memos and provide me further direction in responding to you.

Realizing that you must meet a deadline to see that a bill is prefilled, let me respond to Jack Chenoweth's memo dated May 24, 1991. It is likely that Jim and Mary will have other suggestions that can be submitted later.

To combine boards created by different federal and state laws, the Council acts as a board for 4 government operations. Each law demands a particular category of membership on the Council.

For your review, I have attached a chart which identifies the law and its requirement for membership. The criterion for the Interagency Coordinating Committee for PL 99 - 457 (ICC) are listed too. Hopefully, the chart reflects how the Council could meet an expanded mandate to become the ICC by adding only 3 posts. A current list of members is also enclosed.

A major factor in figuring the number of council members is that the authorizing statute demands that at least half of all members be consumers (people with developmental disabilities or their parents or guardians). Should the requirements to become the ICC raise the number of provider positions, the a corresponding increase in positions for consumers must be made.

Although it is common for appointees to fulfill more than one category of membership, we believe it will be necessary to add positions for at least one parent of a 3 to 6 year old, a private provider of early intervention services, and a state legislator (see #3 of Jack's memo). At this point, these categories are not specifically referenced in the state law.

(1) At this point, there are at least 4 but not more than 7 positions available for parents. It is our experience that at least 2 of these positions could be filled by parents of 3 to 6 year olds.

(2) The Department of Education which holds two positions on the Council administers programs for 3 to 6 year olds. In the Division of Mental Health and Developmental Disabilities Mike Renfro oversees a range of developmental services to this population. However, a specific post is needed for the private provider. The Deputy Commissioner of the Department of Health and Social Services sits on the Council and that position is accountable for payment of services to these children.

(4) The requirement for a representative of higher education responsible for personnel preparation in the areas such as teaching, nursing, psychology, or social work is already in place and the position is filled.

In regards to other matters in Jack's memo, it would be an improvement to reflect the appropriate U. S. Code in the bill. Often federal laws are passed which replace the laws specified in state statute. A citation to the U. S. Code would allow a timely reference to changes and deletions of federal law.

Should this bill pass and the Council become the ICC, it would be useful for this new duty to be reflected in the Council's authorizing statute A.S. 47.80.090.

The Council begs to make a new request of Senator Duncan. Would he consider changing the Council's name wherever it appears in statute to the Governor's Council on Disabilities and Special Education?

After January 1, 1992 our address will be 2330 Nichols Street, Anchorage, Alaska 99508. Our new telephone number will be 272 2500. Please let me know if you need more information or assistance.

Again, thank you for your help with this matter. Have a very pleasant holiday season. It will be great to work with you in the coming session..

	P.L.101-496 DD Planning Council	A.S.47.80 All Disabilities & Special Education	P.L.94-142 Special Education Advisory Council	P.L.99-457 Interagency Coord- inating Council	A.S.14.30 Special Education Services Agency
TOTAL NUMBER		18-23		15	
APPOINTED BY:	Governor	Governor		Governor	Governor's Council for H/G.
OTHER MAJOR POINT		*must comply with P.L.100-146 & P.L.100-142 as amended.		P.L.99-457 is an amendment to P.L.94-142.	
CONSUMERS	50%	At least 1/3			
	Claussen Kell Nelson Wingfield	1/3 of 50% must be primary consumers with d.d.	Parents of or guardians of handicapped individuals	For federal reporting purposes we can have the list of 15 people on the Council who comprise the ICC and asterisk the rest as ex-officio for ICC purposes; ask the Governor to do this by letter or Executive Order if necessary.	Shall serve as the governing board for SESA
	Locke Walters Weaver Yamamoto	1/3 parents or guardians.			
	Allely Trumble	1/3 of 50% must be immediate relatives or guardians of persons with mentally impairing d.d. with at least one of these an immediate relative or guardian of an institutionalized or previously institutionalized d.d person.		3 parents of handicapped children aged 3 to 6.	
	Beck				
PROVIDERS	Reps of principal state agencies providing services including: Voc Rehab. Sp.Ed. Older Americans Medicaid D.D.  [Have had Public Health, C & RA, Medicaid directly represented: changes with need & administration]  [Deputy commissioners can represent any/all of these not individually represented]	At least 1/3 to handicapped or gifted persons Cattanach Anderson Rich Hole Saylor Renfro Gorc	State education officials Rich Hole	3 public or private providers or payors of early intervention services; reps of each of the agencies... Rich Hole Saylor Renfro Would need to add Public Health or arrange with Commissioner's Representative.	
OTHER	Lally		Teachers (Barrett)		One person involved in personnel prep. (Lally)
	VanBrocklin	Higher education training UAP Protections & advocacy agency Local agencies Non-governmental entities concerned with services (HOME, Inc., ADD, AAD, ASPD, etc. Very Special Arts, etc.)	Local education officials (Locke - School Board) or administrators (Watson)		One representative from the State Legislature Others selected by the Governor
	Beck Claussen Allely		Public-at-large (Walters) [post-sec. commission]		

SB 336

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/18/92

FURTHER:

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered

SENATE BILL NO. 336

"An Act relating to computation of credited service in the public employees' retirement system for seasonal employment."

# DIED

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

- do pass
- do not pass
- no recommendation
- individual recommendations

**NEW FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

**PREVIOUS FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

**DO PASS:**

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**OTHER RECOMMENDATIONS:**

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1. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

2. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

FISCAL NOTE

No. 1

Bill Version: SB 336

(S) Publish Date: 2-18-92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Session Date: \_\_\_\_\_  
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"  
Sponsor: Duncan  
Requestor: Senate State Affairs

Department Affected: Administration  
BRU: Retirement and Benefits  
Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	319.6	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	319.6	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	319.6	0	0	0	0	0
TOTAL	319.6	0	0	0	0	0

POSITIONS

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

Changes in SSB 336 (STA) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.  
2-28-92 Theresa Lynn  
date Co. Aide (initial)

Estimate of current year impact: \$0

ANALYSIS: (attach a separate page if necessary.) Programming changes must be made to two automated systems, these costs are estimated for the enhancements necessary to maintain data not currently maintained.

Prepared By: Garv Bader  
Division: Retirement and Benefits

Phone: 465-4470  
Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usera  
Agency: Department of Administration

Date: 1/27/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

11/91

Page 1 of 1

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Bill Version: 2 SB 336

(S) Publish Date: 2-18-92

Session Date: \_\_\_\_\_  
Title: "An act relating to computation of credited service in the Public Employees Retirement System for seasonal Employees"  
Sponsor: Duncan  
Requestor: Senate State Affairs

Department Affected: ALL STATE  
BRU: ALL STATE  
Component: ALL STATE

COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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PENDING: (Thousands of dollars)

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

POSITIONS

FULL-TIME:	0	0	0	Changes in <u>CSSB 336 (STA)</u> have no fiscal impact. This fiscal note is appropriate.
PART-TIME:	0	0	0	
TEMPORARY:	0	0	0	

Estimate of current year impact: \$0 date 2-28-92 Max Bylund Comte Aide (initial)

ANALYSIS: (attach a separate page if necessary.) Passage of this bill would enable some seasonal employees to vest in the PERS, who would not otherwise be able to. Since we estimate that number of members advantaged would be less than 100, the actuarial impact to the PERS would be unmeasurable.

Prepared By: Garv Bader Garv Bader  
Division: Retirement and Benefits

Phone: 465-4470  
Date: January 23, 1992

Approved by Commissioner: Nancy Bear Usura Nancy Bear Usura  
Agency: Department of Administration

Date: 1/27/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).  
11/91 Page 1 of 1

CS FOR SENATE BILL NO. 336 (STATE AFFAIRS)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 3/2/92  
 Referred: Finance

Sponsor(s): SENATOR DUNCAN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a conditional benefit for certain seasonal employees in the public  
 2 employees' retirement system."

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

4 \* Section 1. AS 39.35.385 is amended by adding a new subsection to read:

5 (g) Subject to AS 39.35.450, an employee is eligible for a normal retirement benefit at  
 6 age 55 or an early retirement benefit at age 50 if the employee was first hired as an employee  
 7 before July 1, 1986, and has made contributions to the system on a total of 9,750 hours worked  
 8 as a seasonal employee. However, an employee may not receive credit towards the total for  
 9 more than 1,950 hours in a calendar year. Subject to AS 39.35.450, an employee who was first  
 10 hired on or after July 1, 1986, and is otherwise eligible under this subsection is eligible for a  
 11 normal retirement benefit at age 60 or an early retirement benefit at age 55.

SENATE BILL NO. 336

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR DUNCAN

Introduced: 1/13/92  
Referred: STA, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to computation of credited service in the public employees' retirement  
2 system for seasonal employment."

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

4 \* Section 1. AS 39.35.300 is amended by adding a new subsection to read:

5 (c) Beginning July 1, 1992, a seasonal employee receives credited service for, and makes  
6 contributions to the system based on, each compensable hour worked. However, a seasonal  
7 employee may not receive service credit in the system for more than 1,950 hours in a calendar  
8 year.

SB337

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/12/92

FURTHER:

DATE TURNED INTO OFFICE: 2-25-92

The Finance Committee considered

SENATE BILL NO. 337

"An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

and recommends:

replace with \_\_\_\_\_ CS SB 337 (FINANCE)

or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attaches amendment(s)

same title  
 new title  
 technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

**PREVIOUS FISCAL NOTES:** Dept/Date

zero fiscal notes Ct. System 1-21-92

fiscal notes DOA-Finance 67.6 1-30-92

DOA-R+B 796.3 1-30-92

**DO PASS**

*[Signature]*  
*Rich Uley (DO PASS)*

**OTHER RECOMMENDATIONS:**

*Al Sedamp - No Rec*  
*Don Hoff - No Rec*  
*Jim [unclear] No Rec*  
~~*[Signature]*~~

1. *[Signature]* do pass  
Co-Chair: Signature/Recommendation  
*with intent information*

2. *[Signature]* do pass  
Co-Chair: Signature/Recommendation

No. 1  
 Bill Version: SB 337  
 (S) Publish Date: 1-31-92

**FISCAL NOTE**

**STATE OF ALASKA  
 1992 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_ Department Affected: Alaska Court System  
 Title: An Act relating to retirement BRU: Trial Courts  
Incentive programs... Components: \_\_\_\_\_  
 Sponsor: Duncan  
 Requestor: State Affairs COMPONENT SERIAL NO. 000 | 000 000 | 768

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

**ANALYSIS: (Attach a separate page if necessary)**  
 No fiscal impact.  
 Changes in (SB 337 STA) have no fiscal impact. This fiscal note is appropriate.  
1-30-92 date Shawley Comptroller (initial)

Prepared by: C. S. Christensen III, Staff Counsel Phone: 264-8228  
 Division: Alaska Court System Date: 01/21/92

Approved by: Arthur H. Snowden, II, Administrative Director 07 AKL  
 Agency: Alaska Court System Date: 01/21/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

FISCAL NOTE

5  
Bill Version: (SSR 337 (STA) -  
(S) Publish Date: 1-31-92

Revision Date: \_\_\_\_\_  
Title: "An Act relating to retirement incentive programs . . . effective date."  
Sponsor: Duncan, Kerttula, Sturgulewski  
Requestor: Senate State Affairs

Department Affected: Administration  
BRU: Finance  
Component: Finance

COMPONENT SERIAL NO. 59

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	67.6	5.0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	67.6	5.0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	67.6	5.0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	67.6	5.0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	4	1	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: See attached.

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Don Wanie, Director *DW 1/29*  
Division: Finance

Phone: 465-2240  
Date: January 29, 1992

Approved by Commissioner: Nancy Bear Usura *NBCU*  
Agency: Administration

Date: 1/30/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Impact of a Retirement Incentive Program

The Division of Finance is responsible for verification of employment history and processing of termination pay for all state employees. This includes verifying the length of employment, accounting for all leave without pay during the entire employment with the state and determining salaries for the three highest years. In addition, final and terminal leave pay must be processed in accordance with contractual agreements.

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. Approximately five hundred employees took advantage of the previous RIP. It is anticipated that a comparable number of employees would participate if a RIP was implemented in the next year. Based on past experience, this would require four additional positions, including one Accountant I and three Accounting Technicians I, for a period of six months. Estimated cost for these positions would be:

Accountant I (1)	Range 14A	19.7
Acct Tech I (3)	Range 12A	<u>52.9</u>
Total Cost		72.6

FISCAL NOTE

C. 4

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Bill Version: CSSB 337 (STA)  
(S) Publish Date: 1-31-92

Revision Date: \_\_\_\_\_  
Title: An Act relating to retirement incentive programs for the Public Employees' and Teachers' Retirement System  
Sponsor: Duncan  
Requestor: Senate State Affairs Committee

Department Affected: Administration  
BRU: Retirement and Benefits  
Component: Retirement and Benefits  
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	658.0	598.3	277.5	277.5	277.5	277.5
TRAVEL	3.0	3.0	1.0	1.0	1.0	1.0
CONTRACTUAL	20.0	33	0	0	0	0
SUPPLIES	3.0	25	1.0	1.0	1.0	1.0
EQUIPMENT	112.3	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	796.3	607.1	279.5	279.5	279.5	279.5

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	796.3	607.1	279.5	279.5	279.5	279.5
TOTAL	796.3	607.1	279.5	279.5	279.5	279.5

POSITIONS

FULL-TIME:	6	6	6	6	6	6
PART-TIME:	0	0	0	0	0	0
TEMPORARY:	10	9	0	0	0	0

Estimate of current year impact: We anticipate the need for a Legislative Revised Program to increase our FY 92 authorization, thus allowing the division to hire the FY 93 staff prior to July 1, 1992. The FY 92 hiring would be needed so that we can properly train the RIP staff prior to the opening of the window periods. These costs would be paid for by participating employers.

ANALYSIS: (attach a separate page if necessary.) The actuarial costs to participating employers due to this program are to be paid up front and no additional costs to the systems are anticipated.

Prepared By: Gary Bader *Gary M. Bader*  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 29, 1992

Approved by Commissioner: Nancy Bear Usera *NBCU*  
Agency: Department of Administration

Date: 1/30/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).  
Rev 10/90

CSSB 337 (SA)  
Analysis of Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
January 29, 1992

Analysis: This bill would place a temporary retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment or take an actuarial reduction from their life time benefit for the indebtedness amount.

We estimate that five permanent full-time positions will be needed in Juneau and one in Anchorage to administer the increased demand for information and services resulting from adding potentially over 4000 new retirees to the PERS and TRS, resulting from prior RIPs and projected for this one. In addition, we estimate that ten long term non-permanent employees will also be needed for varying lengths of time over the next two fiscal years. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services.

We estimate that we will need to increase our normal number of counseling trips by 5 trips over the next two fiscal years to assure that members understand the options and requirements of the program.

CSSB 337 (SA)  
 Analysis of Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 29, 1992

The total estimated administrative cost to the division by fiscal year is as follows:

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
<b>PERSONAL SERVICES</b>			
FY 93			
2 Retirement Specialist I/II	104.5		
8 Retirement Technician I/II	338.2		
1 Accountant I	46.1		
3 Accounting Clerk III (12 months)	104.0		
2 Clerk II (12 months)	<u>65.2</u>		
Total FY 93 Personal Services Cost . . . . .	\$658.0		
FY 94			
2 Retirement Specialist I/II	104.5		
5 Retirement Technician I/II	211.4		
3 Retirement Technician I/II ( 9 mon.)	95.1		
1 Accountant I	46.1		
2 Accounting Clerk III (12 months)	76.0		
2 Clerk II (12 months)	<u>65.2</u>		
Total FY 94 Personal Services Cost . . . . .		\$598.3	
FY 95			
2 Retirement Specialist I/II	104.5		
3 Retirement Technician I/II	126.9		
1 Accountant I	<u>46.1</u>		
Personal Services Cost (FY 95 and beyond)			\$277.5
<b>TRAVEL</b>			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars . . . . .			
	3.0	3.0	
<b>CONTRACTUAL</b>			
FY 93			
Computer services for additional PC's	16.5		
Additional telephone costs (4 add phones)	.2		
Telephone service for 4 phones	.8		
Long distance call expense based upon previous RIP	<u>2.5</u>		
FY 93 contractual costs . . . . .			20.0

CSSB 337 (SA)  
 Analysis of Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 29, 1992

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
<b>CONTRACTUAL</b>			
<b>FY 94</b>			
Telephone service for 4 phones	.8		
Long distance call expense based upon previous RIP	<u>2.5</u>		
FY 94 contractual costs.....		3.3	
<b>SUPPLIES</b>			
Office supplies, calculators cost.....	3.0	2.5	
<b>EQUIPMENT</b>			
5 Work stations	23.0		
5 Chairs	1.5		
5 PCs and other office equipment	30.0		
Other office equipment (Dictaphone, calculators, etc.)	5.0		
1 File cabinets	.3		
5 Phones (600/instrument)	3.0		
5 Personal Computers	27.5		
5 Microfiche viewers	4.0		
1 Computer Output Printer	18.0		
Total Equipment cost.....	<u>112.3</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL Operations Cost</b>	<u><u>\$796.3</u></u>	<u><u>\$607.1</u></u>	<u><u>\$279.5</u></u>

The retirement technicians, retirement specialists, accountant, and accounting clerks need constant access to the PERS and TRS computer files. We don not have any excess terminals, microfiche viewers or calculators. Our equipment request will satisfy our equipment needs for the duration of this program. We propose the purchase of personal computers to be used as terminals because they will be compatible with the division's Local Area Network.

We are also proposing the purchase of an additional computer output printer. the previous RIP's put great demand on our existing two printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our existing printers. After comparing the cost of leasing a printer for two years, coupled with our existing needs, purchasing a new printer would be more cost effective.

All administrative costs of the program will be paid in advance by participating employers as required by the bill.

The Other Funds are comprised of PERS at \$438.0 and the TRS at \$358.3 for FY 93.



Position Title <b>RETIREMENT &amp; BENEFITS TECHNICIAN I/II</b>		No. of Positions <b>8</b>	Range/Step <b>12/B</b>	Barg. Unit <b>GGU</b>
Time Status <b>3-PFT, 5-Temporary</b>	Staff Months: <b>8 x 12 = 96</b>	Location: <b>JUNEAU/AWA</b>		Election District <b>4</b>
<b>TYPE OF EXPENDITURE</b>		<b>AMOUNT</b>		
Salary	234.0	Justification <b>CSSB 337 (SA)</b>  The Retirement and Benefit Technicians staff will be needed to assist our current permanent staff to; research member files, prepare benefit projections for prospective retirees, process retirement applications and establish benefits, add service that members are eligible to purchase and respond to many inquires that the division will receive during the concentrated window period of the program.		
Benefits	104.2			
Premium Pay				
Other				
<b>TOTAL PERSONAL SERVICES:</b>	<b>338.2</b>			
Travel				
Contractual	11.0			
Supplies	1.0			
Equipment	68.9			
Other				
	<b>TOTAL COST:</b>	<b>419.1</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	1029 PERS	230.5		
	1034 TRS	188.6		

**Request For  
New Position**

AGENCY ADMINISTRATION  
BRU RETIREMENT & BENEFITS  
COMPONENT RETIREMENT & BENEFITS

**FY 93**

Page 2 of 5  
Revised Date:

6079

Position Title <b>ACCOUNTANT I</b>		No. of Positions <b>1</b>	Range/Step <b>14/A</b>	Barg. Unit <b>GGU</b>
Time Status <b>PFT</b>	Staff Months: <b>12</b>	Location: <b>JUNEAU/AWA</b>		Election District <b>4</b>
<b>TYPE OF EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		<b>32.2</b>		
Benefits		<b>14.0</b>		
Premium Pay				
Other				
<b>TOTAL PERSONAL SERVICES:</b>		<b>46.1</b>		
Travel				
Contractual		<b>1.5</b>		
Supplies		<b>0.6</b>		
Equipment		<b>12.5</b>		
Other				
<b>TOTAL COST:</b>		<b>60.7</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts		1002		
G.F. Match		1003		
General Fund		1004		
I-A Receipts		1007		
CIP Receipts		1061		
Other 1029 PERS			<b>33.4</b>	
1034 TRS			<b>27.3</b>	
Justification <b>CSSB 337 (SA)</b>				
An Accountant I will monitor and review RIP contracts between employers and the Division to insure receipt of RIP related funds. Book receivables as year and adjustments. Establish coding system in AKSAS to track receivables, payments, interest calculations, and balances due for each district participating in the RIP.				
Process Reimbursable Services Agreements (RSA) transactions for state agencies participating in the RIP. Transfer RSA payments to proper fund equity account in each fund. Reconcile RIP tracking system using PC to AKSAS on monthly basis. Provide Accountant III with final adjusted financial data to be used in quarterly financial statements of the pension funds. Provide financial reports and analyses to management.				
Calculate interest for each district based on balances due and terms set out in contracts, and bill each district for balances due and interest charged. Work with independent audit team on all RIP related questions. Analyze complex financial data to respond to auditors questions.				

**Request For  
New Position**

AGENCY ADMINISTRATION  
 BRU RETIREMENT & BENEFITS  
 COMPONENT RETIREMENT & BENEFITS

**FY 93**

Page 3 of 5  
 Revised Date:

7079

Position Title <b>ACCOUNTING CLERK III</b>		No. of Positions <b>3</b>	Range/Step <b>10/A</b>	Barg. Unit <b>GGU</b>
Time Status <b>Temporary</b>	Staff Months: <b>3 x 12 = 36</b>	Location: <b>JUNEAU/AWA</b>		Election District <b>4</b>
<b>TYPE OF EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		<b>70.5</b>		
Benefits		<b>33.5</b>		
Premium Pay				
Other				
<b>TOTAL PERSONAL SERVICES:</b>			<b>104.0</b>	
Travel				
Contractual			<b>3.4</b>	
Supplies			<b>0.6</b>	
Equipment			<b>11.5</b>	
Other				
<b>TOTAL COST:</b>			<b>119.5</b>	
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	1029 PERS		<b>65.7</b>	
	1034 TRS		<b>53.8</b>	
Justification <b>CSSB 337 (SA)</b>				
Accounting Clerk III positions will handle the additional accounting duties related to a Retirement Incentive Program (RIP) as follows: member file research, file maintenance, including entering indebtedness, history, and retirement segments into the appropriate system; verification of system output, any adjusting vouchers that are necessary in AKSAS, assisting with the deposits and coding of member indebtedness payments and employer RIP payments, assisting with the member account information that is needed in completing tax excludable statements for the Retirement Section, and any follow through that becomes necessary.				

**Request For  
New Position**

AGENCY ADMINISTRATION  
 BRU RETIREMENT & BENEFITS  
 COMPONENT RETIREMENT & BENEFITS

**FY 93**

Page 4 of 5  
 Revised Date:

8079

Position Title <b>CLERK II</b>		No. of Positions <b>2</b>	Range/Step <b>7/B</b>	Barg. Unit <b>GGU</b>
Time Status <b>Temporary</b>	Staff Months: <b>2 x 12 = 24</b>	Location: <b>JUNEAU/AWA</b>		Election District <b>4</b>
<b>TYPE OF EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		44.2		
Benefits		21.0		
Premium Pay				
Other				
<b>TOTAL PERSONAL SERVICES:</b>			65.2	
Travel				
Contractual			0.7	
Supplies			0.2	
Equipment			0.6	
Other				
<b>TOTAL COST:</b>			66.7	
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	1029 PERS		36.7	
	1034 TRS		30.0	
Justification <b>CSSB 337 (SA)</b>				
<p>Clerk II positions are required in the divisions microfiche center for the day-to-day file/recordkeeping duties for the new retirees under the RIP. Duties include: sanitizing and purging files, creating new microfiche files for these retirees from paper documents, creating duplicate microfiche files when requested for the use of division personnel, and filing and refiling all documents.</p> <p>Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date.</p>				

**Request For  
New Position**

AGENCY ADMINISTRATION  
 DRU RETIREMENT & BENEFITS  
 COMPONENT RETIREMENT & BENEFITS

**FY 93**

Page 5 of 5  
 Revised Date:

9/29

CS FOR SENATE BILL NO. 337 (FINANCE)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
 Referred:

Sponsor(s): SENATORS DUNCAN, Kerttula, Sturgulewski, Rocey

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to retirement incentive programs for the public employees' retirement  
 2 system, the teachers' retirement system and certain persons under the judicial retirement  
 3 system; and providing for an effective date."

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

5 \* Section 1. PURPOSE. Since it may be necessary for state agencies and other employers who  
 6 participate in the state retirement systems to reduce their personal services costs because of declining  
 7 state revenue, reimplementation of the retirement incentive programs established by ch. 26, SLA 1986,  
 8 as amended by ch. 76, SLA 1988, and ch. 89, SLA 1989, as amended by ch. 18, SLA 1990, encouraging  
 9 employees to retire voluntarily, will reduce the hardship of layoffs. This program is intended to realize  
 10 sufficient economies to offset the cost of administration and benefits to state agencies and other  
 11 employers resulting from the award of retirement credits and to result in a net reduction in personal  
 12 services costs to the state or other public employers during a period of declining revenue.

13 \* Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a retirement  
 14 incentive plan under secs. 3 - 6 of this Act, as appropriate, to designate organizational units of employees

1 eligible to participate in the retirement incentive program.

2 (b) The organizational units of a plan must be selected so that implementation of the plan results  
3 in maximum savings to the employer in personal services costs within five years after the  
4 commencement of the plan. A plan that results in savings in personal services costs in any amount that  
5 is in excess of all costs to the employer qualifies under this section. The designation may include only  
6 representatives from job classifications whose inclusion contributes to the overall cost savings.

7 (c) A member is eligible to participate in the retirement incentive program only if the member  
8 is vested, is employed in a position in a designated organizational unit, and will be qualified to retire  
9 under AS 14.25.110 or AS 39.35.370 after receipt of the retirement incentive. To participate, a member  
10 shall apply on a form provided by the administrator.

11 (d) A participating employer shall prepare and file the retirement incentive plan with the  
12 administrator. For state employees other than university employees, the administrator may approve a  
13 designated organizational unit only if the office of management and budget certifies that the unit's  
14 participation in the plan meets the requirements of (b) of this section. The administrator shall approve  
15 the plan if it meets the requirements of this section. The plan must

16 (1) identify organizational units and employees eligible to participate in the program;

17 (2) include a reimbursement agreement that

18 (A) requires the employer, for each employee who is retired under the plan, to  
19 reimburse the system within three years after the end of the fiscal year in which the employee  
20 is appointed to retirement in an amount equal to

21 (i) the actuarial equivalent of the difference between the benefits the  
22 participant receives after the addition of the retirement incentive under this section and  
23 the amount the participant would have received without the incentive, less the total of the  
24 amount the participant has paid on the indebtedness determined under (e) or (f) of this  
25 section and the amount paid under (i) of this section, if any; and

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

27 (B) provides that contributions from the employer under this section take priority  
28 over other obligations of the employer to the maximum extent permitted by law.

29 (e) A member of the teachers' retirement system who participates in the retirement incentive  
30 program is indebted to the system. The amount of indebtedness is equal to 25.95 percent of the  
31 member's actual compensation for the school year, or the calculated school year compensation for a

1 member who works less than the entire school year, for the school year in which the member terminates  
2 employment to participate in the program. An outstanding indebtedness at the time a participant is  
3 appointed to retirement will require an actuarial adjustment to the benefits payable.

4 (f) A member of the public employees' retirement system who participates in the retirement  
5 incentive program is indebted to the system. The amount of indebtedness is equal to 22-1/2 percent for  
6 a peace officer or fire fighter, and 20-1/4 percent for other members, of the member's actual annual  
7 compensation, or the calculated annual compensation for a member who works fewer than 12 months,  
8 for the year in which the member terminates employment to participate in the program. An outstanding  
9 indebtedness at the time a participant is appointed to retirement will require an actuarial adjustment to  
10 the benefits payable.

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

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

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

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

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

20 (h) Except as provided in sec. 7 of this Act, in the determination of whether a member will  
21 qualify to retire under this section, credited service may include only,

22 (1) for members of the teachers' retirement system, service credit for employment  
23 rendered to an employer, territorial service under AS 14.25.105, outside service and military service  
24 under AS 14.25.060, and Alaska BIA service under AS 14.25.107;

25 (2) for members of the public employees' retirement system, service credit for  
26 employment rendered to an employer.

27 (i) In order to establish eligibility for participation under (b) of this section, and in addition to  
28 the employee indebtedness under (e) or (f) of this section, an employee may elect to assume a portion  
29 of the employer liability calculated under (d) of this section. An outstanding indebtedness at the time  
30 the employee is appointed to retirement will require an actuarial adjustment to the employee's benefits.

31 \* Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a) A state

1 agency is authorized to adopt a retirement incentive plan for its employees. A plan adopted under this  
2 section must permit a designated employee to apply to the retirement incentive program under sec. 2 of  
3 this Act only from July 31, 1992, through October 31, 1992.

4 (b) The plan may not permit an employee who is the commissioner, a deputy commissioner, or  
5 assistant commissioner of a state department to participate.

6 (c) A plan adopted under this section may only permit participation by an employee who is  
7 otherwise qualified and who

8 (1) has been continuously employed by the state since November 1, 1991;

9 (2) is a permanent seasonal employee continuously employed by the state in the  
10 permanent seasonal position during all of the time since November 1, 1991, in which the position  
11 normally was filled;

12 (3) has a job sharing agreement with a state agency in which two or more employees  
13 share a single position identified by a single position control number and in which the employee  
14 choosing to participate was continuously employed by the agency during all of the time since  
15 November 1, 1991, in which the employee normally worked under the job sharing agreement; or

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

17 (d) Under a plan adopted under this section, the administrator may not accept the application  
18 of an employee unless the employee will be appointed to retirement on or before July 1, 1993.

19 (e) In this section, "state agency" does not include the University of Alaska or an entity covered  
20 by sec. 4 of this Act.

21 \* Sec. 4. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN  
22 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a political  
23 subdivision of the state or a public organization that has elected to participate in the public employees'  
24 retirement system under AS 39.35.550 - 39.35.650 is authorized to adopt a retirement incentive plan for  
25 its employees under sec. 2 of this Act. A plan adopted under this section must permit designated  
26 employees to apply to the retirement incentive program under sec. 2 of this Act only from December 31,  
27 1992, through no later than June 30, 1993.

28 (b) Under a plan adopted under this section, the administrator may not accept the application  
29 of an employee unless the employee will be appointed to retirement on or before February 1, 1994. The  
30 employer may set an earlier date by which employees of the employer must be appointed to retirement  
31 in order to participate.

1 \* Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR EMPLOYEES OF THE  
2 UNIVERSITY OF ALASKA, (a) The Board of Regents of the University of Alaska is authorized to  
3 adopt a retirement incentive plan for its employees. A plan adopted under this section must permit  
4 designated employees to apply to the retirement incentive program under sec. 2 of this Act only from  
5 June 30, 1992, through no later than December 31, 1992.

6 (b) Under a plan adopted under this section, the administrator may not accept the application  
7 of an employee unless the employee will be appointed to retirement on or before August 1, 1993. The  
8 Board of Regents may set an earlier date by which employees of the university must be appointed to  
9 retirement in order to participate.

10 (c) Notwithstanding the exclusion of members of the optional university retirement program from  
11 participation in the teachers' retirement system under AS 14.25.040(a), 14.25.220(40), and AS 14.40,  
12 or in the public employees' retirement system under AS 14.40, AS 39.35.120, and 39.35.680(21), a  
13 participant in the optional university retirement program who is vested in one of those retirement systems  
14 may participate in the retirement incentive program if the individual meets the other qualifications of  
15 this Act.

16 \* Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN  
17 THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers' retirement system  
18 who is not otherwise covered by secs. 3 or 5 of this Act is authorized to adopt a retirement incentive  
19 plan for its employees under sec. 2 of this Act. A plan adopted under this section must permit des-  
20 ignated employees to apply to the retirement incentive program under sec. 2 of this Act only from  
21 June 30, 1992, through no later than December 31, 1992.

22 (b) Under a plan adopted under this section, the administrator may not accept the application  
23 of an employee unless the employee will be appointed to retirement on or before August 1, 1993. The  
24 employer may set an earlier date by which employees of the employer must be appointed to retirement  
25 in order to participate.

26 \* Sec. 7. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.  
27 Notwithstanding other provisions of law, a vested member who is a state employee and is participating  
28 in the retirement incentive program may receive credit for employment with a political subdivision or  
29 public organization before the political subdivision or organization became an employer under the system  
30 for purposes of determining the years of service requirements for retirement under AS 14.25.110 or  
31 AS 39.35.370, as appropriate. The member may not receive credit for those years under this subsection

1 for purposes of determining benefits. In order for a state employee to receive credit under this  
2 subsection, the employee's participation in the program must contribute to the overall cost savings of  
3 the agency.

4 \* **Sec. 8. PROVISION AND AUTHORIZATION FOR ADMINISTRATIVE DIRECTOR OF**  
5 **COURT.** (a) The chief justice of the state supreme court may adopt a retirement incentive plan for an  
6 administrative director of the Alaska Court System who is a member of the judicial retirement system  
7 under AS 22.25.012 if participation in the plan will result in savings to the court system in personal  
8 services costs within five years after the commencement of the plan. The administrative director may  
9 participate only if the administrative director is vested in the judicial retirement system and will be  
10 qualified to retire under AS 22.25.010 after receipt of the retirement incentive. To participate, the  
11 administrative director shall apply on a form provided by the administrator of the public employees'  
12 retirement system.

13 (b) The court system shall include in the retirement incentive plan a reimbursement agreement  
14 that requires the court system, for each administrative director of the Alaska Court System who is retired  
15 under the plan, to reimburse the judicial retirement system within three years after the end of the fiscal  
16 year in which the administrative director is appointed to retirement in an amount equal to

17 (1) the actuarial equivalent of the difference between the benefits the administrative  
18 director receives after the addition of the retirement incentive under this section and the amount the  
19 participant would have received without the incentive, less the total of the amount the participant has  
20 paid on the indebtedness determined under (d) of this section and the amount paid under (f) of this  
21 section, if any; and

22 (2) an appropriate share of the administrative costs of the program.

23 (c) A retirement incentive plan adopted under this section must provide that contributions from  
24 the court system under (b) of this section take priority over other obligations of the court system to the  
25 maximum extent permitted by law.

26 (d) An administrative director of the Alaska Court System who participates in the retirement  
27 incentive program is indebted to the system. The amount of indebtedness is equal to 21 percent of the  
28 director's actual annual compensation, or the calculated annual compensation for a member who works  
29 fewer than 12 months, for the year in which the director terminates employment to participate in the  
30 program. An outstanding indebtedness at the time the administrative director is appointed to retirement  
31 will require an actuarial adjustment to the benefits payable.

1 (e) Notwithstanding sec. 2(g) of this Act, an administrative director of the Alaska Court System  
2 who participates in the retirement incentive program receives a credit of three years which may only be  
3 used to meet the age requirements for normal or early retirement under AS 22.25.010(d).

4 (f) In order to establish eligibility for participation under (a) of this section, and in addition to  
5 the employee indebtedness under (d) of this section, an administrative director may elect to assume a  
6 portion of the employer liability calculated under (b) of this section. An outstanding indebtedness at the  
7 time the employee is appointed to retirement will require an actuarial adjustment to the employee's  
8 benefits.

9 (g) The chief justice of the Alaska Court System is authorized to adopt a retirement incentive  
10 plan for the administrative director of the court system. A plan adopted under this subsection must  
11 permit an administrative director to apply to the retirement incentive program only from December 31,  
12 1992, through June 30, 1993. The administrator of the public employees' retirement system may not  
13 accept the application of the administrative director of the Alaska Court System unless the administrative  
14 director will be appointed to retirement on or before February 1, 1994.

15 \* Sec. 9. RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency owed by an  
16 employer other than the state under an agreement entered under sec. 2(d)(2) of this Act, the Department  
17 of Administration may

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

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

22 \* Sec. 10. REEMPLOYMENT INDEBTEDNESS. (a) If a participant in the retirement incentive  
23 program is reemployed after appointment to retirement under the program as a member of the public em-  
24 ployees' retirement system under AS 39.35, the teachers' retirement system under AS 14.25, or the  
25 judicial retirement system under AS 22.25, the participant loses the incentive credit received under  
26 sec. 2(g) or sec. 8(e) of this Act and is indebted to the system. The amount of the indebtedness is equal  
27 to 110 percent of the amount the participant received as a result of participation in the program to which  
28 the participant was not otherwise entitled, including the cost of health insurance. The participant is  
29 entitled to a credit to be applied against the reemployment indebtedness in the amount the participant  
30 has paid under sec. 2(e), (f), and (i) or sec. 8(d) and (f) of this Act. Interest accrues on the indebtedness  
31 at the rate established by regulation from the date of reemployment until the member is appointed to

1 retirement and accepts an actuarial adjustment to the member's future benefits or until the amount is paid  
2 in full.

3 (b) For one year after the date on which an employee who participated in the program retired,  
4 the participant may not be employed by or enter into a contract for personal services with a state  
5 department or agency other than a personal services contract with the University of Alaska. This  
6 subsection does not prohibit the university, during the year immediately following the employee's  
7 retirement, from entering into a personal services contract with an employee who has participated in the  
8 program.

9 \* **Sec. 11. OFFICE OF MANAGEMENT AND BUDGET.** (a) When designating an organizational  
10 unit for participation in the retirement incentive program, the executive head of a state agency shall  
11 describe in detail the expected effect of the program on the agency's personal services cost and  
12 operation. This report shall be filed with the office of management and budget. For each employee who  
13 will receive credit for employment under sec. 7 of this Act, the agency head shall establish to the  
14 satisfaction of the office that the proposed participation contributes to the overall agency cost savings.  
15 The agency shall report as required by the office of management and budget on the cost of each  
16 member's participation and the effect on the agency's personal services cost and operation.

17 (b) The office of management and budget shall develop and implement a method to document  
18 in the governor's annual budget request the net reduction in personal services costs for each agency that  
19 adopts a retirement incentive plan.

20 (c) The office of management and budget shall submit to the legislature annual reports on the  
21 retirement incentive program beginning on January 15, 1994, and continuing through January 15, 1996,  
22 and shall submit a final report on January 15, 1997. Each report must provide the information necessary  
23 for the legislature to evaluate the effectiveness of the program in achieving its objectives. The report  
24 must include information on the designated organizational units under the retirement incentive plans  
25 including the cost of the retirement incentive program per participant, the cost to the state, the cost to  
26 the employee, the annual budgeted amount by agency for the retirement incentive, and the projected or  
27 actual net savings over the five-year period.

28 \* **Sec. 12. PROGRAM CHANGES.** An employee does not have a vested or contractual right to a  
29 benefit under this Act until an agreement is executed with the administrator that permits the benefits to  
30 be offered to an organizational unit of which the employee is a member. The legislature reserves the  
31 right to change any aspect of the incentive program as it relates to members of organizational units for

1 which participation agreements are executed by the administrator after the effective date of the changes.

2 \* Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.220 apply to this Act for members  
3 of the teachers' retirement system. The definitions set out in AS 39.35.680 apply to this Act for  
4 members of the public employees' retirement system.

5 \* Sec. 14. Sections 1 - 8 of this Act are repealed July 1, 1994.

6 \* Sec. 15. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA  
 1992 LEGISLATIVE SESSION

(S) Publish Date: 1-31-92

Revision Date: \_\_\_\_\_ Department Affected: Administration  
 Title: "An Act relating to retirement incentive programs...effective date." BRU: Finance  
 Component: Finance  
 Sponsor: Senators Duncan, Kerttula, Sturgulewski  
 Requestor: Senate State Affairs COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	10.0	62.6	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	10.0	62.6	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE						
FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	10.0	62.6	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	10.0	62.6	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	4	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: See attached

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Wanie *DW* Phone: 465-2240  
 Division: Finance Date: 01/21/92  
 Approved by Commissioner: Nancy Bear Usefo *NB*  
 Agency: Administration Date: \_\_\_\_\_

Impact of a Retirement Incentive Program

The Division of Finance is responsible for verification of employment history and processing of termination pay for all state employees. This includes verifying the length of employment, accounting for all leave without pay during the entire employment with the state and determining salaries for the three highest years. In addition, final and terminal leave pay must be processed in accordance with contractual agreements.

With implementation of a Retirement Incentive Program (RIP) the workload for these functions would be significantly increased and additional support will be required by the Division of Finance to meet processing deadlines. Approximately five hundred employees took advantage of the previous RIP. It is anticipated that a comparable number of employees would participate if a RIP was implemented in the next year. Based on past experience, this would require four additional positions, including one Accountant I and three Accounting Technicians I, for a period of six months. Estimated cost for these positions would be:

Accountant I (1)	Range 14A	19.7
Acct Tech I (3)	Range 12A	<u>52.9</u>
Total Cost		72.6

FISCAL NOTE

lo. 2

Bill Version: SB 337

(S) Publish Date: 1-31-92

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An Act relating to retirement incentive programs for the Public Employees' and Teachers' Retirement System  
Sponsor: Duncan  
Requestor: Senate State Affairs

Department Affected: Administration  
BRU: Retirement and Benefits  
Component: Retirement and Benefits  
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	575.7	630.0	277.5	277.5	277.5	277.5
TRAVEL	3.0	3.0	1.0	1.0	1.0	1.0
CONTRACTUAL	20.0	33	0	0	0	0
SUPPLIES	3.0	2.5	1.0	1.0	1.0	1.0
EQUIPMENT	112.3	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	714.0	638.8	279.5	279.5	279.5	279.5

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	714.0	638.8	279.5	279.5	279.5	279.5
TOTAL	714.0	638.8	279.5	279.5	279.5	279.5

POSITIONS

FULL-TIME:	6	6	6	6	6	6
PART-TIME:	0	0	0	0	0	0
TEMPORARY:	9	9	0	0	0	0

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.) The actuarial costs to participating employers due to this program are to be paid up front and no additional costs are anticipated.

Prepared By: Gary Bader  
Division: Retirement and Benefits

Phone: 465-4460  
Date: January 16, 1992

Approved by Commissioner: Nancy Bear Usera  
Agency: Department of Administration

Date: 1/21/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).

Senate Bill 337  
Analysis of Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
January 16, 1992

**Analysis:** This bill would place a temporary retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. Active PERS and TRS members could retire on an accelerated basis with an increased benefit under the following conditions: at age 47, if vested; with 17 years of service as a qualified peace officer, fire fighter or teacher; or with 27 years of credited service in the PERS. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment or take an actuarial reduction from their life time benefit for the indebtedness amount.

We estimate that five permanent full-time positions will be needed in Juneau and one in Anchorage to administer the increased demand for information and services resulting from adding potentially over 4000 new retirees to the PERS and TRS, resulting from prior RIPs and projected for this one. In addition, we estimate that nine long term non-permanent employees will also be needed for varying lengths of time over the next two fiscal years. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services.

We estimate that we will need to increase our normal number of counseling trips by 5 trips over the next two fiscal years to assure that members understand the options and requirements of the program.

SB 337  
 Analysis of Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 16, 1992

The total estimated administrative cost to the division by fiscal year is as follows:

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
<b>PERSONAL SERVICES</b>			
<b>FY 93</b>			
2 Retirement Specialist I/II	104.5		
8 Retirement Technician I/II	338.2		
1 Accountant I	46.1		
2 Accounting Clerk III (6 months)	38.0		
2 Clerk II (9 months)	<u>48.9</u>		
Total FY 93 Personal Services Cost.....	\$575.7		
<b>FY 94</b>			
2 Retirement Specialist I/II	104.5		
8 Retirement Technician I/II	338.2		
1 Accountant I	46.1		
2 Accounting Clerk III (12 months)	76.0		
2 Clerk II (12 months)	<u>65.2</u>		
Total FY 94 Personal Services Cost.....		\$630.0	
<b>FY 95</b>			
2 Retirement Specialist I/II	104.5		
3 Retirement Technician I/II	126.9		
1 Accountant I	<u>46.1</u>		
Personal Services Cost (FY 95 and beyond)			\$277.5
<b>TRAVEL</b>			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars .....		3.0	3.0
<b>CONTRACTUAL</b>			
<b>FY 93</b>			
Computer services for additional PC's	16.5		
Additional telephone costs (4 add phones)	.2		
Telephone service for 4 phones	.8		
Long distance call expense based upon previous RIP	<u>2.5</u>		
FY 93 contractual costs.....		20.0	

SB 337  
 Analysis of Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 January 16, 1992

	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
<b>CONTRACTUAL</b>			
<b>FY 94</b>			
Telephone service for 4 phones	.8		
Long distance call expense based upon previous RIP	<u>2.5</u>		
FY 94 contractual costs.....		3.3	
<b>SUPPLIES</b>			
Office supplies, calculators cost. ....	3.0	2.5	
<b>EQUIPMENT</b>			
5 Work stations	23.0		
5 Chairs	1.5		
5 PCs and other office equipment	30.0		
Other office equipment (Dictaphone, calculators, etc.)	5.0		
1 File cabinets	.3		
5 Phones (600/instrument)	3.0		
5 Personal Computers	27.5		
5 Microfiche viewers	4.0		
1 Computer Output Printer	18.0		
Total Equipment cost. ....	<u>112.3</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL Operations Cost</b>	<u><u>\$714.0</u></u>	<u><u>\$638.8</u></u>	<u><u>\$279.5</u></u>

The retirement technicians, retirement specialists, accountant, and accounting clerks need constant access to the PERS and TRS computer files. We do not have any excess terminals, microfiche viewers or calculators. Our equipment request will satisfy our equipment needs for the duration of this program. We propose the purchase of personal computers to be used as terminals because they will be compatible with the division's Local Area Network.

We are also proposing the purchase of an additional computer output printer. The previous RIP's put great demand on our existing two printers and we were always in a state of backlog. Our current day-to-day printer needs maximize the capacity of our existing printers. After comparing the cost of leasing a printer for two years, coupled with our existing needs, purchasing a new printer would be more cost effective.

All administrative costs of the program will be paid in advance by participating employers as required by the bill.

The Other Funds are comprised of PERS at \$392.7 and the TRS at \$321.3 for FY 93.

*Adopted*  
2-25-92  
7-LS1483ND.2  
Cramer  
02/20/92  
JD  
#1

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DUNCAN

TO: CSSB 337 (STATE AFFAIRS)

Page 4, line 26, after "through":

Insert "no later than"

Page 4, line 28, after ".":

Insert "The employer may set an earlier date by which employees of the employer must be appointed to retirement in order to participate."

Page 5, line 2, after "through":

Insert "no later than"

Page 5, line 4, after ".":

Insert "The Board of Regents may set an earlier date by which employees of the university must be appointed to retirement in order to participate."

Page 5, line 16, after "through":

Insert "no later than"

Page 5, line 18, after ".":

Insert "The employer may set an earlier date by which employees of the employer must be appointed to retirement in order to participate."

Adopted  
2-25-92  
# 2  
JK — 4

**AMENDMENT**

TO: CS SB 337 (STA)  
OFFERED BY; Senator Pourchot  
DATE: February 25, 1992

TITLE CHANGE:

Page 1, Line 2

following first "system":

Delete (AND)

Insert   

following second "system":

Delete (;AND)

Insert   and certain persons under the Judicial Retirement System.

Rationale: This change should have occurred when Section 8 was included in the State Affairs CS version.