

ALASKA LEGISLATURE

1521

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

**SB**

**144**

**SFIN**

**FILE**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/28/95

FURTHER: Finance

Date of 5-Day Notice: 4/13/95  
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-26-95

State Affairs Committee considered SB 144

Issuance of revenue bonds by the University of Alaska to pay for the costs of repair and rehabilitation of buildings and other structures; efd.

*4/21/95*

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:  
 same title  
 new title  
 House Bill:  
 same title  
 technical title  
 new: SCR# \_\_\_\_\_

<del>SHOULD PASS</del>	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	<i>[Signature]</i>	<i>From D. Swain</i> <i>2000 EC 1000</i>	<input checked="" type="checkbox"/>		
CHAIR:		<i>[Signature]</i>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>U. A.</i>	<i>3/14</i>	<input checked="" type="checkbox"/>	
<i>ADREN / GEN</i>	<i>3/14</i>	<input checked="" type="checkbox"/>	
<i>ADREN / GEN SV</i>	<i>3/14</i>	<input checked="" type="checkbox"/>	
<i>RCI</i>	<i>3/14</i>	<input checked="" type="checkbox"/>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

TONY KNOWLES  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

177  
P O Box 110001  
Juneau Alaska 99811-0001  
1907) 465-3500  
Fax (907) 465-3532

March 24, 1995

The Honorable Druce Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill authorizing the University of Alaska (university) to issue \$45,000,000 in revenue bonds for building maintenance projects at various campuses of the university.

Meeting the long-deferred repair and rehabilitation needs of the university is a priority of my Administration. It is my intent to work closely with the legislature during the remainder of this session and next session to identify other funding sources to meet those needs. If, however, we are not able to provide \$20,000,000 in capital appropriations or other forms of bond authorizations for these purposes through a bill enacted into law by July 1, 1996, this bill will authorize the university to issue revenue bonds to begin addressing the problem. The bill's amendment of AS 37.15.011 is intended to allow for repayment of the debt service to be made from annual legislative appropriations from the Alaska debt retirement fund if necessary.

I urge your early and favorable consideration of this bill

Sincerely,

A handwritten signature in dark ink, appearing to read "Tony Knowles".

Tony Knowles  
Governor

FISCAL NOTE SUMMARY

SB 144 - FINANCING REPAIR/REHAB OF U AK BLDGS

NUMBER	DEPARTMENT	DATE	AMOUNT
1	DOR	3/14/95	-0-
2	DOA (Purchasing)	3/14/95	-0-
3	DOA (Finance)	3/14/95	-0-
4	UofA	3/14/95	-0-

# FISCAL NOTE

No. 1

Bill Version: SB 144

(S) Publish Date: 3-27-95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL

Revision Date: \_\_\_\_\_ Dept. Affected: \_\_\_\_\_ Revenue \_\_\_\_\_  
 Title: University Maintenance BRU: Revenue Ops  
 Component: Treasury  
 Sponsor: GOV  
 Requester: \_\_\_\_\_ COMPONENT SERIAL NO. 121

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<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 EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1006 GF MHTIA						
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>

Estimate of any current year (FY95) cost: \$ \_\_\_\_\_

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

There would be no identifiable revenue or cost impacts resulting from the passage of this legislation over the period covered by this fiscal note.

Prepared by: Bob Barakat Phone: 465-2312  
 Division: \_\_\_\_\_ Date: 3/14/95  
 Approved by: \_\_\_\_\_  
 Commissioner: Deborah Voigt Date: 3/14/95  
 Agency: Revenue

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FISCAL NOTE

No. 2  
 Bill Version: SB 144  
 (S) Publish Date: 3-27-95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to authorizing University of Alaska to issue bonds for purpose of funding maintenance projects..."  
 Sponsor: Rules  
 Requestor: \_\_\_\_\_

Department Affected: Administration  
 BRU: General Services  
 Component: Purchasing

COMPONENT SERIAL NO. 60

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ( )	0	0	0	0	0	0
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FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
<b>TOTAL</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>

Estimate of any current year (FY 95) cost: \$ 0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Division of General Services.

Prepared by: Duncan Perry, Director  
 Division: General Services

Phone: 485-2250  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer  
 Agency: Department of Administration

Date: 3/14/95

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FISCAL NOTE

No. 3

Bill Version: SB 144

(S) Publish Date: 3-27-95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: "An Act relating to authorizing University of Alaska to issue bonds for purpose of funding maintenance projects..."  
Sponsor: Rules  
Requestor: \_\_\_\_\_

Department Affected: Administration  
BRU: Finance  
Component: Finance

COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<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>
<b>CAPITAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
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>

Estimate of any current year (FY 95) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact to the Division of Finance.

Prepared by: Don Wain, Director  
Division: Finance

Phone: 465-2240  
Date: \_\_\_\_\_

Approved by Commissioner: M. Boyer  
Agency: Department of Administration

Date: 3/11/95

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FISCAL NOTE

No. 4

Bill Version: SB 144

(S) Publish Date: 3-27-95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date:  
Title: UNIVERSITY OF ALASKA BOND AUTHORIZATION

Department Affected: University of Alaska  
BRU: ALL  
Component: ALL

Sponsor:  
Requestor:

COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)	FY96	FY97	FY98	FY99	FY00	FY01
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Wendy Matheny, Budget Analyst  
 Division: Statewide Budget Office  
 Approved by: MJB Marylou Burton, Director  
 Agency: Statewide Budget Office

Phone: 463-4086  
 Date: 3/14/95  
 Date: 3/14/95

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

**SB**

**145**

SFIN

FILE

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/28/95

FURTHER: Finance

*gmp*

Date of 5-Day Notice: March 30, 1995  
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-7-95

Judiciary Committee considered SB 145

Reporting of bingo and pull tab winners to Department of Health and Social Services: ~~prohibit gaming permittees from cashing state public assistance checks.~~

*QFN*

and recommends:

- be replaced with CS SB 145 (JUD)
- adopt previous CS (    )
- attached amendment(s)
- adopt Letter of Intent by      Committee
- further referral to the      Committee

- Senate Bill: same title
- new title
- House Bill: same title
- technical title
- new SCR

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Lylee Green</i>	<input checked="" type="checkbox"/>				
<i>Mike Miller</i>	<input checked="" type="checkbox"/>				
<i>Al Adams</i>	<input checked="" type="checkbox"/>				
<i>Chair: Adis Taylor</i>	<input checked="" type="checkbox"/>				

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
<i>Revenue - GAMING</i>	<i>4/95</i>	<input checked="" type="checkbox"/>	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

No. 1  
 Bill Version: SB 145  
 (S) Publish Date: 4-10-95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

BILL

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Charitable Gaming: Prizes, Reports, Penalty BRU: Revenue Operations  
 Sponsor: Senate Health, Education and Social Services Component: Charitable Gaming Division  
 Requester: Judiciary COMPONENT SERIAL NO. 1883

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<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 EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
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>

Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

POSITIONS	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

The zero fiscal note assumes that the only responsibility of the department will be to distribute the Health and Social Services form to all permittees and licensees along with forms already distributed by the department. The cost should be negligible.

Prepared by: Dennis R. Poshard *Dennis R. Poshard* Phone: 465-2279  
 Division: Charitable Gaming Division Date: 04/05/95  
 Approved by: \_\_\_\_\_ Date: 4/14/95  
 Commissioner: Wilson L. Condon  
 Agency: Department of Revenue

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**SB**

**146**

**SFIN**

**FILE**



# FISCAL NOTE

No. 1

Bill Version: SB 146

(S) Publish Date: 4/18/95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An Act relating to the Alaska Election Code

Department Affected: Administration  
BRU: Alaska Public Offices Commission  
Component: Alaska Public Offices Commission

Sponsor: Sen. Kelly  
Requestor: (S) STA

COMPONENT SERIAL NO. 70

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

OPERATING EXPENDITURES	FY 95	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0	0	0	0	0	0
<b>CHANGE IN REVENUES</b>	0	0	0	0	0	0

**FUND SOURCE:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/AMTIA						
OTHER						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 95) cost: \$ 0.

**POSITIONS:**

FULL TIME					
PART TIME					
TEMPORARY					

**ANALYSIS:** (Attach a separate page if necessary.)

There is no fiscal impact to the Alaska Public Offices Commission.

Prepared by: Maureen Roseman, Director  
Division: Alaska Public Offices Commission

Phone: 276-4176  
Date: \_\_\_\_\_

Approved by Commissioner: Maureen Roseman  
Agency: Department of Administration

Date: 4/10/95

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**SB**

**148**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: May 5, 1995

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The FINANCE Committee considered:

CSSB 148(RLS) am(efd fld)

CS FOR SENATE BILL NO. 148(RLS) am(efd fld)

### STATE EMP DEFINED CONTRIB RETIREMENT PROG

"An Act relating to contributions and benefits in the teachers' retirement system and in the public employees' retirement system; relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; relating to separation incentives for certain state employees; repealing a provision permitting the National Education Association to participate in the teachers' retirement system."

recommends it be replaced  the same title  
 with the following committee substitute \_\_\_\_\_  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
Died				
in				
committee				

CHAIR'S SIGNATURE \_\_\_\_\_

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148 (RLS)  
Mandatory Tier III \*\*

Revision Date: \_\_\_\_\_  
Title: An Act relating to contributions and benefits in the teachers' retirement system and the public employees'  
Sponsor: Senate Finance Committee  
Requestor: \_\_\_\_\_

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

COMPONENT SERIAL NO. 64

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

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	497.5	497.5	297.7	189.7	189.7	189.7
TRAVEL	8.0	8.0	3.0	3.0	3.0	3.0
CONTRACTUAL	28.4	25.1	17.2	16.5	16.5	16.5
SUPPLIES	13.2	3.0	2.1	2.1	2.1	2.1
EQUIPMENT	118.8	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>665.9</b>	<b>533.6</b>	<b>320.0</b>	<b>211.3</b>	<b>211.3</b>	<b>211.3</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

**FUND SOURCE:** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	665.9	533.6	320.0	211.3	211.3	211.3
<b>TOTAL</b>	<b>665.9</b>	<b>533.6</b>	<b>320.0</b>	<b>211.3</b>	<b>211.3</b>	<b>211.3</b>

Estimate of any current year (FY 95) cost: zero

FULL-TIME	4	4	4	4	4	4
PART-TIME	0	0	0	0	0	0
TEMPORARY	9	9	3	0	0	0

**ANALYSIS:** (Attach a separate page if necessary.) The actuarial costs to participating employers due to the retirement incentive program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the program. The bill will also establish a third tier in both the PERS & TRS for employees first hired after March 31, 1996. The cost as a percent of salary for PERS and TRS employees first hired after March 31, 1996 is estimated to be 5.5%. Please refer to the attached graphs for a complete explanation.

\*\* This fiscal note would be appropriate if the changes represented in CSSB 148(RLS) were mandatory for all employers under PERS and TRS.

Prepared by Robert F. Stanger Jane Parker Phone: 465-4470  
Division: Retirement & Benefits Date: \_\_\_\_\_

Approved by Commissioner Mark Brown Mark Brown Date: 5/3/95  
Agency: Department of Administration

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FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS)  
Mandatory Tier III

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>TRAVEL</b>			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars.	\$ 8.0	\$ 8.0	\$ 3.0
<b>CONTRACTUAL</b>			
Communication (Telephone, Postage)	14.0	14.0	9.6
Mainframe Computer Time	9.7	9.7	6.2
Software Maintenance	3.3		
Training/Risk Management	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>
Total Contractual	28.4	25.1	17.2
<b>SUPPLIES</b>			
Office Supplies, Calculators, software	13.2	3.0	2.1
<b>EQUIPMENT</b>			
Computer Workstations	44.0	0.0	0.0
File Cabinets (2)	1.6	0.0	0.0
Office Chairs (3)	5.6	0.0	0.0
Microfiche Viewers (11)	5.6	0.0	0.0
Office Workstations	20.0	0.0	0.0
Computer/Network Printers	12.0	0.0	0.0
Computer Network Upgrades	21.4	0.0	0.0
Telephone Unit (11)	<u>5.6</u>	<u>0.0</u>	<u>0.0</u>
Total Equipment	<u>118.8</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL OPERATIONS COST</b>	<b>\$665.9</b>	<b>\$533.6</b>	<b>\$320.0</b>

The retirement technicians, retirement specialists, accounting technicians, 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 two additional computer printers. The previous RIPs put a great demand on our existing 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 printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

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

Funding Source Breakdown for FY 1996:

1029	PERS	\$366.2
1034	TRS	<u>299.7</u>
		\$665.9

FISCAL NOTE

Bill Version: CS88 148 PL5  
 (S) Publish Date: 5-295

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: An Act relating to contributions and benefits in the teachers' retirement system and in the public employees'  
 Sponsor: Senate Finance Committee  
 Requestor: \_\_\_\_\_

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	835.5	835.5	635.7	527.7	527.7	527.7
TRAVEL	60.0	60.0	55.0	52.0	52.0	52.0
CONTRACTUAL	1,536.9	931.8	923.9	923.9	923.9	923.9
SUPPLIES	20.4	5.1	3.9	3.9	3.9	3.9
EQUIPMENT	186.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2,638.8</b>	<b>1,832.4</b>	<b>1,618.5</b>	<b>1,507.5</b>	<b>1,507.5</b>	<b>1,507.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	2,638.8	1,832.4	1,618.5	1,507.5	1,507.5	1,507.5
<b>TOTAL</b>	<b>2,638.8</b>	<b>1,832.4</b>	<b>1,618.5</b>	<b>1,507.5</b>	<b>1,507.5</b>	<b>1,507.5</b>

Estimate of any current year (FY 95) cost: zero

FULL-TIME	10	10	10	10	10	10
PART-TIME	0	0	0	0	0	0
TEMPORARY	7	9	3	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The actual costs to participating employers due to the retirement incentive program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the program.

The cost as a percent of salary for PERS and TRS employees first hired after March 31, 1996 is estimated to be 5.5%. Please refer to the attached graphs for a complete explanation.

Prepared by: Robert F. Stanger *Robert F. Stanger* Phone: 465-4470  
 Division: Retirement & Benefits Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Mark Boyer*  
 Agency: Department of Administration Date: 5/2/95

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FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS)

ANALYSIS: (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. In addition, it allows for separation bonuses for state employees. Authorization of a RIP for State employees could begin as early as June 30, 1995 or as late as June 30, 1998. RIP eligibility periods for state employees would be designated by the Commissioner of Administration. RIP window periods would last from 30-60 days. The University of Alaska may adopt a RIP between June 30, 1995 and June 30, 1998. Participating PERS political subdivision employers may adopt a RIP between October 31, 1995 and October 31, 1996. 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 lifetime benefit for the indebtedness amount.

We estimate that ten permanent employees will be needed to manage the operations of the program and increased service demands into the future. Nine long-term non-permanent employees will also be needed over the next two fiscal years, with three of those to remain for the third fiscal year. Personnel will handle increased counseling, address and beneficiary changes, account maintenance, and other services. Subsequent increases in the number of retirees will necessitate increased permanent employees to handle the increased demand for information and services.

We estimate that we will need to increase our normal number of counseling trips by 17 trips over the next two fiscal years to assure that members and employers understand the options and requirements of the programs.

This bill also creates a third tier in the PERS and TRS. The major provisions of the third tier will: 1) lower the employee contribution rate, 2) increase the service based retirement requirements, 3) set the benefit multiplier at one and one-half percent for all years of service, 4) makes dependent medical coverage purchasable by the retiree, 5) eliminates the 66 2/3 last survivor option, and 6) eliminates the Level Income Option for PERS.

However, the biggest change is that tier three, mandatory for state of Alaska and the University of Alaska, is elective for all other employers. Also, when determining employer contribution rates, tier one and two will be determined separately from tier three. Previous changes to the retirement systems have been mandatory.

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

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>PERSONAL SERVICES</b>			
	<u>FY 1996</u>		
1 Analyst/Programmer IV	\$ 62.4		
2 Accountant III	117.2		
2 Retirement & Benefits Spec II	117.2		
2 Retirement & Benefits Spec I	103.0		
1 Accounting Tech I	45.5		
2 Retirement & Benefits Tech II	82.4		
4 Retirement & Benefits Tech II (NP)	148.8		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1996 COSTS .....		\$835.5	
	<u>FY 1997</u>		
1 Analyst/Programmer IV	\$ 62.4		
2 Accountant III	117.2		
2 Retirement & Benefits Spec II	117.2		
2 Retirement & Benefits Spec I	103.0		
1 Accounting Tech I	45.5		
2 Retirement & Benefits Tech II	82.4		
4 Retirement & Benefits Tech II (NP)	148.8		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1997 COSTS .....		\$935.5	
	<u>FY 1998</u>		
1 Analyst/Programmer IV	\$ 62.4		
2 Accountant III	117.2		
2 Retirement & Benefits Spec II	117.2		
2 Retirement & Benefits Spec I	103.0		
1 Accounting Tech I	45.5		
2 Retirement & Benefits Tech II	82.4		
2 Retirement & Benefits Tech I (NP)	74.4		
1 Accounting Clerk I (NP)	<u>33.8</u>		
TOTAL FY 1998 COSTS .....			\$527.7

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS)

TRAVEL

Traveling to various locations throughout the state to counsel prospective retirees and give seminars.

\$ 60.0                      \$ 60.0                      \$ 55.0

CONTRACTUAL

Communication (Telephone, Postage)  
Actuarial Services  
Computer System Upgrades  
Legal Services  
Audit Services  
Lease Space  
Mainframe Computer Time  
Software Maintenance  
Training/Risk Management  
TOTAL CONTRACTUAL

23.4	23.4	19.0
240.0	240.0	240.0
600.0	0.0	0.0
110.0	110.0	110.0
40.0	40.0	40.0
500.0	500.0	500.0
15.0	15.0	11.5
5.1	0.0	0.0
<u>3.4</u>	<u>3.4</u>	<u>3.4</u>
1,536.9	931.8	923.9

SUPPLIES

Office Supplies, Calculators, software

20.4                      5.1                      3.9

EQUIPMENT

Computer Workstations  
File Cabinets (10)  
Office Chairs (17)  
Microfiche Viewers (17)  
Office Workstations  
Computer/Network Printers  
Computer Network Upgrades  
Telephone Unit (17)  
Total Equipment

68.0	0.0	0.0
4.0	0.0	0.0
10.2	0.0	0.0
10.2	0.0	0.0
50.0	0.0	0.0
12.0	0.0	0.0
21.4	0.0	0.0
<u>10.2</u>	<u>0.0</u>	<u>0.0</u>
186.0	0.0	0.0

TOTAL OPERATIONS COST

\$2,638.8                      \$1,832.4                      \$1,818.5

The retirement technicians, retirement specialists, accounting technicians, 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 two additional computer printers. The previous RIPs put a great demand on our existing 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 printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

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

Funding Source Breakdown for FY 1996

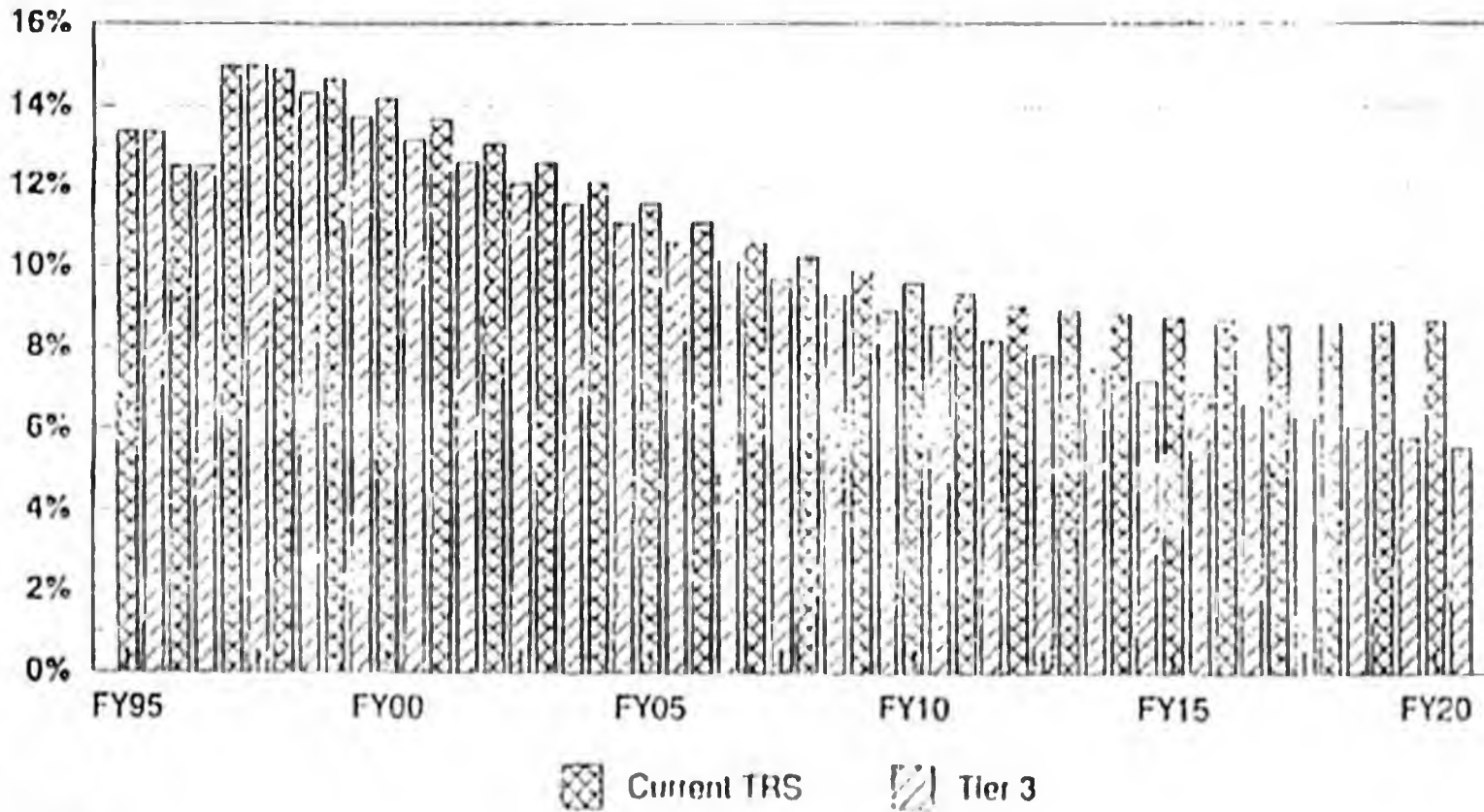
1029	PERS	\$1,451.3
1034	TRS	<u>1,187.5</u>
		\$2,638.8

# STATE OF ALASKA TRS

## TIER 3 PLAN PROVISIONS

### COMPARISON OF TOTAL EMPLOYER CONTRIBUTION RATES

(% of Pay)



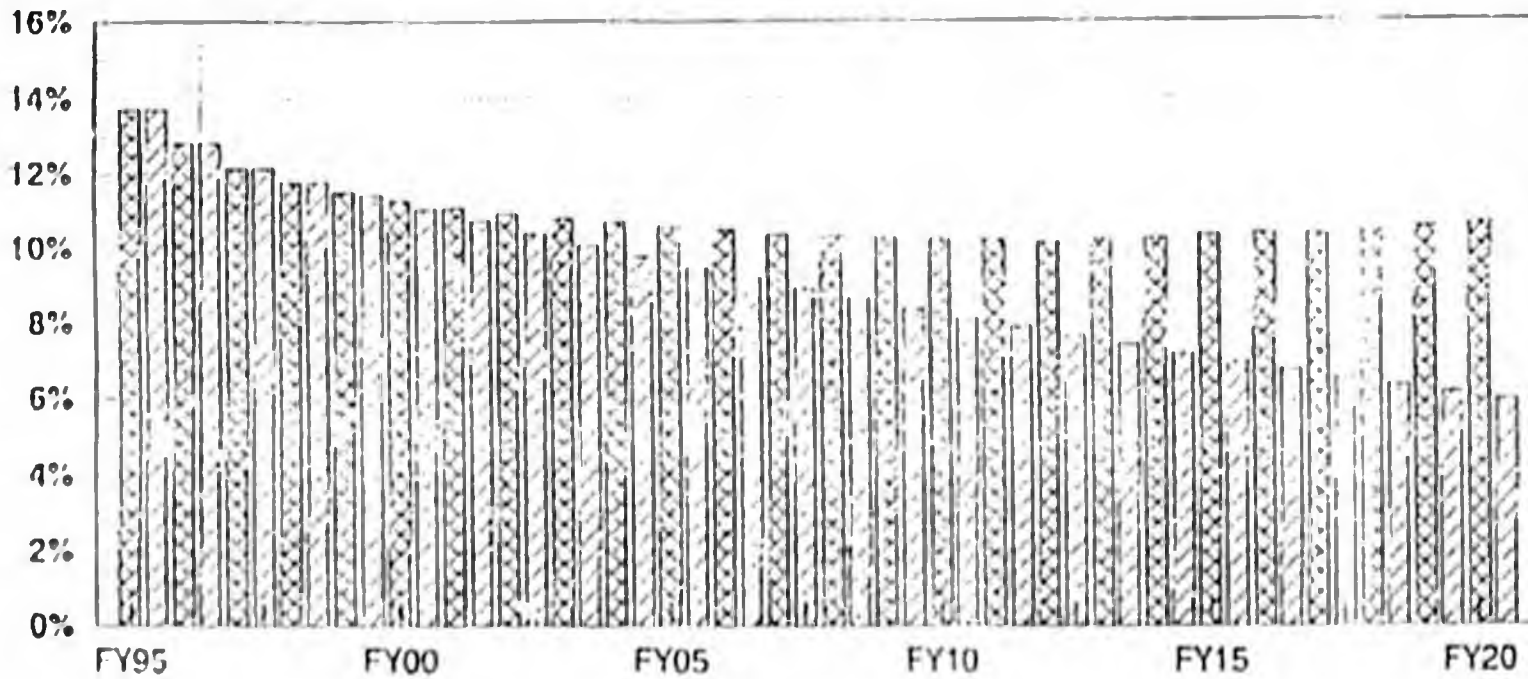
SB11113r

# STATE OF ALASKA PERS

## TIER 3 PLAN PROVISIONS

### COMPARISON OF TOTAL EMPLOYER CONTRIBUTION RATES

(% of Pay)



Current PERS Tier 3

SBI11P3r

STATE OF ALASKA DEPARTMENT OF REVENUE

FISCAL NOTE

no. 3  
 Bill Version: CS98148 RLS  
 (S) Publish Date: 5-2-95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to contributions and benefits..."  
 Sponsor: Senate Finance  
 Requestor: \_\_\_\_\_

Department Affected: Administration  
 BRU: Finance  
 Component: Finance  
 COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	19.1	19.1	19.6	9.8	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	19.1	19.1	19.6	9.8	0.0	0.0

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ( )	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	19.1	19.1	19.6	9.8	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	19.1	19.1	19.6	9.8	0.0	0.0

Estimate of any current year (FY 95) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1		
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Don Warr, Director  
 Division: Finance

Phone: 465-2240  
 Date: \_\_\_\_\_

Approved by Commissioner: Marc Boyer  
 Agency: Department of Administration

Date: 5/2/95

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PRESS ENTER TO CONTINUE

04/18/95

Personal Services Cost Calculations Detail

08:05:07

Position: 02-02#167	Project: 0	Salary Costs:	13,968.00
Component: 02-95-04-04-00-00	Region:	Benefits Costs:	5,083.57
Scenario: 2 FY: 96	COLA %: 0.000	C.O.L.A. Costs:	0.00
		Total Costs:	19,051.57

Schedule: 2A Range: 12 Step: A & Extra Step:

Monthly Base Rate: 2328.00 & Extra Rate:	0.00	( FROM SALARY SCHEDULE )
Base Hourly Rate @ 162.50 Hours Per Month:	14.33	( FROM SALARY SCHEDULE )

Salary: for	6.0 months	+ COLA	& for	0.0 months	+ COLA	Total
Annual Pay=	13,968.00	0.00	0.00	0.00	13,968.00	
Premium Pay=	0.00	0.00			0.00	
Totals=	13,968.00	0.00	0.00	0.00	13,968.00	

Benefits:	Est. cost	+ COLA	Seas. Ind.= P	Barg. Unit= GG	Ret. Code= A
SBS=	856.23	0.00	SBS rate= 0.06130	* salary: max= 3861.90	
Medicare=	139.68	0.00	Med rate= 0.01000	* salary: max= 99999.99	
Retirement=	1,966.69	0.00	Retirement rate	0.14080	* salary
Variable=	821.31	0.00	Variable benefits rate	0.058800	* salary
Short-term=	0.00	0.00	Nonperm benefits rate	0.000000	* salary
Fixed Ben.=	1,299.66	N/A	6.0 months @	433.220 & 0.0 @	0.000 /2

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148 (RLS)

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. 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. It is estimated a half time Accounting Technician I will be needed in FY 96, 97 and 98 and the first half of FY 99 to accommodate the additional workload generated by the program.

Accounting Technician I,

	FY 96	FY 97	FY 98	FY 99
Range 14 A half time.	19.1	19.1		
Range 14 B half time.			19.6	9.8

POSITION INFORMATION HAS BEEN UPDATED AND FUNDING HAS BEEN UPDATED.

04/18/95

Position Information Inquiry/Update

08.05:01

Position: 02-02#157                      Project: 0                      Salary Costs: 13.968.00  
Component: 02-95-04-04-00-00            Region:                      Benefits Costs: 5.083.57  
Scenario: 2      FY: 96                    COLA % = 0.000              Total Costs: 19.051.57

Actuals not available      (Status: UNKNOWN ) |      Retirement Code: A

00/00/00      Step: A for 6.0 months & Step: B for 0.0 months (total: 6.00 )  
0      Merit Date: use merit defaults? N      ( 0.0 @ & 0.0 @ )  
Class/Sched Prefix: 2                      Schedule: 2A (actual: )  
Bargaining Unit: GG                      Range: 12 (actual: )  
Location Code: AWA      Place: JUNEAU  
Job Class Code: P1210      Title: ACCOUNTING TECH I \_\_\_\_\_  
Seasonal Indic.: P      Type:

Optional Override Salary Rates:

Monthly Rate: 0.00      for 0.0 months & rate of 0.00      for 0.0 months  
Hourly Rate: 0.00      for 0.0 months      Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen-  
1=Premium pay info      2=Funding info      4=Code Translations      6=Calculations  
7=MISC NEW POS DATA      8=Detail Report      12=Exit w/o update      Selection: 0

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS) nm (EDF FLD)

Revision Date \_\_\_\_\_  
Title An Act relating to contributions and benefits in the teachers' retirement system and in the public employees' retirement system  
Sponsor Senate Finance Committee  
Requestor \_\_\_\_\_

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

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	835.5	835.5	635.7	527.7	527.7	527.7
TRAVEL	60.0	60.0	55.0	52.0	52.0	52.0
CONTRACTUAL	1,536.9	931.8	923.9	923.9	923.9	923.9
SUPPLIES	20.4	5.1	3.9	3.9	3.9	3.9
EQUIPMENT	186.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>2,638.8</b>	<b>1,832.4</b>	<b>1,618.5</b>	<b>1,507.5</b>	<b>1,507.5</b>	<b>1,507.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

**FUND SOURCE:**

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/AMTA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	2,638.8	1,832.4	1,618.5	1,507.5	1,507.5	1,507.5
<b>TOTAL</b>	<b>2,638.8</b>	<b>1,832.4</b>	<b>1,618.5</b>	<b>1,507.5</b>	<b>1,507.5</b>	<b>1,507.5</b>

Estimate of any current year (FY 95) cost: zero

FULL-TIME	10	10	10	10	10	10
PART-TIME	0	0	0	0	0	0
TEMPORARY	9	9	7	0	0	0

**ANALYSIS:** (Attach a separate page if necessary.)

The actuarial costs to participating employers due to the retirement incentive program are to be paid up front and no additional costs to the systems are anticipated. An administrative charge for participating employers will cover the increased costs of administering the program.

The cost as a percent of salary for PERS and TRS employees first hired after March 31, 1996 is estimated to be 5.5%. Please refer to the attached graphs for a complete explanation.

Prepared by Robert F. Stansaker *Robert F. Stansaker* Phone 465-4470  
Division Retirement & Benefits Date \_\_\_\_\_

Approved by Commissioner Mark Meyer *Mark Meyer*  
Agency Department of Administration Date 5/5/95

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## FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS) am (EDF,LD)

### ANALYSIS: (continued)

This bill creates a retirement incentive program for the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems. In addition, it allows for separation bonuses for state employees. Authorization of a RIP for State employees could begin as early as June 30, 1995 or as late as June 30, 1998. RIP eligibility periods for state employees would be designated by the Commissioner of Administration. RIP window periods would last from 30-60 days. The University of Alaska may adopt a RIP between June 30, 1995 and June 30, 1998. Participating PERS political subdivision employers may adopt a RIP between October 31, 1995 and October 31, 1996. 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 lifetime benefit for the indebtedness amount.

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However, the biggest change is that tier three, mandatory for state of Alaska and the University of Alaska, is elective for all other employers. Also, when determining employer contribution rates, tier one and two will be determined separately from tier three. Previous changes to the retirement systems have been mandatory.

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

FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS) am (EDF FLD)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>PERSONAL SERVICES</b>			
	<u>FY 1996</u>		
1 Analyst/Programmer IV	\$ 62.4		
2 Accountant III	117.2		
2 Retirement & Benefits Spec II	117.2		
2 Retirement & Benefits Spec I	103.0		
1 Accounting Tech I	45.5		
2 Retirement & Benefits Tech II	82.4		
4 Retirement & Benefits Tech II (NP)	148.8		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1996 COSTS		\$835.5	
	<u>FY 1997</u>		
1 Analyst/Programmer IV	\$ 62.4		
2 Accountant III	117.2		
2 Retirement & Benefits Spec II	117.2		
2 Retirement & Benefits Spec I	103.0		
1 Accounting Tech I	45.5		
2 Retirement & Benefits Tech II	82.4		
4 Retirement & Benefits Tech II (NP)	148.8		
3 Accounting Clerk III (NP)	100.8		
2 Admin Clerk I (NP)	<u>58.2</u>		
TOTAL FY 1997 COSTS		\$835.5	
	<u>FY 1998</u>		
1 Analyst/Programmer IV	\$ 62.4		
2 Accountant III	117.2		
2 Retirement & Benefits Spec II	117.2		
2 Retirement & Benefits Spec I	103.0		
1 Accounting Tech I	45.5		
2 Retirement & Benefits Tech II	82.4		
2 Retirement & Benefits Tech I (NP)	74.4		
1 Accounting Clerk I (NP)	<u>33.6</u>		
TOTAL FY 1998 COSTS			\$635.7

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS) am (EDF FLD)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>TRAVEL</b>			
Traveling to various locations throughout the state to counsel prospective retirees and give seminars	\$ 60 0	\$ 60 0	\$ 55 0
<b>CONTRACTUAL</b>			
Communication (Telephone, Postage)	23 4	23 4	19 0
Actuarial Services	240 0	240 0	240 0
Computer System Upgrades	600 0	0 0	0 0
Legal Services	110 0	110 0	110 0
Audit Services	40 0	40 0	40 0
Lease Space	500 0	500 0	500 0
Mainframe Computer Time	15 0	15 0	11 5
Software Maintenance	5 1	0 0	0 0
Training/Risk Management	<u>3 4</u>	<u>3 4</u>	<u>3 4</u>
<b>TOTAL CONTRACTUAL</b>	<b>1,538 9</b>	<b>931 8</b>	<b>923 9</b>
<b>SUPPLIES</b>			
Office Supplies, Calculators, software	20 4	5 1	3 9
<b>EQUIPMENT</b>			
Computer Workstations	68 0	0 0	0 0
File Cabinets (10)	4 0	0 0	0 0
Office Chairs (17)	10 2	0 0	0 0
Microfiche Viewers (17)	10 2	0 0	0 0
Office Workstations	50 0	0 0	0 0
Computer/Network Printers	12 0	0 0	0 0
Computer Network Upgrades	21 4	0 0	0 0
Telephone Unit (17)	<u>10 2</u>	<u>0 0</u>	<u>0 0</u>
Total Equipment	<b>186 0</b>	<b>0 0</b>	<b>0 0</b>
<b>TOTAL OPERATIONS COST</b>	<b>\$2,638 8</b>	<b>\$1,832 4</b>	<b>\$1,618 5</b>

The retirement technicians, retirement specialists, accounting technicians, 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 two additional computer printers. The previous RIPs put a great demand on our existing 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 printers for two years, coupled with our existing needs, purchasing new printers would be more cost effective.

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

Funding Source Breakdown for FY 1996

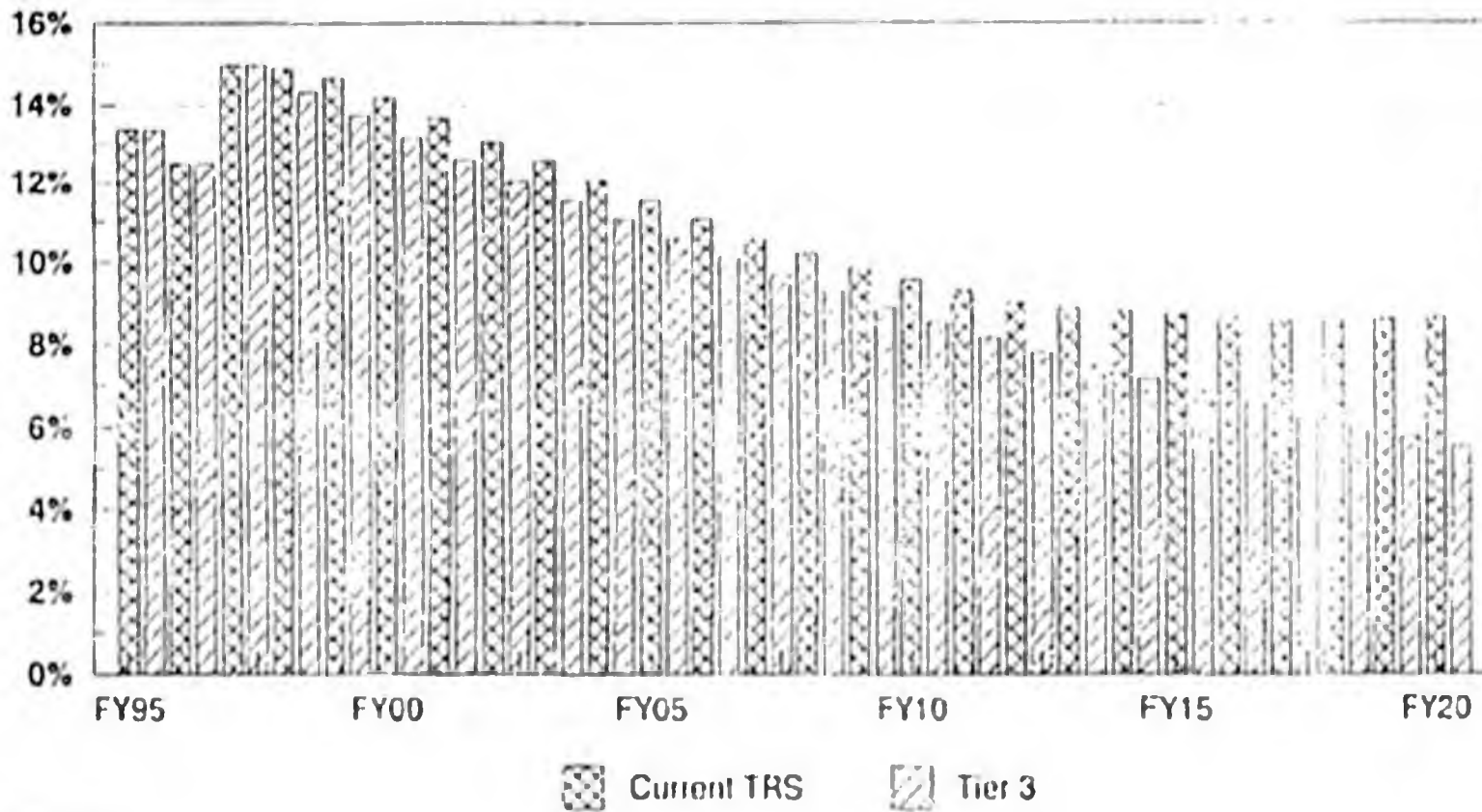
1029	PERS	\$1,451 3
1034	TRS	<u>1,187 5</u>
		<b>\$2,638 8</b>

# STATE OF ALASKA TRS

## TIER 3 PLAN PROVISIONS

### COMPARISON OF TOTAL EMPLOYER CONTRIBUTION RATES

(% of Pay)



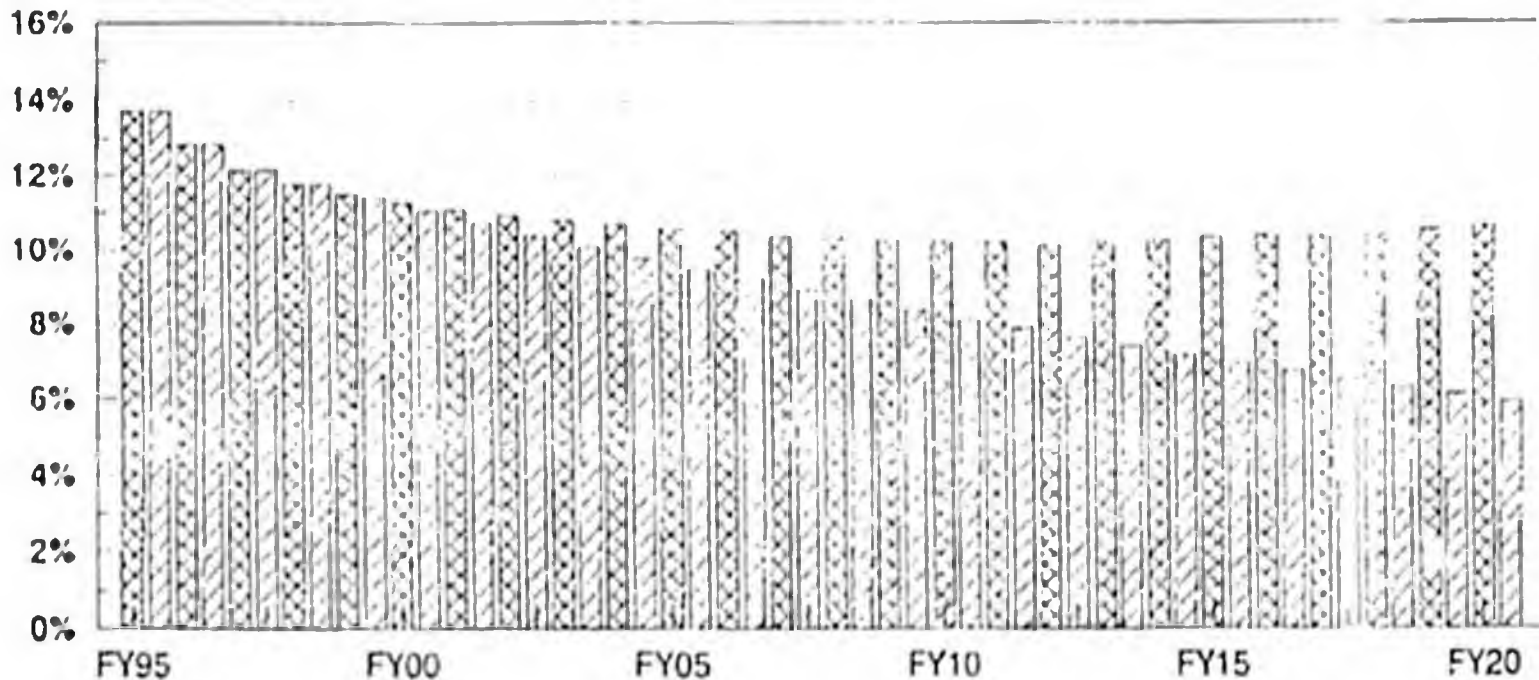
SB11113

# STATE OF ALASKA PERS

## TIER 3 PLAN PROVISIONS

### COMPARISON OF TOTAL EMPLOYER CONTRIBUTION RATES

(% of Pay)



 Current PERS       Tier 3

SB111P3:

APR 28 1995 17:55 AM PERD

FISCAL NOTE

BILL NO. CSSB 148(RLS)am(cfd fld)

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: "An Act relating to retirement incentive..."  
Sponsor: Senate Finance  
Requestor: \_\_\_\_\_

Department Affected: Administration  
BRU: Finance  
Component: Finance  
COMPONENT SERIAL NO. 59

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	19.1	19.1	19.6	9.8	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>19.1</b>	<b>19.1</b>	<b>19.6</b>	<b>9.8</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
--------------------	-----	-----	-----	-----	-----	-----

FUNDING SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	19.1	19.1	19.6	9.8	0.0	0.0
1005 GF/Program	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>19.1</b>	<b>19.1</b>	<b>19.6</b>	<b>9.8</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 95) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME	1	1	1	1		
TEMPORARY						

ANALYSIS (Attach a separate page if necessary)  
See attached

Prepared by Don Wanie *(CW)* Phone 465-2240  
Division Finance Date \_\_\_\_\_

Approved by Commissioner Mark Boyer *(Signature)* Date 5/5/95  
Agency Department of Administration

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FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSSB 148(RLS)am(cfd fd)

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. 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. It is estimated a half time Accounting Technician I will be needed in FY 96, 97 and 98 and the first half of FY 99 to accommodate the additional workload generated by the program.

Accounting Technician I,

	FY 96	FY 97	FY 98	FY 99
Range 14 A half time.	19.1	19.1		
Range 14 B half time.			19.6	9.8

4/27/96



# NEA-ALASKA Position Paper

## TRS and PERS: An Uncertain Future

<b>Tier I</b> <b>TRS 7/1/55 - 6/30/90</b> <b>PERS 1/1/61 - 6/30/86</b>	<b>Tier II</b> <b>TRS Hired on or after 7/1/90</b> <b>PERS Hired on or after 7/1/86</b>	<b>Tier III (SB 148)</b> <b>(Proposed legislation as of 6/1/95)</b> <b>NEA-Alaska opposes.</b>
Pre-tax employee contribution Teachers: TRS All others: PERS and school district employees	Pre-tax employee contribution 5.65% for teachers (5.00% for all others) 6.35% for PERS (6.00% for TRS) Employees may apply to the plan (under the "Portability" provision)	Pre-tax employee contribution 5.5% for teachers 6.00% for PERS
Salary schedule for TRS and PERS - 10% annual salary increase for long service and 3% annual salary increase for PERS (with 1% - cost of living adjustment)	Salary schedule for TRS and PERS - 10% annual salary increase for long service and 3% annual salary increase for PERS (with 1% - cost of living adjustment)	Salary schedule for TRS and PERS - 10% annual salary increase for long service and 3% annual salary increase for PERS (with 1% - cost of living adjustment)
10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment	10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment	10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment
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10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment	10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment	10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment
10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment	10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment	10% cost of living adjustment (CPIA) - 1990-1991 May 1991 - 1992 10% cost of living adjustment

Alaska Regional Office - 1405 Denison Street, Suite 101, Anchorage, Alaska 99501 - 907-274-0956 - Fax: 907-274-0951  
 Juneau Office - 114 Seaview Street, Juneau, Alaska 99801 - 907-586-5996 - Fax: 907-586-2744  
 Fairbanks Regional Office - 2110 Chukotka Street, Fairbanks, Alaska 99701 - 907-454-4455 - Fax: 907-454-2110  
 www.nea.org



# NEA-ALASKA

*Affiliated with the National Education Association*

## NEA-ALASKA POSITION PAPER SB 148

NEA-Alaska opposes passage of SB 148 because of its adverse impact on the teaching profession. SB 148 will negatively impact Alaska's ability to retain teachers and attract qualified new teachers to our state. We are concerned about the bill's negative impact on TRS participants and school employees in the PERS system.

Our schools are experiencing a teacher shortage. A recent supply and demand study conducted by the Alaska Teacher Placement Service at the University of Alaska, Fairbanks found that the demand for elementary and secondary teachers in the State of Alaska remains strong due to the constant growth of Alaska's student population. Teacher shortages still exist in rural areas. Alaska's universities are striving to meet the demand for educators, but as in prior years, the demand is strongest in areas with the fewest potential University of Alaska graduates. Special education, counseling and speech pathology programs are critical shortage areas. Shortages in some hard to fill positions remain open due to shortages of qualified applicants.

The increase of 25,000 additional Alaskan households over the past four years has continued to elevate the demand for teachers and the support personnel needed to effectively educate children. It is estimated that 21% of Alaska's population is school-age. As a result of growth, Alaska's school districts saw a net increase of 76.5 new teaching positions in 1995. This increase also resulted in an increase in support staff positions.

Furthermore, the demand for educators and school employees is projected to remain high in the out-years because of the aging of the current teacher and support employee work force. An additional variable is turnover. Areas such as industrial arts, library/media, school psychologists and counselors experienced an approximate 10% turn-over rate, a 15% change rate occurred in the fields of math and speech pathology and a 20% turnover rate in special education. The average turnover rate for administrators and teachers for all Alaska's school districts in 1995 was 13.67%. Some of these school employees leave employment. It is clear that every attempt must continue to be made to recruit qualified candidates for Alaska's schools, first from within the State and then from outside.

must continue to be made to recruit qualified candidates for Alaska's schools, first from within the State and then from outside.

School budget cuts have affected staffing expansion thus driving up class size but it is predicted that annual hiring levels should remain stable at around the 800 level according to the report.

These factors have a direct impact on Alaska's capacity to retain and attract qualified applicants to both teaching and support positions. School district salaries, the PERS and TRS retirement programs and benefit packages contribute directly to our state's ability to secure qualified teachers and school employees for our children.

Will weakening the retirement system for new school employees through passage of SB 148 tend to dry up the pool of qualified applicants needed to meet the demand for more teachers and support personnel caused by enrollment growth? Will the bill diminish our chances of attracting qualified applicants to critical teacher shortage areas?

Will requiring teachers and support personnel to work longer increase employee turn over and contribute to burn out? Doesn't the affect of requiring a person to work longer actually shift greater costs to the school district in the long run? At a point when a teacher could retire under current law, SB 148 requires a person to work an additional 10 years or reach age 60 or achieve the sum of the member's age plus years of service equal or exceeding 85.

If SB 148 becomes law, teachers and support staff will have little option but to work to age 60 or as long as they can because the lower 1.5% benefit multiplier will make it prohibitive to retire at any time short of 30 years. Reducing the benefit multiplier means a teacher working 20 years or a nine month school secretary working 26.6 years will receive 30% of his or her final average salary. A teacher with 30 years of service will be entitled to a retirement annuity of 45% of his or her final average salary and the secretary would have to accumulate 40 years of service credit to get 45% of his or her final average salary.

Public school teachers don't participate in social security like teachers in many states, or receive a supplemental benefit system like members of PERS or have attractive severance arrangements like some school administrators in Alaska. Currently our teachers receive 40% of their final average salary after 20 years of service. Under SB 148 a teacher will receive 45% of his or her final average salary after 30 years of service - that's it - there is no supplemental benefit provided.

Is it good public policy to demand 30 years of work for a teacher and 40 years for the school support staff member or work to at least age 60 in order to retire at full benefits?

If SB 148 becomes law, teachers will be forced to moonlight after school or during the summer to establish the necessary credits to qualify for a modest, but necessary, Social Security annuity. Will this moonlighting make it more difficult for teachers to study in the summer or take additional courses during the school year?

It is assumed that Alaskan retirement systems are important to those who want to retire and live in Alaska. Will persons be able to retire in Alaska under SB 148 or does this measure become an incentive for retirees to leave?

We urge the House Finance Committee to oppose the bill because it will make teaching less attractive. In summary, please consider the bills (1) impact on Alaska's ability to attract qualified teachers and support employees, (2) weakening of the profession by forcing employees to rely on other occupations and jobs to establish retirement credit in social security or some other system, (3) impact on a teacher or a support person who must work to the rule of 85 and (4) negative impact on both teachers and support staff who want to retire in Alaska.

4-27-96

Analysis of changes to the Public Employee's (PERS) and Teacher's (TRS)  
Retirement Systems as proposed in the CS for SB 148.

One of the attached charts identifies the benefit changes as compared to the current tier II in both the PERS and TRS. The second chart provides a comparison of different levels of benefits provided by multi employer (union) plans, public employer plans, private sector plans, and Social Security.

The savings shown on the first chart represent a reduction in percent of pay from the current assumed rate for tier II employees in each system. Currently, we assume the rate for tier II employees in the PERS is 10% and in the TRS is 8.3%. When applying the estimated percent reduction, the estimated normal cost for tier III employees would be 5.28% in the PERS and 5.69% in the TRS. In both cases, the employees would be contributing 5.5% or approximately 1/2 of the total rate.

The real savings will be realized when you replace the current tier I employees, who cost approximately 13.5% in the PERS and 14% in the TRS, with the tier III employees. The estimated savings (for RIF purposes) in the PERS would be 8.22% and in the TRS would be 8.31% of pay.

When the tier II legislative changes were implemented in the TRS in 1990, the actuaries proposed a level funding method to the TRS Board in recognition of the traumatic changes between the tier I and tier II benefits. While that decision is one best left to the actuaries, I would expect that they will certainly give strong analysis to the funding viability of a level funding strategy with this change. If one were implemented, a real savings in contributions could be expected almost immediately.

Comparison of Tier II and Proposed Tier III

Tier II	Tier III	Tier III Cost Savings	
		PERS	TRS
<p>Pre-tax employee contribution rates of:</p> <ul style="list-style-type: none"> <li>8.65% for teachers</li> <li>6.75% for 'all others'</li> <li>7.5% for peace officers</li> </ul>	<p>Pre-tax employee contribution rates of:</p> <ul style="list-style-type: none"> <li>5.5% for teachers and 'all others' in PERS</li> <li>6% for peace officers and fire fighters</li> </ul> <p>These rates will be for new hires only.</p>	+1.20%	+3.12%
<p>Normal retirement age is 60, teachers, peace officers and fire fighters are eligible to retire after 20 years of service. 'All others' in PERS are eligible to retire after 30 years.</p>	<p>Sets normal retirement age to 60, peace officers and fire fighters are eligible to retire after 25 years of service. 'All others' in PERS and teachers are eligible to retire utilizing the 'rule of 85'</p>	-0.25%	-0.85%
<p>Early retirement is allowed at age 55</p>	<p>Sets the age for early retirement to age 55. The actuarial reduction will be 1/2% per month, 6% per year.</p>	n/a	n/a
<p>Grants PRPA increases to disabled members, retirees 60 and over and those who have received benefits for 8 years in the TRS and 5 years in the PERS.</p>	<p>Grants PRPA increases of 50% CPI to disabled members and retirees 60 and over.</p>	-0.50%	-0.50%
<p>Major medical insurance is provided free of charge to disabled members and retirees over the age of 65. Retirees under age 60 must pay the full cost of the insurance, while those between the ages of 60 and 65 must pay one-half the premium cost. Health also includes dependents.</p>	<p>Major medical insurance will be provided free of charge to disabled members and retirees at least age 65. Retirees under age 60 must pay the full cost of the insurance, while those between the ages of 60 and 65 must pay one-half the premium cost. Health coverage is for the retiree only. Dependent coverage is optional and may be purchased by the retiree.</p>	-2.20%	-1.40%
<p>PERS members vest with 5 years of service. TRS members vest with 8 years of service.</p>	<p>All members will vest with 5 years of credited service.</p>	n/a	-0.04%
<p>PERS 'all others' and elected officials formula is 2% for the first 10 years of service, 2.25% for the next 10 years and 2.5% per year thereafter. PERS peace officer &amp; fire fighter formula is 2% for the first 10 years and 2.5% thereafter. TRS benefit formula is 2% for the first 20 years, &amp; 2.5% thereafter.</p>	<p>The benefit formula for all employees will be 1.5% for all years of service.</p>	-2.97%	-3.35%
<p>Disability benefits for teachers are paid at 50% of the teacher's base salary with an additional 10% added for each dependent child, up to a maximum of 4 children.</p>	<p>Disability benefits will be paid at 40% of a teacher's base salary. This brings the TRS into accord with the PERS disability statutes.</p>	n/a	-0.09%
		4.72%	-3.11%

## Comparison of Common Plan Provisions

	Small Employer*	Large Private Sector	Public Sector	U.S. Social Security															
1. Age/Service Requirements for Normal Retirement	Age 60 with 5 to 10 years.	Age 65, or age 62 with 20 years.	Age 55 and 30 years or 30 years and out.	Age 65, phasing into age 67 for people born after 1959.															
2. Employee Contributions	None (employer contribution negotiated).	11% require employee contributions, 1% to 2% of pay.	All require employee contributions, 5% to 8% of pay.	6.20% of earnings up to \$61,200, plus 1.45% of all earnings.															
3. Benefit Formula	Flat dollar per year of service, \$40 to \$50.	1.5% of final average pay per year of service.	2.0% of final average pay per year of service.	Varies based on pay, approximate relationship of benefit to final pay:  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Age</th> <th>Annual S.S. Benefit in 1995</th> <th>Benefit as a % of Pay</th> </tr> </thead> <tbody> <tr> <td>65</td> <td>\$ 6,480</td> <td>34%</td> </tr> <tr> <td>65</td> <td>11,870</td> <td>39%</td> </tr> <tr> <td>65</td> <td>11,188</td> <td>24%</td> </tr> <tr> <td>65</td> <td>11,188</td> <td>14%</td> </tr> </tbody> </table>	Age	Annual S.S. Benefit in 1995	Benefit as a % of Pay	65	\$ 6,480	34%	65	11,870	39%	65	11,188	24%	65	11,188	14%
Age	Annual S.S. Benefit in 1995	Benefit as a % of Pay																	
65	\$ 6,480	34%																	
65	11,870	39%																	
65	11,188	24%																	
65	11,188	14%																	
4. Definition of Pay	WPA	High five consecutive years.	High three consecutive years.	Career average.															
5. COLA's	Ad hoc common, every 1 to 4 years, usually flat percent or based on years since retirement.	Ad hoc common, every 1 to 4 years, usually flat percent or based on years since retirement.	50% provide automatic, 100% of CPI change with 1% cap.	Automatic, based on CPI change.															
6. Vesting	5 to 10 year cliff.	5 year cliff.	50% at 5 year cliff, 50% at 10 year cliff.	40 quarters (10 years)															
7. Post-retirement Health	50% provide full coverage, 10% provide coverage with certain restrictions and limitations.	Common, with retiree contributions and some restrictions.	20% provide coverage fully paid by the employer, 40% require that the retiree share in the cost.	Medicare															
* Based on limited information.																			

# LEGAL SERVICES

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Juneau, Alaska 99801-2105

## MEMORANDUM

February 28, 1996

**SUBJECT:** Sectional Summary of CSSB 148(RLS) am(efd fld). (Teachers' Retirement System, Retirement Incentive Programs, and separation incentives)

**TO:** Representative Mark Hanley

**FROM:** Teresa B. Cramer *TBC*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Time schedule in the bill. This version of SB 148 creates new, reduced versions of the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS) for new employees of the state and permits school districts, political subdivisions, and public organizations to decide whether to retain the existing TRS and PERS for all of their employees or to adopt the reduced TRS or PERS for their new hires.

The timetable assumed that the bill would be passed during the last legislative session: the new retirement systems begin March 31, 1996. You may want to consider adjusting the date.

### AMENDMENTS TO THE TEACHERS' RETIREMENT SYSTEM

Section 1 requires school boards to decide whether to participate in the reduced TRS created by this bill or to retain participation in TRS as it exists now. A school board that chooses to participate in the reduced version of TRS may not change its election later.

Sec. 2 sets out the rates of employee contributions to TRS. For teachers employed by the state who were first hired on or after March 31, 1996, and for teachers first hired by school districts participating in the reduced TRS, the contribution rate is 5.5 percent. For teachers first hired before March 31, 1996, and for teachers hired at any time by school districts who are not participating in the reduced TRS, the rate remains at 8.65 percent.

Representative Mark Hanley

February 28, 1996

Page 2

**Sec. 3** sets out the method of figuring the employer contribution rate for those employees of an employer in TRS participating in the reduced TRS and the second employer contribution rate for those employees of that employer who are participating in the existing TRS.

**Sec. 4** changes eligibility for normal and early retirement in TRS. For existing employees, normal retirement remains at 60 years of age with at least eight years of service (see paragraphs 2 and 3) or at any age with at least 25 years of credited service (see paragraph 5). For new hires under the reduced TRS, normal retirement is possible, after five years of membership service, at age 60 or when the sum of the member's age and the member's years of membership service equals 85 (see paragraph 4). A teacher who had 25 years of membership service would have to be 60 years of age to qualify under the second provision. Note also that membership service is more limited than credited service. Military service, employment for the Territory of Alaska, employment with a HIA school, and employment for some schools outside the state qualify as credited service but not as membership service. (See the definitions of "credited service" and "membership service" in AS 14.25.220.)

**Sec. 5** sets out how to figure a member's retirement benefit. For both the existing and the reduced TRS, the benefit is figured by multiplying a teacher's monthly salary (as determined under the statute) by the member's credited service and that amount by a percentage established in this statute. Under the existing TRS, the percentage is calculated by multiplying the first 20 years of credited service by two percent and the remaining years of credited service by 2.5 percent. Under the reduced TRS, the percentage is calculated by multiplying the total years of credited service by 1.5 percent.

**Sec. 6** sets out provisions for benefits for early retirement. (Under AS 14.25.110(b), a member is eligible for an early retirement benefit at age 55 with eight years of membership service.) The current TRS provision requires that an actuarial adjustment be made. It does not set out how much that might be. For the reduced TRS, the bill sets the monthly reduction at 5% of the number of months by which the teacher falls short of teaching 60 years of age. (A teacher who retired at age 55 would see a 30% reduction in benefits.)

**Secs. 7 and 8** set out provisions concerning the post retirement pension adjustment (PRPA) for members of TRS.

**Sec. 7** limits the availability of the post retirement pension adjustment under the reduced TRS. Eligible disabled members and persons over 60 who have received benefits during the previous year will continue to be eligible under both TRS systems. Retirees who have been receiving benefits for at least eight years and are not otherwise eligible (as disabled retirees or over 60) will not be eligible for the PRPA under the reduced TRS.

**Sec. 8** changes the PRPA for the reduced TRS, regardless of the age of the retiree, to the lesser of one half the increase in the cost of living or six percent.

Representative Mark Hanley

February 28, 1996

Page 3

Sec. 9 removes one of the choices for joint and survivor retirement benefits under the reduced TRS. The option would have allowed a member to receive a reduced retirement benefit payable during the joint lifetime of the member and the contingent beneficiary and then, when one of them dies, pays the survivor a lifetime benefit equal to 2/3 of the amount previously received.

Sec. 10 requires benefit recipients under the reduced TRS to pay the full cost of major medical insurance coverage for dependents if they elect to receive major medical insurance coverage for dependents. Under current law, benefit recipients who are younger than 60 years of age must pay the full monthly premium if they elect major medical coverage for themselves or their dependents, those who are between 60 and 65 must pay half the cost for themselves and their dependents, and those over 65 or who are disabled make no premium payments. Current law does not separate premium costs for benefit recipients from the cost of coverage for their dependents.

Sec. 11 changes the definition of "vested member" or "vested teacher" for the reduced TRS by requiring that a member need only have five years of membership service to be vested in the reduced TRS. Current TRS members must have eight years of membership service to be vested (see AS 14.25.220(42)(B)).

Sec. 12 adds definitions for "nonparticipating school district" (a school district not participating in the reduced TRS) and "participating school district" (one that is participating in the reduced TRS).

#### AMENDMENTS TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Sec. 13 amends the Public Employees' Retirement System (PERS) employee contribution rates to reflect the establishment of a reduced PERS for employees first hired on or after March 31, 1996. The reduced PERS contribution rate for peace officers and fire fighters is six percent. For other employees in the reduced PERS system, the contribution rate is 5.5 percent. The rates in the existing PERS system are 7.5 percent for peace officers and fire fighters and 6.75 percent other employees.

Sec. 14 sets out the method for figuring the employer contribution rate for those employees of an employer participating in the reduced PERS and a second employer contribution rate for the employees who are participating in the existing PERS. (If an employer has employees under both systems, the employer will have two contribution rates.)

Sec. 15 sets normal retirement under the reduced PERS at 25 years for peace officers and fire fighters. Other employees in the reduced PERS are eligible for normal retirement when the sum of the employee's age and years of credited service equals 85. (A person who was 58 years old would have to have 27 years of credited service to qualify for normal retirement

Representative Mark Hanley

February 28, 1996

Page 4

under this paragraph.) For both the existing and the reduced PERS, a member remains eligible for normal retirement at age 60 with at least five years of credited service.

Sec. 16 sets the benefit reduction for members who take an early retirement under the reduced PERS as the result of multiplying .5 percent times the number of months by which the retirement date of the employee falls short of the date in which the employee reaches 60 years of age. This is the same reduction that is applied to early retirement under the reduced TRS. (See bill section 6.)

Sec. 17 establishes the formula for determining the amount of a normal retirement benefit under the reduced PERS as 1.5 percent of the employee's average monthly compensation times the years of credited service. This formula applies to peace officers and firefighters who are members of the reduced PERS as well as to other employees.

Sec. 18 removes one of the choices for joint and survivor benefits from the options available under the reduced PERS. Under the reduced PERS, members will not be able to select a retirement option that provides a reduced benefit payable during the joint lifetime of the employee and the contingent beneficiary and then, when one of them dies, pays the survivor a lifetime benefit equal to 2/3 of the amount previously received.

Sec. 19 excludes the level income option of benefit payments from the reduced PERS. (Under this option, retirement benefits are increased during the years before the PERS retiree's social security benefits begin, and decreased once he or she becomes eligible for social security. The result is that the total amount of PERS and social security benefits received each month during the person's retirement remains level.)

Sec. 20 limits the availability of the post retirement pension adjustment (PRPA) under the reduced PERS. Eligible disabled members and persons over 60 who received benefits during the previous calendar year will continue to be eligible under both PERS systems. Retirees who have been receiving benefits for at least five years and are not otherwise eligible (as disabled retirees or over 60) will not be eligible for the PRPA under the reduced PERS.

Sec. 21 limits the percentage multiplier for the PRPA that applies to retirees under the reduced PERS to the lesser of one half the increase in the cost of living or six percent.

Sec. 22 requires benefit recipients under the reduced PERS to pay the full cost of major medical insurance coverage for dependents if they elect to receive that coverage. Under current law, benefit recipients who are younger than 60 years of age must pay the full monthly premium if they elect major medical coverage for themselves or their dependents, those who are between 60 and 65 must pay half the cost for themselves and their dependents, and those over 65 or who are disabled make no premium payments. Current law does not separate premium costs for benefit recipients from the cost of coverage for their dependents.

Representative Mark Hanley

February 28, 1996

Page 5

Sec. 23 permits political subdivisions and public organizations who are participating in PERS on January 31, 1996, to decide whether they want to continue under the current system or switch to the reduced PERS for their new hires. As currently drafted, the section requires them to make this election by February 1, 1996. A choice to switch to the reduced PERS is irrevocable.

Sec. 24 adds a definition of "nonparticipating employer" to PERS.

#### RETIREMENT INCENTIVE AND SEPARATION INCENTIVE PROGRAMS

Secs. 25 - 38 establish a retirement incentive program for PERS and TRS except that, under sec. 38 and under the definition of employer in sec. 26(g), school districts are excluded from participating in the TRS retirement incentive program. Section 34 establishes a separation incentive program for state agencies.

Sec. 25 sets out the legislative findings and purpose of the retirement incentive program (RIP) and the separation incentive program (SIP).

Sec. 26 establishes the general requirements for a retirement incentive program. Subsection (a) permits employers to designate organizational units of employees eligible to participate. It specifically provides that employers may choose limited groups to which to extend the retirement incentive plan.

Subsection (b) limits the employees who will be eligible to participate in the RIP to employees who will be qualified to retire after receipt of the retirement incentive.

Subsection (c) sets out requirements for the employer's plan and requires the employer to agree to reimburse the retirement system for the extra costs incurred by the system as a result of participation in the RIP by the employer's employees.

Subsection (d) sets out the formula for computing how much each member of the Teachers' Retirement System (TRS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rate of 8.65% for members of TRS set out in AS 14.25.050. Subsection (e) sets out the formula for computing how much each member of the Public Employees' Retirement System (PERS) who participates in the plan owes in order to receive the three-year credit. It is based on the annual contribution rates of 7.5% for peace officers who are members of PERS and 6.75% for other members of PERS set out in AS 39.35.160.

Subsection (f) provides that the retirement incentive is a credit of three years, to be used either to meet retirement eligibility requirements or, if those are met, to increase the amount of credited service a participant is entitled to when computing benefits.

Representative Mark Hanley

February 28, 1996

Page 6

Subsection (g) defines "department" and "employer" for purposes of bill section 26. The definition of "employer" includes all PERS employers and specifically includes departments (which are defined as executive branch agencies only). This means that a department may establish a RIP even if other departments do not. For TRS, the definition of "employer" is limited to the University, the Board of Education, and Regional Resource Centers. This excludes school districts from participating.

Sec. 27 authorizes state agencies to adopt a retirement incentive plan for their employees, to begin at the time established by the commissioner of administration. The periods for application must begin no earlier than June 30, 1995, and end no later than June 30, 1998. The periods must be at least 30 days and no more than 60 days in length. There must also be a waiting period of at least 30 days after the schedules are established before the application period begins.

Subsections (c) prohibits top management state employees from participating in a RIP. Subsection (d) requires state employees to have continuous employment with the state for the periods listed. Subsection (e) requires that participants be appointed to retirement no later than six months after the last day of the application period.

Subsection (f) prohibits state agencies from filling vacant positions in a category of positions that was included in the RIP until after March 31, 1996. There are exceptions if the governor notifies Legislative Budget and Audit that he intends to fill a vacancy -- then waits 45 days before filling the position or if LB&A approves filling the vacancy earlier. If LB&A recommends that the vacancy not be filled but the governor still intends to fill it, the governor must provide a statement of reasons to the committee. Note that this provision is drafted to apply to all state agencies, including those in the judicial and legislative branches. At the governor is the only official given the power to request a waiver on filling vacant positions. Note also that the date of March 31, 1996, will pass before this version of the bill could take effect, thereby making this section obsolete.

Subsection (g) defines "committee" for this bill section.

Sec. 28 authorizes the University of Alaska to adopt a retirement incentive plan for its employees and to request that the commissioner of administration establish one or more application windows for the RIP. The application windows must fall between June 30, 1995, and June 30, 1998, last between 30 and 60 days, and begin after a waiting period of at least 30 days.

Subsection (c) requires that participants be appointed to retirement within six months after the end of the application period. Subsection (d) addresses participants in the Optional University Retirement Program.

Representative Mark Hanley

February 28, 1996

Page 7

Sec. 29 authorizes political subdivisions and public organizations which participate in PERS to adopt a retirement incentive plan for their employees and to request that the commissioner of administration establish one or more application windows for the RIP. The application windows must fall between October 31, 1995 and October 31, 1998, last between 30 and 60 days, and begin after a waiting period of at least 60 days.

Subsection (b) requires that participants be appointed to retirement within six months after the end of the application period.

Sec. 30 authorizes regional resource centers who are employers in TRS to adopt a retirement incentive plan for their employees. The application window begins June 30, 1995, and ends December 31, 1995. Note that these dates have passed.

Subsection (b) requires that participants be appointed to retirement by August 1, 1996.

Sec. 31 permits state employee participants of a RIP to receive credit, for purposes of determining whether the participant satisfies the years of service requirements for retirement under TRS or PERS, for certain employment with political subdivisions or public organizations who did not participate in PERS or TRS at the time of the employment. The employment may not be counted when the amount of the participant's benefits are calculated.

Sec. 32 permits the Department of Administration to take certain actions if employers who are participating in the RIP become delinquent in the payments they owe the system for the increased benefits paid to their retirees under the program.

Sec. 33 establishes an indebtedness owed by participants in the retirement incentive program who, after retirement, are reemployed in a position that is covered by PERS, TRS, or the Judicial Retirement System.

Subsection (b) prohibits participants from working for a state department or agency for three years after the participant retired. There is an exception, so long as the employee will not be entitled to retirement, health, or leave benefits, to work for the University of Alaska and for employment with the legislature during the session if the employment is on an hourly basis. Subsection (c) permits the Board of Regents, in the case of the University of Alaska, and the commissioner of administration, in the case of other employers, to permit employers to enter into personal services contracts with participants during the three-year waiting period if the employer establishes that there is a compelling reason for hiring the participant because of the participant's specialized or extensive experience.

Note that while subsections (b) and (c) permit state agencies to hire certain participants, neither subsection excuses the participant from paying the penalty established under subsection (a).

Sec. 34 establishes a separation incentive program (SIP) for state agencies, which may offer the program instead of a RIP or in addition to a RIP. Under subsection (b), the separation incentive is a lump sum paid to the employee after the employee leaves state service and is a maximum of the amount of the employee's base salary for six months or \$25,000. The agency may set the incentive at a lower amount. Under subsection (c), a state agency may ask the commissioner of administration to establish application windows for participating in the SIP which must fall between June 30, 1995, and June 30, 1998. The application windows last between 30 and 60 days and may not begin until at least 30 days after they were established. For state agencies that are also participating in the RIP, the windows for the SIP must coincide with the RIP application windows.

Subsection (d) sets requirements that employees must meet to participate in the SIP. Subsection (e) imposes a penalty on an individual who receives a separation incentive payment and is reemployed by a state agency or the University of Alaska within three years after receiving the payment.

Subsection (f) applies to employees who are also eligible to participate in a RIP. For those employees, the separation incentive payment may not exceed the amount that the state agency would have to pay if the employee participated in the RIP and the employee may not participate in both the RIP and the SIP.

Subsection (g) defines "base salary" for bill section 34.

Sec. 35 directs state agencies to file with the Office of Management and Budget reports showing the expected effect of the RIP or the SIP on the agency's personal services cost and operation. Subsection (b) directs OMB to report to the legislature on the RIP and the SIP. The reports are to begin January 15, 1997, and end in the year 2000.

Sec. 36 states that employees do not have a vested or contractual right to benefits under a RIP or a SIP until an agreement is executed with the administrator of the retirement system. The legislature reserves the right to make changes to the program.

Sec. 38 makes the definitions in TRS and PERS, as appropriate, applicable to the bill, except that school districts are excluded from the definition of "employer" for the TRS provisions. This has the effect of excluding school districts from participating in a RIP under this bill. Subsection (c) defines terms used in the bill.

Representative Mark Hanley  
February 28, 1996  
Page 9

### OTHER PROVISIONS

Sec. 39 repeals AS 14.25.045, which currently permits certain employees of the National Education Association to participate in the Teachers' Retirement System.

Sec. 40 repeals sections 26, 27, and 34 of the bill on July 1, 1999. Those sections establish the retirement incentive program, authorize the state to participate in the RIP, and authorize the separation incentive program for state employees.

Sec. 41 repeals sections 28 - 31 of the Act, on July 1, 1997. Sections 28 - 30 authorize the University of Alaska, Regional Resource Centers, and those political subdivisions and public organizations that are employers under PERS to participate in the RIP. Section 31, as noted above, allows certain state employees who worked for a political subdivision or public organization before it belonged to PERS to count those years of employment when determining whether the employee is eligible to participate in the RIP. It would probably be more consistent to repeal this section in bill sec. 40, which repeals the authorization for state agencies to participate in the RIP, although there is nothing legally wrong with having these repeals take effect at different times.

Please let me know if you have questions about this bill.

TC.klb  
96-159.klb



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April 24, 1996

Representative Mark Hanley, Co-Chairperson  
 House Finance Committee  
 Alaska House of Representatives  
 Juneau, Alaska 99811

Dear Representative Hanley

Your House Finance Committee is scheduled to hear SB 145 on Friday, April 26, 1996 at 1:30 p.m. This bill adds the third tier to the Teachers' Retirement System.

On behalf of the 281 members of the Alaska Association of Secondary School Principals, our state professional organization, I urge you not to take any further action on this bill, but to bury it. We are convinced it will ultimately hurt the quality of education of the students in the State of Alaska.

At our annual business meeting in Anchorage last October our membership unanimously passed a resolution opposing this bill. We realize school district contributions would be lowered with this third tier retirement program, but it will be many years before those savings are realized, since it affects only those teachers whose initial hire follows the passage of the legislation. In the meantime, we believe the quality of the teachers and principals being hired will decline.

As you have been told, this bill will move Alaska's Teachers Retirement System from one of the best in the nation to one of the worst. While the Alaska mystique may still bring us the young, just-out-of-college teachers who want to spend a couple of years on an adventure — the same mystique that brought many of us to Alaska — with the passage of this bill we will not be able to retain the quality educators. They can return to their home states and have better retirement programs, something that is not true now and keeps them here. Those who have grown up in Alaska and even graduated from our universities will also look elsewhere when they start thinking about retirement. I can tell you that from reading professional association newsletters from all over the country, it is no longer big salaries that will bring teachers and administrators to Alaska or keep them here. We are no longer that far above those in many other states.

Those in IRS do not earn quarters toward social security benefits. As a principal for most of the years since I came to Alaska in 1961, my quarters have run from 11 to 12 months. I had no time for summer jobs to get FICA credits. Those I have right now were earned through summer high school and college jobs and what I have earned since retiring. The same would be true for many other principals.

Please, Mark, do not move SB 145 out of your committee.

Sincerely,

Lawrence N. Graham  
 Executive Director

Enclosure



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**RESOLUTION #95-3: OPPOSITION TO CS for SB 148**

**SUBMITTED BY:** Alaska Association of Secondary School Principals

WHEREAS the Senate is considering a bill (CS for SB 148) which would directly affect the teachers' retirement system as well as the public employees' retirement system and the judicial retirement system, and

WHEREAS this bill would allow school boards to elect to participate in a program that reduces the district contributions to retirement and benefits provided in the act and would deduct a reduced percentage of the teacher's salary from what is currently required, and

WHEREAS this bill states teachers initially employed by a participating school district after the bill goes into effect would be able to retire only when the teacher has attained the age of 61 years and has at least five years of membership service, or the sum of the member's age plus the member's years of membership service equals or exceeds 85, and

WHEREAS the current teachers' retirement program requires both the district and teacher to contribute more money to the system but allows retirement at the end of 20 years membership service or 25 years service with the last five years in membership service, and

WHEREAS this bill reduces the amount paid to the retiree from two and two and one-half percent (depending on when the teacher was hired) to the average of that teacher's highest three years of salary times the years of credited service to one and one-half percent of the teacher's salary times the years of credited service, and

WHEREAS the Alaska Teachers' Retirement System has been one of the best in the United States and an incentive to bring the best possible teachers to the state who might not otherwise come, especially to rural areas, and an incentive for them to stay in Alaska giving educational programs consistency and continuity, and

WHEREAS the changes proposed in this bill would make the Alaska Teachers' Retirement System one of the worst of any state in the United States and would, therefore, limit the recruitment of the best teachers available in the country to Alaska and would certainly increase the turnover of teachers thus affecting the educational programs throughout the state, and

WHEREAS the savings by both the school districts and individuals due to their reduced contributions would be minimal based on the need to pay those contributions on more years at the highest salaries an individual teacher would earn,

THEREFORE BE IT RESOLVED that the Alaska Association of Secondary School Principals opposes the passage of CS for Senate Bill No. 148 or any bill which attempts to change the retirement program from current provision by lowering the contributions of the benefits for retirees or increasing the years of credited service required for retirement.

APPROVED: 10/1/95



POSITION STATEMENT  
SB 148  
"THIRD TIER FOR TRS AND RIP"

The Alaska Council of School Administrators is strongly opposed to SB 148.

In evaluating what this proposed legislation will do for future members joining the TRS system, we believe that it will place the State of Alaska and the students of this state at risk of not being able to attract the brightest and best educators to serve in our schools.

We need only to look at the comparison of what this third tier retirement system would do for future Alaskan educators with other retirement systems across the country to see that we would lose another edge at attracting talented educators away from those states to Alaska.

Of the sixty nine retirement systems examined 53 plans allow for some combination of TRS and Social Security coverage. If Alaska adopted the third tier, social security has never been a part of the Alaska TRS program and would not be under this proposed third tier system.

While SBS has been an additional benefit to PERS members, and will continue to be, TRS members have never been given the opportunity to participate in it.

SB 148 replaces the current multiplier of 2.0 and 2.5 to 1.5. Of the 69 retirement programs studied, thirty one pension plans use an accrual rate equal to or greater than 2 percent, twenty four plans use an accrual rate between 1.79 and 1.99. Only 7 plans use 1.5 or less as the multiplier for computation of retirement benefits. If Alaska were to adopt 1.5 multiplier, this state would be at the bottom of the list for attractive retirement systems.

We have always heard from the Division of Retirement and Benefits of how financially strong the TRS system is. When there is discussion of an early retirement incentive program, we are reassured that the TRS will remain financially strong. Why are we now saying we need to extend the years of service and lower the multiplier if indeed, the system is financially sound?

What this third tier really does is retain the highest paid teachers in the system even longer when districts are looking for ways to reduce the expenses. The largest area of the budget that can show a savings is in staff salaries.

The benefits for retaining the current retirement system far out weight the reasons our retirement system in Alaska should be reduced to the proposed language. As we have attempted to emphasize, SB 148 places Alaska at the bottom of quality and value when compared with other states. Our salaries are becoming more in line with those of other states. We are having difficulty in retaining quality educators even under the present system for many districts across Alaska. By adopting SB 148, we have created one more reason why not to come to Alaska.

We urge this legislature to take no action on SB 148.

IF ALASKA WERE TO CHANGE THEIR SYSTEM ACCORDING TO SB 148, THIS IS HOW WE WOULD RANK AMONG ALL THE STATES SURVEYED.

A. Fifty three other state retirements systems include Social Security coverage. Alaska would be one of fourteen retirement systems which does not include Social Security. TRS members would continue to be ineligible for SBS.

B. In thirty four pension plans, employees contribute over 5 percent of their annual salaries to the retirement plan. Currently, this includes Alaska. Under the proposed legislation, Alaska would join only eighteen other states who's employees contribute up to 5 percent. Twelve other pensions plans have non-contributory requirements from employees.

C. Fifty five of the sixty nine plans studied used a multiplier higher then 1.5. By placing Alaska at the 1.5 multiplier level, this state would be in the bottom 20%. Alaska is now in the top 45% for states who use a multiplier of 2% or better.

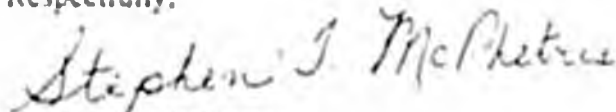
This legislation will cast a gray shadow over what should be a bright future for Alaska.

DISCUSSION POINTS

1. We are currently trying to pass a RIP legislation to move the personnel at the high end of the pay scale out early. The third tier retirement system will keep them in even longer. Is this consistent with what we are trying to do now?
2. It was noted at the recent Teacher Job Fair in Anchorage that there was a substantial reduction in qualified teachers seeking employment. Teacher recruiting will become even more difficult because of the fact that there will be virtually no advantages to come to Alaska. If we are to provide incentives for the best and brightest to come to Alaska to teach, there must be something in place.
3. The document put together to show the positive impact of the three legged stool concept for retirement planning provides only assumptions for TRS enrollees. One assumes TRS enrollees will also contribute to a TSA while PERS enrollees receive the benefit of an SBS. Again, one would like to assume TRS enrollees would be able to earn their required 40 quarters during this 30 year period to insure they would be eligible for Social Security. However, that is only an assumption, not a fact.

We urge the House Finance Committee to take no action on SB 148.

Respectfully,

  
Stephen T. McPhetres  
Executive Director



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**RESOLUTION #95-3: OPPOSITION TO CS for SB 148**

**SUBMITTED BY:** Alaska Association of Secondary School Principals

**WHEREAS** the Senate is considering a bill (CS for SB 148) which would directly affect the teachers' retirement system as well the public employees' retirement system, and the judicial retirement system; and

**WHEREAS** this bill would allow school boards to elect to participate in a program that reduces the district contributions to retirement and benefits provided in the act and would deduct a reduced percentage of the teacher's salary from what is currently required; and

**WHEREAS** this bill states teachers initially employed by a participating school district after the bill goes into effect would be able to retire only when the teacher has attained the age of 60 years and has at least five years of membership service, or the sum of the member's age plus the member's years of membership service equals or exceeds 85; and

**WHEREAS** the current teachers' retirement program requires both the district and teacher to contribute more money to the system but allows retirement at the end of 20 years membership service or 25 years service with the last five years in membership service; and

**WHEREAS** this bill reduces the amount paid to the retiree from two or two and one-half percent (depending on when the teacher was hired) of the average of the teachers' highest three years of salary times the years of credited service to one and one-half percent of the teacher's salary times the years of credited service; and

**WHEREAS** the Alaska Teachers' Retirement System has been one of the best in the United States and an incentive to bring the best possible teachers to the state who might not otherwise come, especially to rural areas, and an incentive for them to stay in Alaska giving educational programs consistency and continuity; and

**WHEREAS** the changes proposed in this bill would make the Alaska Teachers' Retirement System one of the worst of any state in the United States and would, therefore, hurt the recruitment of the best teachers available in the country to Alaska and could certainly increase the turnover of teachers, thus affecting the educational programs throughout the state; and

**WHEREAS** the savings by both the school districts and individuals to their reduced contributions would be minimal based on the need to pay those contributions on more years at the highest salaries an individual teacher would earn;

**THEREFORE BE IT RESOLVED** that the Alaska Association of Secondary School Principals opposes the passage of CS for Senate Bill No. 148 or any bill which attempts to change the retirement program from current provision by lowering the contributions or the benefits for retirees or increasing the years of credited service to qualify for retirement.

Alaska Association of  
Elementary School Principals

Resolution 95-8

Supporting the current state teacher retirement system.

Submitted by: Alaska Association of Elementary School Principals

WHEREAS the current pension plan offers a strong incentive to be able to attract the best teachers and administrators in the country; and

WHEREAS proposed legislation (SB148) would remove medical benefits for retirees and their families; and

WHEREAS a pension plan which allows for retirement after 20 years of service can allow for motivated professionals; and

WHEREAS the proposed revision of the current retirement system would make Alaska a much less competitive state in which to make a career as an educator; and

WHEREAS the Alaska State Teacher Retirement System is actuarially sound;

BE IT THEREFORE RESOLVED that the Alaska Association of Elementary School Principals supports the current state teacher retirement system.



# NEA-ALASKA

*Affiliated with the National Education Association*

## NEA-ALASKA POSITION STATEMENT CS SB 148

NEA-Alaska opposes CSSB 148. *"An Act relating to contributions and benefits in the teachers' retirement system and in the public employees' retirement system relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; relating to separation incentives for certain state employees; repealing a provision permitting the National Education Association to participate in the teachers' retirement system."*

NEA-Alaska strongly opposes passage of CSSB 148. Creating a new defined benefit plan for new hires and providing reduced benefits to employees will cause unnecessary inequity, will discourage our young people from entering the teaching profession, and will establish a three tier retirement system, which may be costly and certainly will be cumbersome to the state.

The primary issue, historically, for establishing retirement systems has been one of intent. What is the purpose of the retirement plan? This is answered (as part of the overall compensation scheme) in terms of what it takes to recruit and retain good employees. A related question has to do with the length of service thought desirable for the function. For example, pension plans for emergency service personnel are generally structured to facilitate turnover so as to maintain a relatively younger work force; youthful physical attributes and protecting the public have always gone hand in hand. In contrast, judicial retirement plans are designed to bring experienced attorneys into public service from lucrative private practices.

What do we wish for teachers and other public employees in Alaska? The historical answer has been given in terms of some longevity and in terms of attracting energetic and competent professionals to our state. The previous idea included a relatively young employee who would commit to a career in public service. Our retirement plans were structured accordingly. What do we wish today? The answer may be a restatement of historical conclusions with the advantage of a fresh conviction or may be a new purpose with a different design to accomplish it. The analyses, however, should be rigorous. Our long term public welfare depends upon it. The current systems should not be changed impulsively or thoughtlessly.

Creation of another retirement tier will be confusing and divisive because of the inequity in benefits paid under the two systems. NEA-Alaska is also concerned about the effect this change will have on the overall stability and soundness of

the current defined benefit plan. In-depth research and detailed analysis should be part of any decision to change the current systems.

The following are disadvantages to an age/weighted (ASW) plan:

- *ASW plan benefits are generally less protected from preretirement and postretirement inflation than are defined benefit plans. Contributions, though somewhat larger in later years, are made based upon each year's salary rate, making the account balance a function of earnings over a participant's working lifetime.*
- *Employees must remain in the plan longer than under a flat percentage of pay plan in order to allow enough time for the late-career higher contributions to "overcome" the early-career lower contributions.*
- *By nature, ASW plans skew larger contribution percentages to older, long-service employees. Experience shows that these employees tend to be more highly compensated than younger, short-service employees. Therefore, a retirement system sponsoring an ASW plan may run into some nondiscrimination issues that may necessitate adjusting contributions for either or both of long and short-service employees.*
- *ASW plans tend to incur higher administrative costs than flat percentage of pay plans and are somewhat more difficult to communicate to employees because of the added complexity of the contribution formula.*

CSSB 148 provides that employees hired after March 31, 1996, will enter the tier three plan. What will the actuarial impact be to the short and long term economic stability of the current system? Will employees in the current plan be forced at some point to increase their contributions in the system to control a possible increase in unfunded liability caused by less employees entering the new plan?

The bill creates a single retirement system for state employees. Most states are working to reduce years of service, but CSSB 148 proposes increasing the years of service to 30 in order to draw full benefits. For a person to retire, he or she must be 55 years of age with 30 years of service credit. The proposed bill would be a disincentive for young people to enter into a career of public service. Because of the reduction in the benefit multiplier to 1.5%, the employee will receive a significant reduction in benefits but will be required to contribute 5.5% instead of 8.65% of pay but over a longer period of time. This diminished tier three plan is being proposed for teachers in TRS who do not participate in Social Security or a supplemental benefits system.

Although CSSB 148 includes a retirement incentive program, NEA-Alaska does not support it as part of this bill. We support the Administration's bill, SB 137. Why is RIP being used to lever support for weakening our retirement systems? Why public employees are being singled out for punishment is not clear. We will not agree to give up retirement benefits for future employees for a retirement incentive program.

The current retirement systems are actuarially sound. We urge you not weaken the retirement programs. Please vote against CSSB 148.

TONY KNOWLES  
GOVERNOR



P O Box 110001  
Juneau, Alaska 99811-0001  
1907) 485-3500  
Fax (907) 485-3532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 20, 1995

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that establishes a temporary retirement incentive program for employees of the state, its subdivisions, and its school districts, and a temporary separation incentive program for employees of the state.

Closing the state's fiscal gap will require major changes in state operations over the next several years. We need to make state government more efficient and eliminate nonessential services. Our challenge is to accomplish these goals without forcing large layoffs of employees, which could ripple through the private sector and endanger the health of Alaska's economy. Retirement and separation incentive plans have been successfully used by the private sector and government to scale back payroll while eliminating or minimizing the need for layoffs.

Properly structured, these plans can be a cost-effective and humane method of downsizing. This legislation will make these restructuring tools available to the State of Alaska, and will extend the retirement incentive program as an option for municipalities and school districts, which are also facing the need to restructure their operations and work forces.

My Administration will use the retirement and separation incentives in a strategic approach, different from prior programs. The last state retirement incentive program applied to all departments regardless of their budget or personnel situation, and had little effect on downsizing or restructuring government.

The Honorable Gail Phillips

March 20, 1995

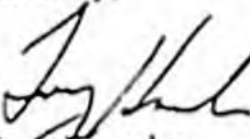
Page 3

The bill also proposes, for the state only, another temporary incentive program, the separation incentive program, that has not been used previously by the state, but that has been used successfully by local governments and school districts in Alaska, by the federal government, and by the private sector. Under this program, which may be offered in conjunction with the RIP or separately from that program, long-term state employees separating from state service may be paid a one-time separation incentive payment. That payment would be \$25,000 or six months' salary, whichever is less, unless a state department or the office of management and budget sets a lower payment. As with the RIP, separation incentive payments could be made only if they would result in cost savings to the state over a three-year period; the program would not be open to all state employees, but could be limited to certain departments or job classes; there would be brief "window periods" for application; and there would be substantial penalties for reemployment by the state within three years.

As this bill works its way through the legislative process, representatives of my Administration will be available to answer any questions that members of your body might have.

I urge your prompt consideration and passage of this bill.

Sincerely,



Tony Knowles  
Governor

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

TONY KNOWLES  
GOVERNOR



P.O. Box 110001  
Juneau, Alaska 99911-0001  
(907) 485-2900  
Fax (907) 485-2532

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 20, 1995

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

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The Honorable Gail Phillips

March 20, 1995

Page 2

Under our approach, the programs will be tailored to the fiscal and staffing requirements of each department. This approach is similar to private sector and federal programs. The incentives will be used in combination with attrition to permanently reduce the number of positions on the state payroll. Departments will be able to participate in the incentive programs only if the programs contribute to their budget and staffing requirements and are cost effective.

This bill differs from the previous retirement incentive program (RIP) laws, enacted in 1986 and 1989, in that employers are specifically authorized to extend an incentive plan to employees in certain components (e.g., certain state divisions slated for major reductions), in certain job classifications, or certain geographic locations. In addition, with regard to the state, not all state employees will be eligible to apply during a window period. Instead the commissioner of administration is authorized to establish window periods (of 30 to 60 days) for some departments and not others. This will allow targeting of departments where major reductions are contemplated, and will alleviate the "brain drain" problem that arose when previous incentive programs were implemented.

The bill also requires that cost savings be shown for each employee allowed to participate, and that cost savings be calculated over a three-year period rather than a five-year period. This change from previous RIP laws will guarantee that the retirement incentive program produces substantial savings to the state and its local governments and school districts.

There are some similarities between this bill and the prior RIP laws. As with those laws, this bill provides that eligible state, municipal, and school district employees in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) may obtain three years of retirement credit, to be applied toward reaching normal or early retirement age, reducing the actuarial reduction that early retirees must take, or increasing years of credited service. An employee must pay the appropriate retirement system the employee's normal share for these three years of credit, and the employer must pay the system the difference between what the employee pays and the actuarial cost of allowing the employee to participate. Applications for participation in the program will be allowed only during relatively short "window periods," and the employee must retire within several months after the end of a window period. The bill imposes substantial penalties on an employee retiring under the RIP who accepts employment with another PERS or TRS employer or with a Judicial Retirement System employer, or who is reemployed as a member of the optional university retirement system.

The Honorable Gail Phillips

March 20, 1995

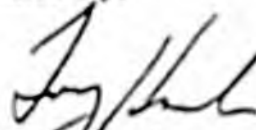
Page 3

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As this bill works its way through the legislative process, representatives of my Administration will be available to answer any questions that members of your body might have.

I urge your prompt consideration and passage of this bill.

Sincerely,



Tony Knowles  
Governor



**WRANGELL**

**PUBLIC SCHOOLS  
DISTRICT OFFICE**

PO BOX 2319

WRANGELL, ALASKA 99929

Telephone (907) 874 2347

DR. ELL B. SORENSON, Superintendent

GATEWAY TO THE SKIING

April 11, 1995

Representative Mark Hanley  
State Capitol, Room 507  
Juneau, Alaska 99801-1182

Dear Representative Hanley:

With the closing of the Alaska Pulp Corporation sawmill, we face sharply declining enrollment projections for the next three years. In an era of declining enrollment, a retirement incentive program would be a wonderful asset for the necessary reduction in staff.

At present, we are looking at every possible way to reduce our costs without losing our best and brightest, many of whom are our newest members. A retirement incentive program will result in considerable savings to our district as we will not replace people who are at the top of our salary schedule.

Reducing staff while keeping the highest quality of energetic people is at the top of our priority list. We urge you to support SB 137 and HB 270 or similar legislation that provides retirement incentive programs for district employees.

Sincerely,

Wrangell School Board  
Robert Caldwell, President



# CITY OF KENAI

*" Oil Capital of Alaska "*

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99611-7794  
TELEPHONE 907-283-7535  
FAX 907-283-3014



April 11, 1995

Governor Tony Knowles  
State of Alaska  
P.O. Box 110001  
Juneau, AK 99811-0001

RE: *RETIREMENT INCENTIVE PROGRAM*  
*SB 137 and HB 270*

Thank you for your letter of March 28, 1995 in which you encouraged comments on the proposed retirement incentive program (SB 137 and HB 270). The Kenai City Council discussed your letter and bills at their April 5, 1995 council meeting.

To close the state's fiscal gap, major changes need to occur in how the state does business. Over the next several years adjustments in state operations, making the state government more efficient, need to take place. In some cases, there may even be elimination of many nonessential services. Forced layoffs of personnel may be a direct result of elimination of programs/services and making efficient existing programs. Such layoffs could have a ripple effect on the private sector statewide and endanger the health of Alaska's economy.

The City of Kenai is interested and supports the concept of HB 270 and SB 137 which allow for retirement and separation incentive programs for employees of state government, municipalities, and school districts. With the use of retirement incentives which are tailored to the fiscal and staffing requirements of any participating entity, significant savings in program costs will result. Retirement and separation incentives have been used successfully by the State of Alaska previously with substantial savings. Private sector programs have also proved to be successful. In both of these cases, payroll cutbacks occurred while still eliminating or minimizing the need for layoffs.

The City of Kenai believes that HB 270 and SB 137 are properly structured and can be a cost-effective and humane method of downsizing. The only consideration the City of

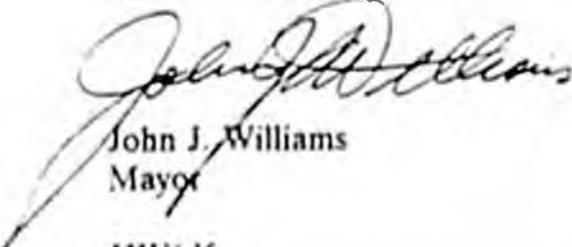
Governor Tony Knowles  
April 11, 1995  
Page 2

Kenai requests is that the window periods for any participating state government, municipality, or school district be identical. Any window period of opportunity needs to be from July 1, 1995 through June 30, 1998.

The Kenai City Council supports the passage of both HB 270 and SB 137. We thank you for the opportunity to communicate with you on this matter.

Sincerely,

CITY OF KENAI



John J. Williams  
Mayor

JJW/clf

cc: Representative Mike Navarre  
Senator Judy Salo  
House Speaker Gail Phillips  
Senate President Drue Pearce  
Senator Lyda Green, Chair, Health, Education & Social Services Committee  
Senator Bert Sharp, Chair, Senate State Affairs Committee  
Senator Steve Frank, Chair, State Finance Committee  
Representative Jeannette James, Chair, House State Affairs Committee  
Representative Pete Kott, Chair, House Labor & Commerce Committee  
Representative Mark Hanley, Chair, House Finance Committee



May 3, 1995

DON VALESKO  
Business Manager /  
Secretary-Treasurer

VALERIE K. BAFFONE  
Assistant Business Manager

HEADQUARTERS  
2510 Arctic Blvd  
Anchorage, Alaska 99503  
FAX (907) 279-7171  
(907) 278-7211

2122 Airport Way  
Fairbanks, Alaska 99701  
FAX (907) 456-1771  
(907) 452-5024

710 West 8th Street  
Juneau, Alaska 99801  
FAX (907) 586-5757  
(907) 586-8063

Members of the Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

RE: SB 148

Dear Legislator:

Having reviewed SB 148 in its entirety, Local 71 must go on record in total opposition to this bill.

The passage of SB 148 would effectively gut the Public Employees Retirement System. The current system is not perfect, but over the years has developed into a fair retirement plan for public employees who dedicate themselves throughout the course of their careers in public service.

Local 71 is in support of the Governor's retirement incentive program.

However, we would in no way be supportive of the RIP bill if its passage were linked to the unfair terms of SB 148.

Sincerely,

Donald Valesko  
Business Manager/  
Secretary-Treasurer

DV:jlq



# ALASKA STATE AFL-CIO

2501 Commercial Drive Anchorage, Alaska 99501 907-258-6284 Fax 274-0370

MANO FREY  
Executive President



BRUCE LUDWIG  
Secretary Treasurer

May 1, 1995

Dear Members of the Alaska State Legislature.

The Alaska State AFL-CIO stands adamantly opposed to Senate Bill 148. Though the committee process, SB 148 has become a bill that punishes new as well as current employees. The Governor's original intent has been taken from the RIP portion of the bill. The third tier in PERS and TERS is not in the state's or it's future employees' best interest and we feel it will hurt the system irreparably in the long run.

We urge you to cast your vote in favor of the state's employees and against SB 148.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mano Frey', written in a cursive style.

Mano Frey  
Executive President



# NEA-ALASKA

*Affiliated with the National Education Association*

May 2, 1995

Senator Jim Duncan  
Alaska Legislature  
State Capitol  
Juneau, Alaska 99801

Dear Senator Duncan:

NEA-Alaska opposes passage of SB 148. Creating a new defined benefit plan for new hires and providing reduced benefits to employees will cause inequity. Creation of another retirement tier will be confusing and divisive because of the inequity in benefits paid under the two systems. We are also concerned about the affect this change will have on the overall stability and soundness of the current defined benefit plan.

SB 148 provides that employees hired after March 31, 1996 will enter the tier three plan if the school district elects to participate. What will the actuarial impact be to the short and long term economic stability of the current system? Will employees in the current plan be forced at some point to increase their contributions in the system to control a possible increase in unfunded liability caused by fewer employees entering the current plan?

In addition to the diminishment of benefits NEA-Alaska is concerned about allowing school districts to elect to participate. Allowing a school district to opt into the new plan will cause inequity between districts since some districts will be in the diminished benefit plan while others will stay in the current program. The option has the potential of weakening retirement benefits to school employees who move from one district to another. The increased cost of administration will be significant since employee service for retirement purposes must be allocated to one plan or the other as well as to school districts.

The bill creates a single retirement system for state employees when the current systems are working well for employees. Most states are working to reduce years of service, but SB 148 proposes increasing the years of service to 30 in order to draw full benefits. For a person to retire early, he or she must be 55 years of age with 30 years of service credit. Because of a reduction in the benefit multiplier to 1.5 percent, the employee will receive a significant reduction in benefits but will be required to contribute 5.5 percent instead of 8.65% of pay \*but over a longer period of time.



## ALASKA PUBLIC EMPLOYEES ASSOCIATION/AFT(AFL-CIO)

State Headquarters/Juneau Field Office  
211 Fourth Street, Suite 306, Juneau, Alaska 99801  
Telephone (907) 586-2334, (800) 478-9991, Fax 463-4980

### Position Paper on CSSB 148

CSSB 148 combines two pieces of legislation. One is the Retirement Incentive Program proposed by Governor Knowles and the other is a drastic change to the State's retirement systems. We strongly disagree that they should be combined.

The Retirement Incentive Program, by itself, is a piece of legislation that should be adopted because it is a tool which allows the State, its Municipalities, Boroughs and School Districts to accomplish the same work with less money. It provides for the orderly replacement or elimination of employees without just forcing them out the door and being picked up on the rolls of some other governmental program. It is a program that deserves your support in its own right.

APEA/AFT is not averse to supporting reasonable changes to the PERS and TRS systems, even if the only goal is to reduce the cost for participating employers. We are very much opposed to making wholesale cuts to those systems without adequate thought going into it and without a complete understanding of the impacts that such reductions will have on the state's and other public employers abilities to provide services in the next century. Our members are Alaskan Citizens and have as much concern as most of you have over the dwindling revenues. We care about what we are bequeathing our children. We have an interest in seeing that every state dollar spent is being maximized. But if we just cut the costs without giving thought to or knowing the consequences of those cuts, we may be giving future generations of Alaska bigger problems to deal with than the ones we now believe they will be facing.

An employer offers its employees a retirement system for the primary purpose of recruiting and retaining qualified and competent employees. By slashing and cutting benefits, will we be able to retain and recruit the same high quality workforce we have today. State employees must deal with oil companies, mining companies, banks and other businesses that understand the worth and necessity of keeping qualified and able employees. Our employees are expected to be as good or better than these employees. If they aren't, we could lose billions in lost revenues and resources. Those companies pay their employees more money and offer better benefits than the state does currently. We are continually losing highly qualified employees to the private sector, only to see them come back later to work against the interests of the state, and for some private interest. If sufficient thought is not given to changes made in the retirement system, we will see even more turnover and more difficulty in recruiting high quality employees. The best protection we have to offer our children is a competent governmental workforce that continues to operate and practice stewardship of our resources for future generations. We can only assure that this will be done if careful consideration is given before we just slash and burn up something that has been created.

Anchorage Field Office

1689 C Street, Suite 204, Anchorage, Alaska 99501  
Telephone (907) 374-1688, (800) 478-9992, Fax 277-4588

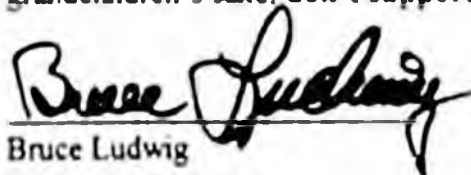
Fairbanks Field Office

825 College Road, Fairbanks, Alaska 99701  
Telephone (907) 456-5412, (800) 478-9993, Fax 456-7478

and fine tuned over the last 36 years by both Republican-led and Democratic-led Legislatures

We were told in the brief "public hearing" this bill received in the Finance Committee that the average state and private retirement benefit was 1.5% for each year of service. While we don't have available to us on this short of notice, any figures for the private sector for employers who would compete for our employees, we do have the information as to what other states offer their employees. To say that 1.5% is an average is a gross misrepresentation, to put it mildly. As can be seen from the attached chart, a benefit of 1.5% for each year of service would put Alaska in the bottom 10% of all states. It would have been much more correct to characterize Alaska's current benefits as average. I'm sure that if someone called around to Walmart, K-Mart and Joe's Filling Station we could come up with some numbers to prove a 1.5% average in the private sector, but we don't compete for the same employees as they do. The private employers we compete with are the big businesses that understand the importance of offering an attractive retirement package and understand the effect that having qualified and competent employees have on their "bottom line". Shouldn't you, as Alaska's Board of Directors, have the same concern? Shouldn't you be concerned of the effects that such drastic cuts in benefits will have on the state's "bottom line"?

We are asking that you not support CSSB 148 as it is currently written. Not because it cuts benefits, or because it will affect our future members. We are asking that you not support it because changes this big should be considered fully and each of you should be fully aware of the impact it would have on future generations. We offer to make ourselves available to work with the Legislature to make cost-saving changes to PERS and TRS which still preserve the state's ability to recruit and retain a qualified and competent workforce. **Please**, for your children's and grandchildren's sake, don't support CSSB 148 as currently written.



Bruce Ludwig  
Business Manager

### 13: RETIREMENT SYSTEMS

Forty-one states reported that their standard pension plan currently requires a contribution from the employee. However, three of these forty-one states -- Illinois, North Dakota and Oregon -- pay the employee's contribution, and Wisconsin pays all but 0.20% of the employee's contribution. In several states, a non-contributory pension plan is also available. Among those states reporting contributory plans with set contribution rates, the typical percent of salary paid by the employee is about 5% or 6%. The state contributes a higher percentage of salary in most instances, ranging as high as 21.25% (for those reporting a fixed contribution amount). Only the state of Massachusetts reports that it makes no contribution towards retirement.

One state reported that as of January 1, 1994 there was still a mandatory retirement age of 70. The number of years of service required before an employee is fully vested in a retirement system is typically 5 or 10 years.

Many states require that an employee reach a certain minimum age before retiring with full benefits. In other states, the employee must accrue a specified number of years of service before retirement. Several states provide for full retirement benefits based on a specific combination of service years and age.

A variety of computations were reported for calculating retirement benefits. Most followed the formula of a certain percentage multiplied by an employee's total number of years of service and further multiplied by the employee's average final compensation. Most often, average final compensation is based on three years of compensation. Some states indicated that different benefit formulas apply depending on age or date of hire.

Forty-three states (86%) report that most state employees do participate in the Social Security system. (The seven states not in the Social Security system are Alaska, Colorado, Louisiana, Maine, Massachusetts, Nevada and Ohio.) Of those states where employees receive both a state pension and Social Security benefits, nine have integrated plans. The states of Delaware and Vermont have some plans which are integrated with Social Security, as well as some plans which are not integrated.

Most states provide some form of cost-of-living adjustment for retired workers. Eighteen states reported that there is no established procedure for determining such an adjustment. Twelve states indicated that they tie their cost-of-living increases to changes in the Consumer Price Index, although the adjustment may be limited to some maximum percent change.

Table 13. Retirement

State	Contribution Rate - % Salary		Mandatory Retirement Age	Normal Full Benefit Requirements	Monthly Benefit (per year)	Years in U.S. Army	CBA
	State	Employee					
Alabama	6.0%	3.0%	65	30 yrs	1.0%	20	
Alaska	14.5%	6.75%	65	30 yrs	1.0%	20	
Arizona	3.1%	3.1%	65	30 yrs	1.0%	20	
Arkansas	10.0%	0.0%	65	30 yrs	1.0%	20	
California	10.25%	3.0%	65	30 yrs	1.0%	20	
Colorado	11.0%	0.0%	65	30 yrs	1.0%	20	
Connecticut	varies (10)	3.0% (10)	65	30 yrs	1.0%	20	
Delaware	6.1%	3.0%	65	30 yrs	1.0%	20	
Florida	17.1%	0.0%	65	30 yrs	1.0%	20	
Georgia	17.0%	1.5%	65	30 yrs	1.0%	20	
Illinois	10.7%	7.0%	65	30 yrs	1.0%	20	
Indiana	10.0%	6.5%	65	30 yrs	1.0%	20	
Iowa	4.0% (17)	— (17)	65	30 yrs	1.0%	20	
Kansas	3.0%	0.0%	65	30 yrs	1.0%	20	
Kentucky	3.7%	3.7%	65	30 yrs	1.0%	20	
Louisiana	2.5%	1.0%	65	30 yrs	1.0%	20	
Maine	7.0%	3.0%	65	30 yrs	1.0%	20	
Maryland	11.5%	7.0%	65	30 yrs	1.0%	20	
Massachusetts	9.1%	— (20)	65	30 yrs	1.0%	20	
Michigan	0.0%	30-45 (20)	65	30 yrs	1.0%	20	
Minnesota	varies	0.0%	65	30 yrs	1.0%	20	
Mississippi	4.7%	1.7%	65	30 yrs	1.0%	20	
Missouri	9.7%	7.0%	65	30 yrs	1.0%	20	
Montana	9.0%	0.0%	65	30 yrs	1.0%	20	
Nebraska	10.0%	0.0%	65	30 yrs	1.0%	20	
Nevada	10.0%	0.0%	65	30 yrs	1.0%	20	
New Hampshire	10.0%	0.0%	65	30 yrs	1.0%	20	
New Jersey	10.0%	0.0%	65	30 yrs	1.0%	20	
New Mexico	10.0%	0.0%	65	30 yrs	1.0%	20	
New York	10.0%	0.0%	65	30 yrs	1.0%	20	
North Carolina	10.0%	0.0%	65	30 yrs	1.0%	20	
North Dakota	10.0%	0.0%	65	30 yrs	1.0%	20	
Ohio	10.0%	0.0%	65	30 yrs	1.0%	20	
Oklahoma	10.0%	0.0%	65	30 yrs	1.0%	20	
Oregon	10.0%	0.0%	65	30 yrs	1.0%	20	
Pennsylvania	10.0%	0.0%	65	30 yrs	1.0%	20	
Rhode Island	10.0%	0.0%	65	30 yrs	1.0%	20	
South Carolina	10.0%	0.0%	65	30 yrs	1.0%	20	
South Dakota	10.0%	0.0%	65	30 yrs	1.0%	20	
Tennessee	10.0%	0.0%	65	30 yrs	1.0%	20	
Texas	10.0%	0.0%	65	30 yrs	1.0%	20	
Utah	10.0%	0.0%	65	30 yrs	1.0%	20	
Vermont	10.0%	0.0%	65	30 yrs	1.0%	20	
Virginia	10.0%	0.0%	65	30 yrs	1.0%	20	
Washington	10.0%	0.0%	65	30 yrs	1.0%	20	
West Virginia	10.0%	0.0%	65	30 yrs	1.0%	20	
Wisconsin	10.0%	0.0%	65	30 yrs	1.0%	20	
Wyoming	10.0%	0.0%	65	30 yrs	1.0%	20	





ALASKA STATE EMPLOYEES ASSOCIATION  
AFSCME Local 52, AFL-CIO

Kelly Brown, President  
3510 Spenard Rd., Suite 201  
Anchorage, AK 99503  
May 2, 1995

Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear Members of the Alaska State Legislature,

I am writing personally, and on behalf of the approximately 8,400 state workers represented by the Alaska State Employees Association, to express opposition to Senate Bill 148. This bill should never have been tied to the Governor's Retirement Incentive Program (RIP), and it should not have been put on such a fast track that we have had no time to evaluate its impact on public employees. First impressions indicate that SB 148 is a heavy-handed, meat cleaver attempt to cut costs by gutting the Public Employee Retirement System (PERS) and the Teacher Retirement System (TRS). We urge you not to pass this legislation.

The RIP bill, which will save the state money if passed, should be allowed to stand on its own merits. But SB 148 should be voted down -- or, at the very least, it should be referred to an interim committee for study during the next few months. There are better ways to deal with Alaska's fiscal crisis than simply chopping 40% across the board from public employees' retirement benefits.

Many of you have proven yourselves to be thoughtful lawmakers with the best interests of Alaska at heart. We are confident that all of you want to deal responsibly with our fiscal crisis, but we are not sure that all of you have had the time or the opportunity to analyze the consequences of this legislation. Please do whatever you can to stop SB 148, or at least to slow it down. Let's give ourselves time to find those better ways.

Sincerely,

*Kelly E. Brown*

Kelly E. Brown, President  
Alaska State Employees Association

**PUBLIC SAFETY EMPLOYEES ASSOCIATION**  
1569 S. BRAGAW, SUITE 201  
ANCHORAGE, ALASKA 99508  
(907) 337-1979

*REPRESENTING ALASKA'S FINEST*

2 May 1995

Alaska Legislative Members  
State Capitol Building  
Juneau, AK. 99801

Dear Members of the Alaska State Legislature:

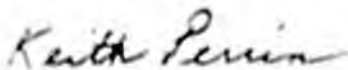
After a thorough review of SB 148 the Public Safety Employees Association finds it most oppose this bill in it's entirety.

SB 148 in it's original form was opposed due to it's deviation from the proven P.E.R.S. system; in it's present form SB 148 guts the P.E.R.S. system. In discussions with numerous members of this legislature, P.S.E.A. has stated it would promote active discussion of the State's Retirement package during the interim period.

Additionally, SB 148 should never have been combined with a Retirement Incentive Package. The RIP is a fine management tool in it's own right and should be passed on it's own merits.

We have no doubt that many of you are working for the best of all Alaskans. We promote the positive attraction and retention of State employees. Please work with us to obtain our goal by working with us in the interim.

Sincerely,



Keith Perrin  
President