

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3697 HSTA HB 382 - HB 384 373



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National Conference of State Legislatures

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APR 3 1986

M E M O R A N D U M

TO: Chairs of Legislative Pension Committees
FROM: Sharon Lawrence, Staff Director
SUBJECT: Divestment of Public Funds Invested in Companies Doing Business
In or With the Republic of South Africa
DATE: March 28, 1986

As you may know, the Executive Committee of the National Conference of State Legislatures appointed an 18 member Task Force on South African Divestment last year. It charged that panel with the responsibility of gathering information on the divestment question and, if possible, providing policy guidance to fellow legislators on this controversial issue.

To assist members of the Task Force in fulfilling their responsibilities, your help is needed. Could you please forward to me at the above address any legislative bills, resolutions or reports prepared on the divestment question? This information will be used to inform the Task Force members of the policy alternatives being suggested to and discussed by the legislatures, the reasons for acceptance or rejection, and the impact of divestment upon state investments, pension funds and other monies.

If you have any questions about this request, please do not hesitate to contact me. I would be happy to respond further.

Thank you.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
Bill/Resolution No.: HB 382
Title: Create retirement incentive
for State employees in PERS
Sponsor: Duncan
Requestor: Duncan
Date of Request: 02-06-86

FISCAL DETAIL
Agency Affected: Personnel
BRU: Personnel
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

This bill will have zero budgetary impact on the Division of Personnel. Any additional recruitment, examining and certifications work created by accelerated retirement of some employees could be absorbed by assisting staff.

Prepared By: *Diana DeSimone* Diana DeSimone, Deputy Director Phone: 465-4430
 Division: Personnel Date: 1/14/86
 Approved by Commissioner: *Eleanor Andrews* Eleanor Andrews Date: 2/18/86
 Agency: Department of Administration

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

POSITION PAPER

Draft Amendment to HB 382

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

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

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

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



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

2/11/86

Date



Eleanor Andrews, Commissioner, Department of Administration

2/11/86

Date

Examples of Savings Under R.I.P.

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

Eligibles:

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

Option I: RIP all - leave all positions vacant.

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

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

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

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

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

Hypothetical Example of How the Rule of Three Might Work

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

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

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

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

**RULE OF THREE RETIREMENT ELIGIBILITY
AND INCENTIVES BY AGE**

<u>If employee's age at time of retirement is:</u>	<u>he is eligible for the Rule of Three, is allowed to retire and is treated like age:</u>	<u>and he receives an additional service credit in his benefit calculation of:</u>
47	50	--
48	51	--
49	52	--
50	53	--
51	54	--
52	55	--
53	55	1 year
54	55	2 years
55 and up	55	3 years

RETIREMENT ELIGIBILITY BY SERVICE

<u>If employee has the following number of years accrued towards retirement, then:</u>	<u>he is eligible for the Rule of Three and is allowed to retire, regardless of age</u>	<u>and he receives an additional service credit in his benefit calculation of:</u>
17*		--
18*		1 year
19*		2 years
20* or more		3 years
27		--
28		1 year
29		2 years
30 or more		3 years

* peace officers and firemen service only.

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

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No.: HB 382
 Title: "An act relating to accelerated normal retirement..."
 Sponsor: Duncan
 Requestor: Duncan
 Date of Request: 4/22/85

FISCAL DETAIL

Agency Affected: All State
 Program Category Affected: Labor Services
 BRU, Program or Subprogram(s) Affected: PERS

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
Operating						
100 Personal Svcs		17,760.3	19,181.1	20,715.6	22,372.9	24,162.7
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	17,760.3	19,181.1	20,715.6	22,372.9	24,162.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		16,055.3	17,339.7	18,726.9	20,225.1	21,843.1
FEDERAL FUNDS		817.0	882.4	952.9	1,029.2	1,111.5
OTHER		888.0	959.0	1,035.8	1,118.6	1,208.1
TOTAL	-0-	17,760.3	19,181.1	20,715.6	22,372.9	24,162.7

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

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director Phone: 465-4460
 Division: Retirement & Benefits Date: 4/24/85

Approved by Commissioner: Lisa Rudd Date: 4/26/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

House Bill 382
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

April 24, 1985

IV Analysis: Passage of this bill would allow a state employee who is an active member of the Public Employees Retirement System (PERS) to retire on an accelerated basis with a normal benefit under the following conditions: at age 50 if vested; with 15 years of credited service as a peace officer or fireman; or with at least 25 years of credited service. Before qualifying for an accelerated benefit, however, the member must pay a lump sum indebtedness payment for the accelerated period.

The total estimated FY 86 cost to the state of \$17,760.3 is calculated as follows:

Increase in PERS all other state rate (3.16%) times the FY 86 PERS estimated all other state salaries (\$453,843,667.) equals	\$14,341.6
Plus the increase in PERS P/F state rate (3.79%) times the FY 86 PERS estimated P/F state salaries (\$90,202,925.) equals	<u>\$ 3,418.7</u>
Total FY 86 estimated State Cost	<u><u>\$17,760.3</u></u>

The present value of the cost of this bill is \$214,411,000; this would produce a 14% decrease in the PERS funding ratio.

Position Paper

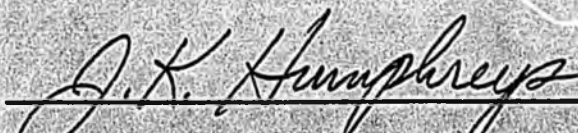
House Bill 382

At a time of declining state revenues and when many retirement systems are considering an increase in retirement age, this bill would allow state employees the option of retiring five years earlier with a normal benefit. The Alaska PERS already has the lowest normal retirement age of any state retirement system and passage of this bill would, in essence, lower it even further. The indebtedness payment for the accelerated period that a member would have to make in a lump sum would not come close to covering the total cost.

Other than the age and years of service requirements, the bill does not focus on any particular group of employees. The opportunity to retire early with the attendant costs to the state is extended to all qualifying employees without regard to whether they are performing an essential service or performing effectively.

Passage of this bill could also adversely impact other political subdivisions by drawing valuable employees who could qualify under this bill, away from their employment to seek employment with the state in order to take advantage of the provisions of this bill. There is no requirement on length of state employment before a member could elect this provision.


The Department of Administration opposes this bill.



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



Date



Lisa Rudd, Commissioner, Department of Administration



Date

2/14/86

DUNCAN

SECTIONAL ANALYSIS - HOUSE BILL 382 (AM)

*Section 1. PURPOSE STATEMENT. The purpose of this bill is to reduce State personal service costs through the use of a retirement incentive program.

*Section 2. RETIREMENT INCENTIVE PROGRAM - (R.I.P.) The head of a Department or agency may designate sections or divisions in which it is necessary to cut back on personal services expenditures and based on that designation, may investigate certain divisions, sections or other classifications of employees to determine whether it is feasible for them to participate in the Retirement Incentive Program. The agency will prepare a detailed proposal stating the costs of the R.I.P. and the offsetting personal service savings for each unit for which participation was deemed feasible. The agency's statement will be reviewed by OMB and by the Division of Retirement and Benefits to determine if it will meet the personal service reduction requirements of the program.

To be eligible under the R.I.P., a state employee must be in a unit approved for participation in the program, vested in the retirement system, have five years of credited service with the state, and must be, at a minimum, within 3 years of early retirement.

The employee's agency must agree to reimburse the retirement system the actuarially determined difference between what the employee would have received in benefits before the incentive, and the amount the employee will receive in benefits after the incentive, including a small allowance for administrative cost.

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

1. to reduce the age or years of service required for eligibility for normal or early retirement;
2. to reduce the actuarial adjustment required for early retirement;
3. to increase the years of service credit for those already eligible for full retirement;
4. or a combination of 1 - 3.

Should an employee who has retired with a retirement incentive credit return to any employment covered under the Public Employee's Retirement System, the employee would have to pay back to the system all additional benefits, including health insurance costs, received as a result of the R.I.P. while retired.

This bill does not include municipal and University employees.

*Sections 3 - 6. The R.I.P. will be available for a one year period, between July 1, 1986 and July 1, 1987.

Du Pont Surprised as 12,000 Employees Accept Company Early-Retirement Offer

By ALIX M. FREEDMAN

Staff Reporter of THE WALL STREET JOURNAL
WILMINGTON, Del.—Du Pont Co. has been caught off-guard by the popularity of a voluntary early-retirement plan it offered its employees in January.

About 12,000 employees, or twice as many as Du Pont expected, have agreed to retire early by April 30, including many in important technical and supervisory jobs whom the company had expected to keep, according to company sources. The early retirements amount to 8% of Du Pont's work force.

In an effort to become more competitive by pruning what it considers "deadwood," the chemical company had proposed that about 6,000, or 4%, of its 157,000 workers leave. Costs associated with 6,000 early retirements would have resulted in a pre-tax charge of \$125 million against first-quarter earnings. The plan was projected to save \$225 million a year by 1986.

Now, however, the unexpectedly large response to the offer means "management is in a bind and will have to do some hiring," said a Du Pont manager at headquarters. "The words being used by managers around here go from 'surprise' to 'devastating.'"

John R. Malloy, Du Pont's vice president for external affairs, described the program as a "huge success," though he conceded that the company will lose some people it wanted to keep. "The impact of the program is that we will be leaner faster than we anticipated," he said. "We knew we would get someplace soon and we are there sooner."

Later this week the company will disclose the exact number of employees who agreed to retire and a revised estimate of the pre-tax charge against earnings, Mr. Malloy said.

Several Du Pont employees said the retirements would deplete the work force in a number of areas throughout the company, notably among hourly workers at

some plants and researchers in textiles, chemicals and pigments. The sources also said some valued employees who planned to retire early were induced to stay through raises and bonuses.

Under the plan, as many as five years of credit were added to an employee's age and length of service in calculating pen-

sion benefits. With the credit, the pension of a 53-year-old retiree with a salary of \$25,000 and 22 years of service would be \$675 a month, compared with \$275 a month without the incentive.

"Because the program hits at the 50- to 60-year-old age group, it has taken some key people who are very creative," said a retiring agricultural chemical researcher in his mid-50s. He described the plan as "manna from heaven."

The early-retirement plan is expected to hinder operations at some Du Pont plants, particularly as longtime workers

are replaced by less-experienced ones. At a textile plant in Martinsville, Va., 500 members of a 2,200-worker bargaining unit are leaving, union officials estimated. At Chambers Works in Deepwater, N.J., Du Pont's largest plant for non-military products, plant manager Robert Shinn estimated that 440 of the 4,000 employees are leaving.

"The bottom has dropped out," said a Chambers Works employee. "Du Pont never expected so many people would bail out." The employee said that some workers were asked to delay their departure until the fall to give the company time

to regroup.

Kenneth Henley, a lawyer for member International Brotherhood of Pont Workers, asserted that it is already hiring nonunion workers for lower-paying jobs. To fill higher-paying jobs, he said, the company is hiring subcontractors, including Du Pont Ureos.

"We are very concerned Du Pont is bringing in people with a reduced wage rate," F. Berry Jr., president of Uni-Union, an independent union a

100 Employees Retirement Offer

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"Because the program hits at the 50- to 60-year-old age group, it has taken some key people who are very creative," said a retiring agricultural chemical researcher in his mid-50s. He described the plan as "manna from heaven."

The early-retirement plan is expected to hinder operations at some Du Pont plants, particularly as longtime workers

are replaced by less-experienced ones. At a textile plant in Martinsville, Va., 500 members of a 2,200-worker bargaining unit are leaving, union officials estimated. At Chambers Works in Deepwater, N.J., Du Pont's largest plant for non-military products, plant manager Robert Shinn estimated that 40 of the 4,000 employees are leaving.

"The bottom has dropped out," said one Chambers Works employee. "Du Pont never expected so many people would ball out." The employee said that some workers were asked to delay their departure until the fall to give the company time

to regroup.

Kenneth Henley, a lawyer for the 15,000-member International Brotherhood of Du Pont Workers, asserted that the company is already hiring nonunion, part-time workers for lower-paying jobs left by union members. To fill higher-paying union jobs, he said, the company is hiring nonunion subcontractors, including Du Pont retirees.

"We are very concerned because Du Pont is bringing in people with no benefits and at a reduced wage rate," said Alfred F. Berry Jr., president of United Workers Inc., an independent union at Du Pont's

Waynesboro, Va., textile plant.

Du Pont's Mr. M. Roy said that the hiring of nonunion workers for jobs that were previously held by union members might be "happening somewhere." But he said the company has no "anti-union bias."

The early-retirement program is part of an effort by Du Pont to streamline operations and become more productive as it pushes beyond its traditional fibers into plastics businesses and riskier areas such as biomedical products and agricultural chemicals. In addition, the company's acquisition of Conoco Inc. in 1981 resulted in the overlapping of a number of jobs.

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

1 IN THE HOUSE

BY DUNCAN AND M.M.MILLER

2

HOUSE BILL NO.382

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to accelerated normal retirement for
7 state employees in the Public Employees' Retirement
8 System; and providing for an effective date."

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

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

11 Sec. 39.35.375. ACCELERATED NORMAL RETIREMENT. (a) A state
12 employee is eligible for an accelerated normal retirement benefit

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

14 (2) with at least 15 years of credited service as a peace
15 officer or fireman; or

16 (3) with at least 25 years of credited service for all other
17 employees.

18 (b) A state employee who is an active member of the system may
19 elect to take an accelerated normal retirement. An employee who
20 elects to take an accelerated normal retirement shall contribute a
21 lump sum payment to the system calculated at the employee's current
22 rate of contribution for the period between the date of termination
23 from state service and the date on which the employee would be first
24 eligible for a normal retirement. The state shall make an employer
25 contribution calculated at the state's current contribution rate for
26 the same period. /

27 (c) Retirement benefits payable under this section are
28 calculated as normal retirement benefits and include the period for
29 which contributions are made under (b) of this section as years of

1 credited service.

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

3 10.070(c).

A M E N D M E N T

Offered in the HOUSE

By Duncan

TO: HB 382

Page 1, line 6 through page 2, line 3, delete all material and insert:

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

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

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

(b) A vested employee in a designated classification who has five

years of credited service with the state may elect to participate in the retirement incentive program. The employee shall apply on forms provided by the administrator of the system.

(c) The administrator shall accept the application of a vested employee if

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

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

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

(i) the actuarial equivalent of the difference between the benefits the member receives after the addition of the retirement incentive under this section and the amount the member would have received without the incentive; and

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

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

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

(1) to reduce the age or service required for eligibility for normal retirement or the age required for eligibility for early retirement

under AS 39.35.370 or 39.35.385;

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

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

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

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

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

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

* Sec. 3. An employee who is eligible under sec. 2 of this Act and who has submitted an application for participation in the retirement incentive program before July 1, 1987, may be considered for participation in the program notwithstanding secs. 4 and 5 of this Act.

* Sec. 4. Sections 1 and 2 of this Act are repealed.

* Sec. 5. Section 4 of this Act takes effect July 1, 1987.

* Sec. 6. Sections 1 - 3 of this Act take effect July 1, 1986."

March 7, 1986

MAR 12 1986

Representative Katherine Hurley
Pouch V.
Juneau, Alaska 99811

Dear Representative Hurley:

This letter is to urge you to support CS HB 382, and to support an amendment to that bill.

Currently, this bill provides for an incentive for certain State employees who qualify under reasonable conditions to opt for retirement now, thus resulting in substantial savings in salaries to the State. The bill, however, does have one obvious flaw. That is, it appears that an arbitrary number of 3 years of service credit or three years of age advancement for retirement purposes is allowed.

I feel that the 3 year credit allowance is a flaw for the following reason: The difference between early retirement and normal retirement is that a vested employee can choose early retirement at age 50, but must wait until age 55 for normal retirement, assuming the employee has a minimum of 5 years of credited service under PERS. That is a difference of 5 years, not 3 years. Therefore, simple logic dictates that the bill should provide for 5 years not 3 years of credit.

As a whole, the bill is good, will obviously result in a savings to the State, but could certainly be better if the above deficiencies were corrected. Please take the time to consider the above comments for constructive changes, since it would be of considerably greater benefit to the State, and would result in even greater savings to the taxpayers. Your support in this matter will be appreciated.

Very truly yours,

Imogene Riley

NORTH SLOPE BOROUGH SCHOOL DISTRICT



APR - 8 1986

April 2, 1986

The Honorable Katie Hurley
Alaska State House of Representatives
Pouch V
State Capitol
Juneau, AK 99811

Dear Representative Hurley:

I am seeking your support for an amendment to CSHB 382, a bill creating a retirement incentive program for certain state employees. It is my opinion which is shared by many with whom I've spoken that if it could be amended to include all employees of the Teacher Retirement System, it would have positive financial effect on the State treasury. Most school districts have a salary schedule which gives teachers at the top of the salary schedule twice the salary as a beginning teacher. Such an amendment would offer a large group in the state an option to retire. School boards could replace them with less expensive personnel.

In my discussion with a number of superintendents around the state, the general sentiment was that they could easily absorb a five percent decrease in their foundation support if such a bill were to pass. Also, in my discussions, I've heard almost no opposition to the Bill although some suggested that it might be opposed by NEA. I think it would serve all of us well if we could get it amended so we could get a discussion, both pros and cons, regarding such an amendment.

Your influence in getting CSHB 382 amended is appreciated.

Sincerely,

Don Renfroe
Superintendent

DR:nn

NORTH SLOPE BOROUGH SCHOOL DISTRICT



APR - 8 1986

April 2, 1986

The Honorable Katie Hurley
P.O. Box 870157
Wasilla, AK 99587


Dear Representative Hurley:

This is a letter of support for House Bill 382 which would encourage early retirement for certain members of the Public and Teachers retirement systems of Alaska. I believe that the concept is sound, and the results would be favorable for the departments who are facing financial problems due to declining revenues. I would suggest, however, that this Bill be expanded to provide the same opportunity to City, Borough, and Rural Education Attendance Areas.

Local governments and school districts are facing the same economic problems that the state is addressing. Replacing employees at the top of the salary schedule with less expensive employees would be good for all of us. Voluntary early retirement has been successfully used in both the private and public sector many times to deal with funding problems.

Thank you for your continued support and assistance.

Respectfully,


Jess Holloway
Administrative Specialist

JH/nn

DUNCAN

HB 382(AM)

Eligibility for R.I.P.

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

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

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

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

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

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

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

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

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

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

4. or a combination of 1 - 3.

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

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

**STATE OF ALASKA
THE LEGISLATURE**

**LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY**

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House State Affairs Committee 2/17/86, 3:00pm

Feb 02, 1986

FEB 5 1986

Michael F. Pullen
3282 Adams Drive #B104
Fairbanks, Alaska 99701

Representative Katie Hurley
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Representative Hurley,

Presently there is a bill pending in the State Affairs and Finance Committees that I wish to bring to your attention. The bill, HB 382, addresses accelerated retirement for employees in the Public Employees Retirement System. The section I am particularly interested in is article (a)(2) - accelerated retirement for police/firemen with 15 years of credited service.

I have spoken with many Troopers and administrative officials about this bill and have gotten many opinions and answers. Administration officials feel the bill would be devastating to PERS and others feel it would be beneficial to all areas of state government.

As the bill reads, a police officer or fireman can retire after 15 years of credited service by contributing to PERS the exact amount of money he would have if he had stayed on 20 years. Therefore there would be no undue stress to PERS because the same amount of money would be contributed to the system as if the employee had stayed on for 20 years. This is where I have problems with the administration's position that it would be detrimental to PERS, when in fact early retirement would help the overall budget picture.

At this time the Department of Public Safety is suffering from a manpower shortage. If HB 382 were to be enacted, there would be several Troopers that could retire. By the retirement of these senior officers, more room could be made for newer troops and/or easing of budget problems. For example, at this time if a State Trooper Tech Sgt. were to retire, we could replace him with two new troopers or hire one new trooper

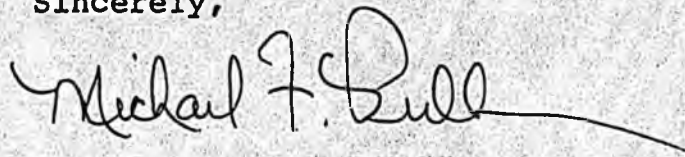
and save the rest for more pressing needs. This is just one of the monetary benefits to the state that could be gained by passing HB382.

The most beneficial side of the bill though is for the mental health of the police officer or fireman. As you well know both jobs carry an extreme amount of stress. This stress over a period of 20 years can be more than some persons can handle. Anchorage Police Department has realized this and has gone to a 15 year retirement system for their police/firemen.

While this subject is complex, I think it merits special attention because of it's long term effects on officer's lives and PERS. I ask that you give it your consideration and pass it out of committee as soon as possible for a full house vote. I would also appreciate your supporting vote if and when it does make it to the floor.

Thank you for your time in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Michael F. Pullen". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right from the end of the name.

Michael F. Pullen

March 6, 1986

Representative Katherine Hurley
Pouch V.
Juneau, Alaska 99811

Dear Representative Hurley:

This letter is to urge you to support OS HB 382, and to support an amendment to that bill.

Currently, this bill provides for an incentive for certain State employees who qualify under reasonable conditions to opt for retirement now, thus resulting in substantial savings in salaries to the State. The bill, however, does have one obvious flaw. That is, it appears that an arbitrary number of 3 years of service credit or three years of age advancement for retirement purposes is allowed.

I feel that the 3 year credit allowance is a flaw for the following reason: The difference between early retirement and normal retirement is that a vested employee can choose early retirement at age 50, but must wait until age 55 for normal retirement, assuming the employee has a minimum of 5 years of credited service under PERS. That is a difference of 5 years, not 3 years. Therefore, simple logic dictates that the bill should provide for 5 years not 3 years of credit.

As a whole, the bill is good, will obviously result in a savings to the State, but could certainly be better if the above deficiencies were corrected. Please take the time to consider the above comments for constructive changes, since it would be of considerably greater benefit to the State, and would result in even greater savings to the taxpayers. Your support in this matter will be appreciated.

Very truly yours,

Margaret M. Hunter
PO Box 770-464
Eagle River
AK 99577

March 3, 1986

MAR 10 1986

99811 Representative Katherine
Hurley
Pouch V.

Dear 99811 Katherine:

This letter is to urge you to support CS HB 382, and to support an amendment to that bill.

Currently, this bill provides for an incentive for certain State employees who qualify under reasonable conditions to opt for retirement now, thus resulting in substantial savings in salaries to the State. The bill, however, does have one obvious flaw. That is, it appears that an arbitrary number of 3 years of service credit or three years of age advancement for retirement purposes is allowed.

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Very truly yours,

L.C. Buhmester

March 3, 1986

March 3, 1986 rs, in this CUMLUHU#

99811 Representative Katherine
Hurley
Pouch V.

MAR 8 1986

Dear 99811 Katherine:

This letter is to urge you to support CS HB 382, and to support an amendment to that bill.

Currently, this bill provides for an incentive for certain State employees who qualify under reasonable conditions to opt for retirement now, thus resulting in substantial savings in salaries to the State. The bill, however, does have one obvious flaw. That is, it appears that an arbitrary number of 3 years of service credit or three years of age advancement for retirement purposes is allowed.

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Very truly yours,

Mrs. Maris E. Buchert

March 3, 1986

MAR 8 1986

Representative Katherine
Hurley
Pouch V.

Juneau, AK

Dear Katherine:

This letter is to urge you to support CS HB 382, and to support an amendment to that bill.

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Very truly yours,

Mary E. Splawn

*
* DELIVER TO: JFOM
*
*
* ORIGINAL
* SENT: 02/26/86 TIME: 11:19
* FROM: JEAN MILLER
* SUBJECT: POM
* PRINT DATE: 02/26/86 TIME: 11:39
*

20 Committee

TO: REPRESENTATIVES ADAMS, RINGSTAD, DUNCAN, LARSON, SZYMANSKI,
COTTEN, FRANK, BINKLEY, FOURCHOT, RIEGER, UEHLING, HURLEY
BOUCHER, AND NAVARRE

SENATORS ABOOD, DEVRIES, V. FISCHER, KELLY, AND RAY

FROM: GARY CARLSON
P.O. BOX 3
ANCHORAGE, AK 99506 PHONE: 276-3414

SUBJECT: HB 252 AND HB 382 - RETIREMENT OF STATE EMPLOYEES

I TOTALLY SUPPORT BOTH BILLS.

ADDITIONAL TOPIC: STATE EMPLOYEES CONTRACT *FEB 27 1986*

THE EXISTING 1986 EMPLOYEES CONTRACT SHOULD BE LEFT ALONE. IF
YOU WANT ADDITIONAL INCOME YOU SHOULD BRING EITHER THE SALES TAX
OR STATE INCOME TAX BACK OR DO SOMETHING WITH THE DIVIDEND FUND.
MAKE THE TAX BASE EQUITABLE TO ALL ALASKANS.

MAR 11 1986

March 3, 1986

99811 Representative Katherine
Hurley
Pouch V.

Dear 99811 Katherine:

This letter is to urge you to support CS HB 382, and to support an amendment to that bill.

Currently, this bill provides for an incentive for certain State employees who qualify under reasonable conditions to opt for retirement now, thus resulting in substantial savings in salaries to the State. The bill, however, does have one obvious flaw. That is, it appears that an arbitrary number of 3 years of service credit or three years of age advancement for retirement purposes is allowed.

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As a whole, the bill is good, will obviously result in a savings to the State, but could certainly be better if the above deficiencies were corrected. Please take the time to consider the above comments for constructive changes, since it would be of considerably greater benefit to the State, and would result in even greater savings to the taxpayers. Your support in this matter will be appreciated.

Very truly yours,

William S. Roachell

March 3, 1986

MAR 11 1986

99811 Representative Katherine
Hurley
Pouch V.

Dear 99811 Katherine:

This letter is to urge you to support CS HB 382, and to support an amendment to that bill.

Currently, this bill provides for an incentive for certain State employees who qualify under reasonable conditions to opt for retirement now, thus resulting in substantial savings in salaries to the State. The bill, however, does have one obvious flaw. That is, it appears that an arbitrary number of 3 years of service credit or three years of age advancement for retirement purposes is allowed.

I feel that the 3 year credit allowance is a flaw for the following reason: The difference between early retirement and normal retirement is that a vested employee can choose early retirement at age 50, but must wait until age 55 for normal retirement, assuming the employee has a minimum of 5 years of credited service under FERS. That is a difference of 5 years, not 3 years. Therefore, simple logic dictates that the bill should provide for 5 years not 3 years of credit.

As a whole, the bill is good, will obviously result in a savings to the State, but could certainly be better if the above deficiencies were corrected. Please take the time to consider the above comments for constructive changes, since it would be of considerably greater benefit to the State, and would result in even greater savings to the taxpayers. Your support in this matter will be appreciated.

Very truly yours,



*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 01/17/86 TIME: 15:14 *
* FROM: PAULA GRAY *
* SUBJECT: POM-FAIRBANKS *
* PRINT DATE: 01/17/86 TIME: 15:15 *
*

TO: ALL MEMBERS OF THE HOUSE
ALL MEMBERS OF THE SENATE

FROM: BRUCE LEHMANN
1140 IVY DRIVE
FAIRBANKS, AK, 99709

JAN 17 1986

PHONE: 456-4940-H 474-4209-W

RE: HB 382, ACCELERATED RETIREMENT

MSG: PLEASE SUPPORT HB 382 WHICH BENEFITS THE STATE AND
QUALIFIED EMPLOYEES. THERE ARE MANY JOBS FOR WHICH THE AMOUNT
OF WORK REQUIRED NO LONGER JUSTIFIES THE HIGH PAY AND THE
EMPLOYEES WOULD HAPPILY RETIRE IF POSSIBLE WITH NO COST TO THE
STATE. WITH DECLINING REVENUES THIS BILL MAKES GOOD SENSE.

JAN 24 1990

TO: HOUSE STATE AFFAIRS COMMITTEE

REPS. HURLEY, NAVARRE, CATO, BOUCHER, M.M.MILLER, COLLINS,
JENKINS

FROM: PAUL CONGER, 2214 CANDY PLACE, ANCHORAGE, AK 99508,
337-8955

~~SUBJECT: HB 382, ACCELERATED RETIREMENT IN PERS~~

I SUPPORT PASSAGE OF HB 382.

*

TO: REPS. BOUCHER, COLLINS, JENKINS, ADAMS, HURLEY
FROM: BRUCE DETLOFF, 1901 REBEL RIDGE DRIVE, ANCHORAGE, AK
99504, 337-2855

JAN 24 1986

SUBJECT: HB 382, ACCELERATED RETIREMENT IN PERS
AS A CURRENTLY REGISTERED VOTE OF ANCHORAGE, I RESPECTFULLY
REQUEST YOU SUPPORT IN THE PASSAGE OF HB 382.

Com

*

TO: REPRESENTATIVES BOUCHER, COLLINS, JENKINS, ADAMS, AND HURLEY

FROM: BRIAN HARTSOCK
3500 GLEN DON DRIVE
ANCHORAGE, AK 99504 PHONE: 338-5830

JAN 24 1986

SUBJECT: HB 382 - STATE EMPLOYEES RETIREMENT

AS A CURRENT REGISTERED VOTER OF ANCHORAGE, I RESPECTFULLY
SOLICIT YOUR SUPPORT IN THE PASSAGE OF HB 382.

*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 01/14/86 TIME: 14:46 *
* FROM: JEAN MILLER *
* SUBJECT: POM *
* PRINT DATE: 01/14/86 TIME: 14:46 *
* *

61

TO: ALL LEGISLATORS
FROM: GREGORY F. PILGRIM
3424 THOMPSON, APT. 105
ANCHORAGE, AK 99508
SUBJECT: FUNDING FOR DISABLED

JAN 15 1986

WITHOUT INDEPENDENT LIVING SERVICES AND PERSONAL CARE SERVICES I
FACE THE POSSIBILITY OF HAVING TO GO INTO A NURSING HOME. I HOPE
THAT THIS LEGISLATURE WILL MAKE THE NECESSARY FUNDING AVAILABLE
TO ACCESS ALASKA AND PERSONAL CARE ATTENDANT SERVICES TO PREVENT
THIS., SINCERELY,

TO: ALL LEGISLATORS
FROM: BURLE BEARD, 1721 MOOSE TRAIL, FAIRBANKS 99709
PHONE: 479-3640
RE: HB382 ACCELERATED RETIREMENT IN PERS

JAN 15 1986

PLEASE SUPPORT HB 382. WITH DECLINING REVENUES THE STATE
BENEFITS GREATLY; LOWER PAID EMPLOYEES REPLACE MUCH HIGHER PAID
EMPLOYEES FOR THE SAME JOB. THESE PROMOTIONS ALSO PERSUADE
VALUABLE EMPLOYEES TO REMAIN WITH THE STATE RATHER THAN QUIT.
THERE IS NO COST TO THE STATE; THE EMPLOYEES PAY IT ALL.

com files

*
* DELIVER TO: JPOM *
*
* ORIGINAL *
* SENT: 01/15/86 TIME: 11:35 *
* FROM: MAXINE WALTON *
* SUBJECT: POM/FBX *
* PRINT DATE: 01/15/86 TIME: 11:44 *
*

JAN 16

TO: HOUSE STATE AFFAIRS COMMITTEE
REPS: HURLEY, NAVARRE, CATO, BOUCHER, M.M. MILLER, COLLINS,
JENKINS
ALSO: REPS FRANK, M.W. MILLER, KOPONEN, RINGSTAD, DAVIS
SENS FAHRENKAMP, COGHILL, BENNETT
FROM: STEEVYN CYSEWSKI
1301 DENALI WAY
FAIRBANKS 99701

RE: PLEASE SUPPORT HB 302. THIS IS A VERY SENSIBLE MEASURE AND
IS APPROPRIATE NOW BECAUSE OF DECLINING REVENUE. THERE IS NO
COST TO THE STATE, ONLY SAVINGS. THANK YOU FOR YOUR SUPPORT.

com file

*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 01/22/86 TIME: 16:53 *
* FROM: PAULA GRAY *
* SUBJECT: POM-FAIRBANKS *
* PRINT DATE: 01/22/86 TIME: 16:53 *
* *

TO: ALL MEMBERS OF THE HOUSE
ALL MEMBERS OF THE SENATE

FROM: DEAN SCHAPLER
PO BX 81884
COLLEGE, AK, 99708

PHONE: 479-8548-H 474-2409-W

RE: HB 382, ACCELERATED RETIREMENT

JAN 23 1986

Committee

MSG: REGARDING HB 382, ALASKA CAN SAVE GREATLY BY PROMOTING LOWER PAID EMPLOYEES INTO POSITIONS OF PROSPECTIVE RETIREES CURRENTLY RECEIVING VERY HIGH PAY. THE FOLLOW UP PROMOTIONS DOWN THE LINE WILL RESULT IN IMPROVED MORALE AND GREATER EFFICIENCY. LOWER LEVEL PROMOTIONS WILL ALSO CURTAIL EXPENSIVE TURN OVER TO PRIVATE ENTERPRISE OF TRAINED STAFF.

TO: ALL LEGISLATORS

FROM: ROD BRADLEY, CHAIR
GOVERNMENT AFFAIRS COMMITTEE
ADVERTISING FEDERATION OF ALASKA
1840 SOUTH BRAGAW
ANCHORAGE, AK 99508

PHONE: 276-6353

JAN 23 1986

SUBJECT: LOCAL HIRE

PROFESSIONAL CONTRACTS TO NON-ALASKAN BUSINESSES ARE ALSO A LOCAL HIRE ISSUE AND MAJOR DRAIN ON OUR ECONOMY. MANY MILLIONS OF DOLLARS AND NUMEROUS JOBS ARE EXPORTED WHEN WE HAVE THE TALENT AND EXPERTISE HERE. PLEASE CONSIDER PROFESSIONAL CONTRACTS AS WELL AS LABOR IN YOUR DELIBERATIONS ON LOCAL HIRE.

*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 01/20/86 TIME: 16:05 *
* FROM: ANNIE NEUBAUER *
* SUBJECT: POM/FAIRBANKS. *
* PRINT DATE: 01/20/86 TIME: 16:06 *
*

61

TO: ALL MEMBERS OF THE SENATE AND ALL MEMBERS OF THE HOUSE
FROM: EVIE SEYMORE, BOX 412, FAIRBANKS 99707
PHONE: 479-3640
RE: HB382 ACCELERATED RETIREMENT

JAN 2 1986

committee

PLEASE SUPPORT HB382. MANY BURNED OUT BUT HIGHLY PAID EMPLOYEES
AWAITING RETIRMENT ARE LONG PASSED PEAK EFFICIENCY. FOR LITTLE
MATCHING MONEY THE STATE CAN OFFER IMMEDIATE RETIREMENT TO
QUALIFIED EMPLOYEES. FOR EVERY 20 EMPLOYEES EARNING \$50,000 PER
YEAR WHO RETIRE EARLY THE STATE WILL SAVE ONE MILLION DOLLARS
ANNUALLY.

*
* DELIVER TO: JFOM *
* *
* ORIGINAL *
* SENT: 01/20/86 TIME: 13:21 *
* FROM: PAULA GRAY *
* SUBJECT: POM-FAIRBANKS *
* PRINT DATE: 01/20/86 TIME: 13:21 *
* *

TO: ALL MEMBERS OF THE HOUSE
ALL MEMBERS OF THE SENATE

FROM: LORNA LAFFERTY
PO BX 82006
FAIRBANKS, AK, 99708

JAN 20 1986

PHONE: NONE
RE: ³⁸² HB 372 - ACCELERATED RETIREMENT

Com the

MSG: I WOULD APPRECIATE YOUR FULL SUPPORT FOR PASSAGE OF HB 382. THIS BILL WILL BENEFIT BOTH THE STATE AND QUALIFIED EMPLOYEES. THERE IS NO COST TO THE STATE; HIGH PAID JOBS WILL BE DONE BY PROMOTED BUT LOWER PAID EMPLOYEES AND MORALE WILL INCREASE OVERALL. WITH DECLINING REVENUES THIS BILL IS SENSIBLE.

MOORE BUSINESS SYSTEMS

*
* DELIVER TO: JPOM 6 *
* *
* *
* ORIGINAL *
* SENT: 01/23/86 TIME: 15:04 *
* FROM: JEAN MILLER *
* SUBJECT: FOM *
* PRINT DATE: 01/23/86 TIME: 15:04 *
* *

TO: REPRESENTATIVES, ROUCHER, COLLINS, JENKINS, ADAMS, AND HURLEY

FROM: ROBERT EAKMAN
6719 CUTTY SARK
ANCHORAGE, AK 99502

PHONE: 248-4844

JAN 24 1986

SUBJECT: HB 382 - RETIREMENT

AS A CURRENT REGISTERED VOTER OF ANCHORAGE I RESPECTFULLY SOLICIT
YOUR SUPPORT AND THE PASSAGE OF HB 382.

Com.




RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

H B

3 8 4

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 384

April 16, 1985

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

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to state relocation assistance and real property acquisition practices. The current language of AS 34.60 requires, for federally funded projects, the payment of relocation assistance payments, the availability of relocation advisory services, and standards relating to real property acquisition practices. Under the language of this bill, these standards would apply to all land acquisitions by state agencies.

The state has made relocation payments and provided advisory services since 1969 as a condition of its federal aid highway program. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1971 applied standards similar to those of the federal aid highway program to all federally funded land acquisitions. In 1971, AS 34.60 was enacted with the limitation that relocation advisory assistance services and payments and the land acquisition policies were only required for federally assisted projects.

In 1971 most land acquired for public projects was acquired with federal assistance. The result was that the vast majority of public projects was subject to the requirement of providing the necessary services and payments.

In the 14 years since AS 34.60 was enacted, the nature of the funding of public works projects in Alaska has changed. The state is now funding many more projects than it did previously. With the increased activity, state-funded public works projects have a greater impact upon the public. It is only proper that persons displaced by land acquisitions or otherwise affected by state-funded projects

should receive the same treatment as persons displaced by federally assisted projects.

By virtue of secs. 3 and 4 of the bill, displacements that occur after the effective date of the bill will receive the benefits of this expanded coverage; those displacements that occur before that date remain subject to the present law. Deletion of the date reference in AS 34.60.150(2) (the definition of "displaced person"), by sec. 8 of the bill, makes the various provisions consistent and keeps the definition limited to describing the essential features of the people covered, while having the operative provisions such as AS 34.60.040 and 34.60.090 (secs. 3 and 4 of the bill, respectively) set out the time restrictions on the benefits.

The proposed amendments to AS 34.60 will result in fair treatment for all Alaskans displaced by public works projects. Another result of this legislation is that there may be increased land acquisition costs on state-funded public works projects. However, these increased costs will force state agencies to weigh their alternatives much more carefully to lessen the number of individuals displaced because of a project.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: 1/10/86

REQUEST

Bill/Resolution No.: HB 384
 Title: Relocation Assistance
 Amendment Act - AS Title 34

Sponsor: DOT&PF
 Requestor: _____
 Date of Request: January 6, 1986

FISCAL DETAIL

Agency Affected: Transportation & Public Fac.
 BRU: Relocation Assistance

Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

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

CAPITAL	83.8	83.8	83.8	83.8	83.8	83.8
---------	------	------	------	------	------	------

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING : (Thousands of Dollars)

GENERAL FUND	83.8	83.8	83.8	83.8	83.8	83.8
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	83.8	83.8	83.8	83.8	83.8	83.8

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

NO NEW POSITIONS REQUIRED

ANALYSIS : Attach a separate page if necessary

See attachment.

Milton H. Lentz, Director 1/10/86

Prepared by: Milton H. Lentz, Chief, R/I & Land Acquisition Phone: 465-2985
 Division: Engineering & Operations/Standards Date: January 10, 1986

Approved by Commissioner: K. J. Knapp Date: 1/14/86
 Agency: Department of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 384

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

ANALYSIS

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
100 - Personal Services	15.8	15.8	15.8	15.8	15.8
200 - Travel	5.0	5.0	5.0	5.0	5.0
300 - Contractual	2.0	2.0	2.0	2.0	2.0
400-500 - Commodities and Equipment	1.0	1.0	1.0	1.0	1.0
600 - Land and Structures (Relocation Assistance)	60.0	60.0	60.0	60.0	60.0
TOTAL	83.8	83.8	83.8	83.8	83.8

100 - Based on 450 person-hours x \$35.00/hr.

200 - Project-oriented travel for reconnaissance, studies, project development and performance.

300 - Contract service for various estimates, such as moving cost, inventories, etc.

400-500 - Material and equipment required to perform job, such as booklets, signs, etc.

600 - Estimated cost of relocation assistance (15 parcels/yr. @ \$4,000/parcel average).

Note: Based on past experience with state-funded projects, there have been about 10-20 parcels per year that would be affected by this program. There would be no appreciable difference in years except that a change in philosophy may increase or decrease state-funded projects.

TITLE OF INCREMENT/DECREMENT:
Relocation Assistance Amendment
Act - A.S. Title 34

AGENCY CONTACT/PHONE NUMBER:
Milton H. Lentz 465-2985

DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:

Alaska Statute Title 34, Chapter 60, allows and requires this Department to administer a program which gives relocation assistance and makes payments to people and businesses that must move as a result of construction of capital improvements. The payments are in addition to the fair market value of property taken. They are confined to federally assisted activities in the existing law.

This proposed legislation would expand the statute to include state-funded programs. All state activities would then be subject to the same relocation assistance whether they were funded with or without federal-aid, thus providing uniformity and equality throughout the state program. The need for this consistency is readily apparent when a state project and federal-aid project are located in the same area at the same time.

CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	UNV'S L.
100	Personal Services	12.5	
200	Travel	5.0	
300	Contractual Services	2.0	
400	Supplies	0.5	
500	Equipment	0.5	
600	Lands, Buildings, Etc.	60.0	
700	Grants, Claims, Etc.		
000	Miscellaneous		
TOTAL		83.5	
I-A Transfer (NON-AID)			
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund		
1005	I-A Receipts		
1028	Program Receipts		
1061	Other CIP Receipts	83.5	
POSITION INFORMATION	PFT		
	PPT		
	Non Permanent		
	Staff Months		

<input type="checkbox"/> Enhance Existing Service Compared to FY 85	<input type="checkbox"/> Formula Program
<input checked="" type="checkbox"/> New Service Compared to FY 85	
<input type="checkbox"/> Continuation of FY 85 Service Level	

IMPACT FROM CAPITAL PROJECT (NAME)

Chapter _____ SLA _____ Page/Line _____

C5 INCREMENT/DECREMENT REQUEST

Agency Priority _____ of _____

AGENCY Department of Transportation & Public Facilities

PROGRAM _____

BRU _____

COMPONENT _____

PROJECT _____

FY 86

PAGE _____ OF _____

REVISED DATE _____

MAR 13 '86 13:02 ACA 2ND JUD DIST FAX276-6342



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

KARLA L. FORSYTHE
STAFF COUNSEL

303 K Street
Anchorage, Alaska 99501

(907) 264-8228

March 13, 1986

Katie Hurley, Chair
House State Affairs Committee
P. O. Box V
Juneau, AK 99811

Dear Representative Hurley:

I am writing to bring to the attention of the committee some Court System concerns with House Bill 384, relating to relocation assistance and real property acquisition practices. It is my understanding that this bill is scheduled for hearing today.

This bill will require state agencies which displace a person or a business in the course of acquiring real property to pay actual moving expenses, actual direct losses of personal tangible property as a result of moving or discontinuing of business, and actual expenses in searching for a replacement business. Additionally, agencies are required to provide a relocation assistance advisory program, including services to determine the need for relocation assistance, current and continuing information on the availability of comparable commercial properties and locations, and active assistance in finding a suitable replacement location.

The bill as drafted applies to state agencies. "State agency" is defined in proposed Section 9 as "a department, agency, instrumentality, corporate authority of the state, or a political subdivision of the state, or a department, agency, instrumentality or authority of two or more political subdivisions of the state participating in land acquisition programs."

It is unclear whether this definition is intended to include the Alaska Court System. Under AS 22.05.025, the Supreme Court is authorized to undertake all matters relating to planning, design and construction of court facilities. However, the Court System is also required to cooperate with the Department of

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Katie Hurley
March 13, 1986
Page 2

Transportation and Public Facilities so that facility construction projects are carried out in accordance with the statutes and regulations applicable to state public works projects.

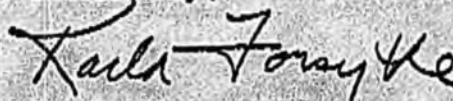
16
If this legislation applies to the Court System, it will have a financial impact on the Anchorage courthouse expansion project. The state has acquired Block 29 of the Anchorage Original Townsite, which is presently occupied by twelve businesses. These businesses will be required to relocate once the Court System obtains final conditional use approval from the Anchorage Planning and Zoning Commission (approval anticipated in June, 1986). *effective date of bill*

It is unclear whether the projections in the fiscal note submitted by the executive branch include relocation assistance for Court System projects, including the planned Anchorage expansion. No funds have been budgeted to the Alaska Court System which could be used to pay relocation expenses for the businesses on Block 29.

Additionally, the relocation assistance advisory program anticipated by this bill would place substantial new work requirements on the single administrative staff member who coordinates court construction projects. Since the level of activity needed to provide such a program could become disproportionate to the relatively small level of court construction, it would be more efficient for the executive branch to include Court System projects in its relocation assistance advisory program.

Thank you for the opportunity to bring these comments to the attention of the committee. If there are additional questions about the Court System's position, I will be glad to provide further information.

Sincerely,



Karla Forsythe
Staff Counsel

cc: Arthur H. Snowden, II
Gerry Dubie
Bob Fisher

*Gauckie -
for your wife.
It may help explain
the need for the bill.
-Susan*

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to state relocation assistance and real property acquisition practices. The current language of AS 34.60 requires, for federally funded projects, the payment of relocation assistance payments, the availability of relocation advisory services, and standards relating to real property acquisition practices. Under the language of this bill, these standards would apply to all land acquisitions by state agencies.

The state has made relocation payments and provided advisory services since 1969 as a condition of its federal aid highway program. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1971 applied standards similar to those of the federal aid highway program to all federally funded land acquisitions. In 1971, AS 34.60 was enacted with the limitation that relocation advisory assistance services and payments and the land acquisition policies were only required for federally assisted projects.

In 1971 most land acquired for public projects was acquired with federal assistance. The result was that the vast majority of public projects was subject to the requirement of providing the necessary services and

payments.

In the 14 years since AS 34.60 was enacted, the nature of the funding of public works projects in Alaska has changed. The state is now funding many more projects than it did previously. With the increased activity, state-funded public works projects have a greater impact upon the public. It is only proper that persons displaced by land acquisitions or otherwise affected by state-funded projects should receive the same treatment as persons displaced by federally assisted projects.

By virtue of secs. 3 and 4 of the bill, displacements that occur after the effective date of the bill will receive the benefits of this expanded coverage; those displacements that occur before that date remain subject to the present law. Deletion of the date reference in AS 34.60.150(2) (the definition of "displaced person"), by sec. 8 of the bill, makes the various provisions consistent and keeps the definition limited to describing the essential features of the people covered, while having the operative provisions such as AS 34.60.040 and 34.60.090 (secs. 3 and 4 of the bill, respectively) set out the time restrictions on the benefits.

The proposed amendments to AS 34.60 will result in fair treatment for all Alaskans displaced by public works

projects. Another result of this legislation is that there may be increased land acquisition costs on state-funded public works projects. However, these increased costs will force state agencies to weigh their alternatives much more carefully to lessen the number of individuals displaced because of a project.

Sincerely,

Bill Sheffield
Governor

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

P.O. Box K
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

465-3603

MAR 26 1986

March 26, 1986

Honorable Katherine T. Hurley
Chairman, State Affairs Committee
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811

Re: Review of Comments by the
Court System to HB 384

Dear Representative Hurley:

The House State Affairs Committee has asked that we review comments regarding HB 384 made by Karla Forsythe in her letter of March 13, 1986 on behalf of the court system. We wish to make a number of observations regarding her comments.

We believe any land the court system would acquire under the authority of AS 22.05.015 would be subject to the bill's provisions. The court system's authority to construct its facilities under that statute does not make the court system any less a state instrumentality than a variety of other state agencies.

Ms. Forsythe raised two other concerns regarding the bill, i.e. its fiscal impact and the lack of staffing to provide the necessary relocation services.

Relocation payments made under existing law are seen as a cost of land acquisition which is incidental to the cost of the construction of a public work. We believe to the extent that the court system still has money available for construction (or land acquisition) it could be spent for relocation payments without an appropriation by the legislature for that particular purpose.

The problem of staffing to provide the necessary relocation services could be a real problem for the court system as Ms. Forsythe points out. However, there is a simple solution to that problem. The court system could contract with the Department of Transportation and Public Facilities (DOT/PF) to provide the necessary services. DOT/PF and its predecessors have

Honorable Katherine T. Hurley
Alaska House of Representatives

March 26, 1986
Page 2


been providing relocation assistance services for nearly 18 years since the passage of the Federal Aid Highway Act of 1968. The court system would, however, need to pay DOT/PF for these services out of project funds.

The court system's comments point to another problem with the bill. When we drafted the bill, it was anticipated that it would be effective a year after it was signed by the governor. The year following signature would have been used to complete projects for which no allowance had been made in project budgeting for relocation payments in prior capital appropriations. A solution to the difficulties the court system is experiencing with its projects, as well as other public agencies' capital projects, would be to amend the effective date to the bill to July 1, 1987.

If we may be of any further assistance on this matter, please contact me at your earliest convenience.

Sincerely yours,

HAROLD M. BROWN
ATTORNEY GENERAL

By: 
William F. Cummings
Assistant Attorney General

WFC:prm

cc: Karla Forsythe

MAR 13 '86 13:02 ACA 2ND JUD DIST FAX276-6342



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

KARLA L. FORSYTHE
STAFF COUNSEL

303 K Street
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(907) 264-8228

March 13, 1986

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House State Affairs Committee
P. O. Box V
Juneau, AK 99811

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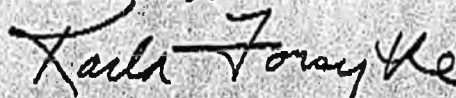
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Karla Forsythe
Staff Counsel

cc: Arthur H. Snowden, II
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Bob Fisher