

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

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# Department of Administration

NEVIN SMITH  
Secretary of Administration

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BOB GRAHAM  
Governor

November 30, 1982

Mr. Ernest Ellison  
Auditor General  
Post Office Box 1735  
Tallahassee, Florida 32304

Dear Mr. Ellison:

This is in response to the performance audit report concerning the Meritorious Service Awards Program, which was recently completed by your staff. We basically agree with the comments, conclusions, and criticisms contained within the report. Moreover, we agree that the recommendations made must be implemented if the program of meritorious service awards is to remain in its present structure. However, we are also fully convinced that a broader change must be made in the program if it is to accomplish its primary mission to motivate employees to offer suggestions which when adopted will offer a more efficient and effective government.

The most telling conclusion in the report is that the current awards programs are not effective in motivating employees. We do not believe that a large and significant portion of the work force would be motivated even if more money were devoted to promoting the existing program. It is for this reason that we propose a new direction for the program which we believe will enhance employee productivity.

Within the Bureau of Program Assistance in the Department of Administration, much research and practical applications have been undertaken to increase motivation through productivity improvement efforts within agencies. Two methods currently utilized by the Bureau of Program Assistance in several agencies are Quality of Work-life Committees and Quality Circles. These groups are composed of employee representatives, and are designed to identify problems which hinder effectiveness and productivity and develop alternative solutions. They also look at ways efficiency can be improved by changing the way in which work is performed. The recommendations developed by these groups are then presented to management staff, who determine the feasibility of implementation. Changes are then monitored to determine to what extent productivity has improved.

EQUAL OPPORTUNITY EMPLOYER

AFFIRMATIVE ACTION EMPLOYER

Mr. Ernest Ellison  
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Some results of this process include improved communication; needed revision and refinement of agency procedures; increased team spirit; increased emphasis on job safety; creation of uniform policies; and guidelines for employee conduct in specialized fields. For example, within the Department of Law Enforcement, recommendations resulted in:

- the development of an employee recognition program;
- the establishment of a department-wide flextime policy designed to recognize employees' needs for more flexible working hours while maintaining sound administration of all programs; and
- the development of uniform fitness standards for law enforcement agents.

Results within the University of Central Florida include:

- instituting controlled distribution of supplies which resulted in \$3,000 cost savings;
- investigating the feasibility of creating an "open warehouse store" at central receiving, where offices could send equipment not used in their departments and other offices could "shop" for equipment that may be useful to them; and
- identifying obsolete equipment and forms.

The Department of Corrections discontinued the regular shift rotation of its supervisors at the recommendation of an employee who pointed out that such rotation caused problems in the performance evaluation process and led to employee grievances.

The achievements cited above in improving productivity are being made without the cumbersome and lengthy review process and without the monetary commitment required for the existing meritorious awards program. We, therefore, are proposing both statutory and rule changes to that program, which we have attached for your information. These changes would, in summary, provide for the following:

1. Each agency would be required to appoint an agency committee which would recommend the adoption of suggestions in that agency and award a suitable certificate to each employee whose suggestion is adopted.
2. Annually, each agency's committee would review all suggestors recognized during that year and present first, second, and third-place cash awards of \$500, \$250, and \$100 and a suitable plaque.

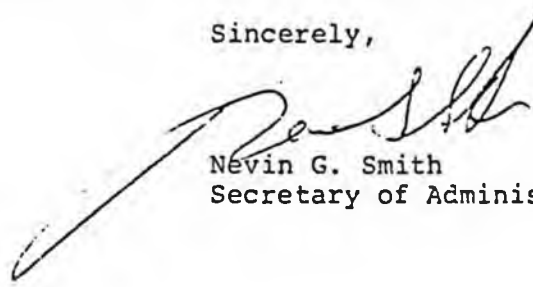
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3. On an annual basis, suggestions made by the first-place award recipients within each agency would be submitted to a statewide committee appointed by the Governor and Cabinet. This committee would select three employees who would receive cash awards of \$10,000, \$5,000 and \$2,500, respectively, and an honorary resolution by the Governor and Cabinet.
4. As it pertains to special categorical awards, each agency would be authorized to recognize employees on an ongoing basis by awarding suitable certificates.

At the end of each year, the Department of Administration would publish and disseminate to all agencies a final compilation of all suggestions adopted or contributions made so that each agency might review and adopt those suggestions which it feels pertinent to agency operations.

I feel certain that this approach would contribute more toward the accomplishment of improved employee productivity than would the existing program. I would welcome any comments you might have.

Sincerely,



Nevin G. Smith  
Secretary of Administration

NGS/ch  
Attachment

Auditor General's Note:

The attachment to which the Secretary refers constitutes a public record of his office and is not reproduced in this report.

VI EXHIBITS

Exhibit

Page  
No.

1. Telephone Survey of State Career Service Employees.

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Exhibit 1: Telephone Survey of State Career Service Employees

The primary objective of our survey was to obtain State Career Service employees' perceptions of the Meritorious Service Awards Program. A telephone survey questionnaire was developed to collect this information.

A random sample of 225 names from the State of Florida 1982 Telephone Directory was used for the survey sample. Ninety-eight members of the sample were determined nonapplicable for survey purposes. Non-Career Service employees, terminated employees, and employees who were not available during the survey period comprise the majority of the nonapplicable members of the sample.

One hundred twenty-seven responses were received from Career Service employees. Some respondents were unable to reply to some questions with a "Yes" or "No" answer. In these instances, the respondents qualified their responses. For example, one employee's response to the question, "Generally, do you believe the State Awards program motivates Career Service employees to make suggestions?" was "Yes, but it depends situationally on the employee's specific job and agency." These qualified responses are indicated in the results to the survey questions. Selected questions and answers from the telephone survey are found below.

o How familiar are you with the State Awards program?

Not Familiar	17	13.4%
Somewhat Familiar	55	43.3
Familiar	36	28.3
Very Familiar	<u>19</u>	<u>15.0</u>
Total Responses	<u>127</u>	<u>100.0%</u>

(Of the 110 respondents indicating familiarity with the program the following questions were asked.)

o How did you find out about the State Awards program?

Agency Bulletin Board	21	17.5%
Agency Newsletter	13	10.8
Agency Personnel Office	14	11.7
Co-workers/Supervisor	17	14.2
DOA Presentation	6	5.0
Inter-office Memorandums	13	10.8
New Employee Orientation Materials	6	5.0
Newspaper	6	5.0
State Awards Application Display	11	9.2
Other	<u>13</u>	<u>10.8</u>
Total Responses	<u>120(1)</u>	<u>100.0%</u>

Note: (1) Some respondents indicated more than one answer.

o Generally, do you believe that the State Awards program motivates Career Service employees to make suggestions?

Yes	69(1)	62.7%
No	33(2)	30.0
No Opinion	<u>8</u>	<u>7.3</u>
Total Responses	<u>110</u>	<u>100.0%</u>

Notes: (1) 15 responses were qualified.  
(2) 6 responses were qualified.

o Does the State Awards program motivate you?

Yes	43(1)	39.1%
No	<u>67</u>	<u>60.9</u>
Total Responses	<u>110</u>	<u>100.0%</u>

Note: (1) 4 responses were qualified.

o Have you ever considered making a suggestion for a State Award?

Yes	62	56.4%
No	<u>48</u>	<u>43.6</u>
Total Responses	<u>110</u>	<u>100.0%</u>

(Of the 62 respondents that considered making a suggestion the following question was asked.)

o Have you ever formally submitted a suggestion for a State Award?

Yes	18	29.0%
No	<u>44</u>	<u>71.0</u>
Total Responses	<u>62</u>	<u>100.0%</u>

JOINT COMMITTEE ON LEGISLATIVE MANAGEMENT  
OFFICE OF LEGISLATIVE RESEARCH

February 2, 1982

FROM: Office of Legislative Research  
D'Ann Mazzocca, Research Analyst

RE: The Connecticut State Employees' Suggestion Awards Program

You requested information on Connecticut's State Employees Suggestion Awards Program. Specifically you asked about:

- 1) the history, organizational detail and present status of the program, including information about an advisory council;
- 2) the accumulated savings to the State since its inception in 1972, its efficiency in processing suggestions and any other available analyses of the program; and
- 3) the practice of other states with suggestion programs, especially regarding legislative involvement in an advisory or oversight council.

SUMMARY

The Connecticut State Employees' Suggestion Awards Program was established to reward employees for promoting efficiency and economy in state government.

Its statutory authority dates back to 1953. Responsibility for its administration has shifted from an Employee Merit Award Board in 1953 to the Personnel Commissioner in 1972 to the Department of Administrative Services (DAS) in 1977.

The program's administrator receives suggestions at his Central Office at DAS from any of approximately 40,000 eligible state employees and refers them to relevant agency committees for evaluation. A review and verification of large-savings suggestions is conducted before final approval.

Awards ranges from a minimum of \$15 to a maximum of \$5,000 depending upon effectiveness of improvements and amount of savings to the state.

Available data suggests that the state may have saved close to five million dollars since 1971 by implementing employees' suggestions.

The program has been undergoing reevaluation since a 1979 DAS internal study which identified weaknesses and made recommendations designed to improve efficiency and effectiveness.

The current operating procedures are being reviewed in an attempt (1) to reduce the substantial backlog of almost 700 suggestions, (2) to decrease the processing time which sometimes runs into years, and (3) to increase the percentage of high savings suggestions.

Two procedural changes presently under consideration are:

- 1) a preliminary screening of suggestions to identify and expedite processing of those with greater potential savings; and
- 2) periodic circulation among departments of brief descriptions of implemented suggestions to encourage more widespread adoption of effective practices.

One of the 1979 recommendations already implemented in the interest of efficiency was the elimination of the Advisory Committee. The committee had been composed of representatives from the largest state agencies and had been responsible for reviewing the suggestions with potential savings of \$500 or more. That review is now conducted directly by the Central Office with assistance from a management analyst from the Office of Policy and Management (OPM).

A survey of the organization and procedures of employee suggestion programs in New York and New Jersey is included below. The National Association of Suggestion Systems was unable to identify any state with direct legislative participation in such programs. New Jersey currently has under consideration, however, a proposal for what might be termed "executive oversight."

#### FURTHER EXPLANATION

##### Background

The Connecticut State Employees' Suggestion Awards Program provides monetary awards to eligible state employees for constructive ideas that "bring about efficiency and economy in state government by eliminating unnecessary expenditures and improving operations" (Sandra Bilon, Connecticut Personnel Commissioner in a 1976 memorandum).

##### History

Connecticut's program dates back to the 1953 establishment of an Employee Merit Award Board. In 1963 the Commissioner of Finance

and Control was required to make a fiscal analysis of each approved suggestion. This requirement was repealed in 1972 by a statute designating the program as one of the responsibilities of the Personnel Commissioner. The 1977 administrative reorganization of the executive branch shifted this responsibility to the Commissioner of the Department of Administrative Services (DAS) where it remains. Program operation and procedural details are not specified by statute and are matters of internal policy. C.G.S., Sec. 5-200 requires the DAS Commissioner to "devise plans for, and cooperate with, appointing authorities and other supervising officials in the conduct of employee training programs and employee suggestion award programs to the end that the quality of service...may be continually improved."

#### Budget

Until 1977, the budget for awards was provided by the individual departments implementing suggestions. Special acts in 1977 and 1978 appropriated \$100,000 to DAS for program administration and all awards. Since that time the awards allocation has been a separate line item in the DAS budget and has been reduced to \$25,000 per year.

#### Administrative Structure

Mr. Ben Marino is the administrator of the suggestion program's Central Office. He is supervised by Mr. Thomas Barnett, Director of Communications in the DAS Commissioner's office.

#### Eligible Suggestions

Eligible suggestions are "those constructive ideas that improve methods, equipment, procedures, make working conditions better and safer, reduce time and cost of a work operation or improve relationships with or services to the public" (application form; copy attached).

#### Eligible Employees

Any state employee is eligible to submit suggestions "except student employees at the State University or State Colleges, stipend and contract employees" (application form). Historically, however, employees in the Judicial, Legislative and Elected Offices Branches have participated very little in the program.

#### History of Evaluation Procedure

Since 1972, the procedure for evaluating suggestions has remained largely the same.

Completed suggestion forms are mailed to the program office where they are time stamped and assigned a number to protect the identity of the suggester during the evaluation process. They are then referred to the agency best able to evaluate their content.

Each agency has its own evaluation committee comprised of individuals appointed by the department head. These committees conduct a standardized review (form attached) of the eligibility of the suggestions and decide whether they qualify for adoption. Their decisions are forwarded back to the Central office which notifies the suggesters of the evaluation results.

A review is conducted of those suggestions expected to save \$500 or more in order to verify the facts and any background material relevant to the suggestion.

An organizational change about two years ago shifted this "large-savings review" function from an Advisory Committee of Agency representatives to the Central Office which utilizes the services of a management analyst from OPM.

Awards: Criteria, Size, Procedure

Suggestions considered adoptable receive a minimum award of \$15. Intangible suggestions whose benefits are not measurable by dollar savings can receive a maximum award of \$100. Their award is determined by a rating scale including categories such as degree or nature of benefit, extent of application, ingenuity of the idea, cost of adoption, effort involved, completeness of proposal, degree of health or safety hazard addressed, probability of hazard before improvement, and effectiveness of improvement.

Tangible cost savings suggestions are awarded 25% of the ensuing net savings during the first year of implementation up to a maximum of \$5,000. If the estimated savings is greater than \$500, \$125 is awarded at the time of adoption and the remainder awarded one year later based on the actual savings. The OPM analyst reviews the first year's experience after implementation in order to determine the amount of the percentage award. Department supervisors present smaller awards whereas commissioners usually handle larger presentations. Maximum awards of \$5,000 are presented by the Governor.

#### Current Status

##### Suggestion Program Report

In April 1979 a study of the employee suggestion program was prepared by the Assistant Director of Employee Communications for the Director of Personnel and Labor Relations. That report identified general problems of the program and made recommendations designed to improve its effectiveness.

##### Problems

Those problems which were identified include:

- (1) A substantial backlog and lengthy processing time of suggestions. Mr. Barnett has informed me that there is a current backlog of 684 suggestions pending and that 63 of these date back to late 1979.
- (2) Weakness in the management of the Central Office.
- (3) Relatively low priority of concern at the individual department level.
- (4) Procedural inefficiencies.

#### Adopted Recommendations

The report developed a nine-point series of recommendations. Two of these have already been implemented and others are currently under consideration. The first recommendation was to restructure the Program in keeping with the 1977 reorganization of Connecticut's Executive Branch. It was implemented by reducing the number of suggestion evaluation committees from over one hundred to slightly more than thirty, reflecting and corresponding to the reduction in number of state agencies. This was to permit the Central Office to focus its efforts and improve efficiency.

Another recommendation which has been adopted was the elimination of the Advisory Committee to "streamline suggestion processing."

#### Advisory Committee

The Advisory Committee was organized in 1972. Its members tended to be senior staff representatives of what were then the largest state agencies. They reviewed suggestions with a potential savings of \$500 or more which had been approved by agency evaluation committees. A consultant to the committee researched each of these. After verifying the facts claimed by the suggestion and any relevant background material, the committee would make the final decision to grant the award or reject the suggestion.

The report recommended that the Committee's analyst consultant work directly with the administrator in the Central Office and that the members of the Committee serve instead on the evaluation committee of their individual departments.

As noted above, this review of large savings suggestions is now performed by an OPM management analyst who works with the DAS suggestion administrator and supervisor.

#### Further Recommendations

The remaining seven recommendations, listed below have not been implemented to date.

1. Strengthen the weaknesses in the management of the Central Office.
2. Update the procedures manual and institute training programs for suggestions processors.
3. Shorten turnaround time for processing suggestions by increasing the follow-up originating from Central Office.
4. Inspire management support and program priority through the efforts of Central Office.
5. Increase the number of suggestions that result in large savings through Central Office stimulation.
6. Redesign and rewrite printed material for improved appeal and clarity.
7. Promote the program for better employee utilization, and improve the publicity of the program, particularly awards presentations.

#### Objectives

According to Mr. Barnett, his office is working with representatives from OPM and the suggestion system staff to develop procedures for increasing the efficiency and effectiveness of the program.

Among their objectives are:

1. Reduce the substantial backlog of suggestions.
2. Speed up the processing time to approximately 90 days. According to the National Association of Suggestion Systems, almost 3/4 of the national organizations participating in a 1980 study reported an average processing time of 90 days or less.
3. Increase the number of large-savings suggestions.
4. Promote the widespread adoption of effective suggestions.
5. Elicit a greater proportion of suggestions worth adopting.

Two procedural changes presently under consideration are:

1. Eliminate a strict chronological processing of suggestions in favor of a preliminary screening. This would enable staff to identify and expedite the evaluation of those with the widest applicability and greatest potential savings to the state.

2. Periodically compile lists of adopted suggestions and forward them to all state departments. This is intended to encourage wider adoption of worthwhile suggestions.

A letter from DAS Commissioner Freedman has been written to the department heads of evaluating committee agencies to solicit their cooperation and advice concerning the current backlog and possible program changes.

### Program Effectiveness

#### Total Savings

There are no data from which to accurately calculate the program's savings to the State since 1971. It is possible to approximate total savings by multiplying the estimated first year savings of each fiscal year by the number of years of implementation of the relevant suggestions (see attached chart). Because no records are kept concerning the number of years each suggestion continues to be implemented, this must be estimated as well. The National Association of Suggestion Systems has estimated that the average life of an implemented suggestion is five years. Using this figure we can estimate that the State has saved close to five million dollars since 1972 by implementing state employees' suggestions. The total of estimated first year savings over the decade is approximately \$1,403,567 or almost a million and a half dollars. Since the total awards outlay has been \$221,137 for that period we can estimate the total savings per award-dollar spent as \$21.80 and the average yearly savings per award dollar as \$6.35.

#### AVERAGE SAVINGS PER ADOPTION

The National Association of Suggestion Systems' (NASS) 1980 Statistical Report lists the nationwide average savings per adopted suggestion as \$1,702.34. Connecticut's average savings per adoption has varied widely during the decade from a low of \$346 in fiscal year (FY) 1974-75 to a current high of \$3,044 in FY 1980-81.

#### AVERAGE SAVINGS PER 100 ELIGIBLE EMPLOYEES

The NASS report figured \$10,485 as the average savings per one hundred eligible employees of all reporting governmental and industrial organizations. The average for the governmental programs alone was \$1,201 compared to Connecticut's \$898 for FY 1980-81.

#### PRACTICE IN OTHER STATES

##### New Jersey

##### Statutory Authority

Under Sections 11:26-1 through 9 of the New Jersey Statutes an awards program for State employees is established as a function

of the Civil Service Department. This program rewards employees for the promotion of efficiency and economy in government functions, meritorious performance, and suggestions. It is administered by a committee of five State officers or employees appointed by the Governor for a three year term. According to the statute this committee is to meet at least monthly, except during the Summer, and to serve without compensation.

Each principal department in the State government is to have its own awards committee comprised of not less than three people appointed by the department head for a one-year term. The recipients selected by the central and departmental committees are to be presented with appropriate awards by the central committee.

In addition to Statutory Authority, the New Jersey Administrative Code 4:1-22.1, 4:1-22.2 and the Civil Service Personnel Manual Series 22 offer more detailed rules and regulations.

#### Procedures for Adopting Suggestions

The administrative aspects of the Awards Committee are handled by Mr. William Scheuer, Executive Secretary to the State Awards Committee and Director of Personnel Services in the Department of Civil Service. His support staff of four assist him in his duties in regard to the awards committee.

All State employees are eligible to submit suggestions. According to Subpart 22-1101 of the Civil Service Personnel Manual a suggestion is a written proposal "which will produce notable economy or improvement in an operation of State government or one which will improve service to the public, employee safety, public safety or employee welfare."

Completed suggestion forms are processed and numbered at the program office. Nevertheless, the identity of the suggester purposely remains available during the evaluation process as recommended by the National Association of Suggestion Systems. The suggestion is forwarded to the appropriate department committee for evaluation and subsequently returned to the central committee for a final decision. This committee delegates the final review and decision for awards up to \$100 to Mr. Scheuer. Awards are only made for implemented suggestions. However, partial implementation is adequate.

#### Procedures of Awarding Adopted Suggestions

Awards range from \$15 to \$5000. Though the maximum suggested award for intangible suggestions is \$100, exceptions are made when sufficient justification is provided. The rating scale for evaluating intangible suggestions includes the categories of effectiveness, seriousness of the present problem, probability of actually happening, and ingenuity of the solution.

Suggestions from non-management employees earning less than \$26,488 which result in measurable savings are awarded 10% of the net first year savings minus implementation cost. Suggestions from management staff which are approved are rewarded by a flat cash award not to exceed \$500.

A "time off" option is available under certain circumstances in lieu of a cash award. Awards from \$25 to \$49 are equivalent to one additional paid vacation day whereas \$50 to \$100 awards convert to 2 days.

In addition to cash awards or equivalent "time off," special awards consisting of plaques are presented to the department with the highest number of approved suggestions per 100 employees and another to the department whose employee suggestion implementation resulted in the highest dollar savings to the State for the year. Individuals receive plaques when their accumulated awards reach \$5000 and they also become lifetime members of an advisory board to the central committee.

An additional type of special award consists of the selection of State and departmental "Suggester of the Year."

Cash awards, the most characteristic type of award in the program, are drawn from a budget of \$50,000 in a central fund administered by the Department of Civil Service.

Awards of \$15 are distributed by the recipient's superior. Those less than \$500 are presented at department ceremonies and higher awards are handled by the Commissioner of Civil Service.

#### New York

##### Statutory Authority

Under Article IX, Sections 145 and 146 of the New York Statutes, the State Civil Service Commission is assigned the power and duty to establish and maintain plans to encourage current and retired State employees to offer meritorious suggestions promoting efficiency and economy in the performance of any function of State government.

The Civil Service Commission is to initially appoint departmental evaluation committees whose membership will be periodically modified by department head nominations. The nature and extent of merit awards is also to be determined by the Commission.

Established in 1946, the New York program is the oldest in the country and is a member of the National Association of Suggestion Systems.

The program is publicized to 188,000 eligible State employees through posters distributed every six to eight weeks. In addition, some agencies introduce suggestion blanks during orientation of new employees.

### Procedures for Adopting Suggestions

The New York State Employees' Suggestion Program is coordinated by Ms. Ethel Noiseux who is assisted by two stenographers.

According to the coordinator all current and retired State employees, except teachers and employees in the State Thruway Authority, can participate in the program.

Completed suggestion blanks are returned to the coordinator who discusses them with her immediate supervisory and head of personnel services. Though each suggestion is assigned a number, it is the suggester's decision whether or not to remain anonymous during evaluation. Appropriate department committees of 3 to 8 members who hold two-year terms are next to receive the suggestions. Suggestions with committee decisions are returned to the coordinator who passes them on to the Commission's Subcommittee on Merit Awards. This Subcommittee is comprised of the two Civil Service Commissioners, excluding the President. The Subcommittee report and decision are read by the Civil Service Commission. The Commission's decision is the final one and usually concurs with the Subcommittee. Awards are not granted until suggestions are implemented.

### Procedures for Awarding Adopted Suggestions

Adopted suggestions receive minimum awards of \$25. There is no maximum award and the largest granted to date was \$15,000. Awards are based on the first year net savings and a rating scale of factors such as ingenuity, nature of the proposal, extent of use, effectiveness, and importance of operation effected.

Awards are funded by benefiting departments. When in excess of \$1000, an initial \$100 is paid by the Department of Civil Service and the remainder is awarded by the appropriate department one year after implementation.

Small awards are presented by the recipient's immediate superior whereas larger ones are distributed by department heads. It is their prerogative to hold photo sessions or other ceremonial procedures. Extremely large awards are presented by the Governor.

### Role of Legislators in Program Procedure

I was unable to identify any state with direct participation of legislators within the structure of an employee suggestion program. Neither the management staff of Connecticut's program nor the Executive Secretary of the National Association of Suggestion Systems were aware of any such standardized involvement in other states. The 49 state survey conducted as part of the 1979 DAS report included several questions about the administration and processing of suggestion programs. No mention was made of legislative involvement on advisory or oversight boards in any of the replies.

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February 2, 1982

However, Mr. Scheuer, Director of New Jersey's program, indicated that his office is proposing the establishment of what might be termed "executive oversight" or "executive liaison." They have suggested to the Governor of New Jersey that a representative from his office be a member of their Awards Committee which is authorized to approve or disapprove all suggestions.

The goal of this proposed link to the Governor's office, according to Mr. Scheuer, is to overcome resistance within the individual departments to changes which would result from suggestions. Moreover, they believe it would encourage departmental evaluation on a more timely basis. This proposal has not yet been implemented.

DM:lav

Attachments

## Incentive Pay for State Employees Act

This draft act establishes a program of cash bonus awards for any unit of state government that demonstrates improved efficiency and reduced costs without a decrease in services. The act creates an interagency incentive committee to oversee the program and make the awards. The program is voluntary and must be participated in by the entire unit. Up to 25 percent of money saved can be shared by the unit's workers as bonuses. The act specifies the criteria to be used by the awards committee in judging if the savings are legitimate. The intent is to provide a tangible incentive for state employees to save money and improve efficiency in services.

The draft legislation is based on a North Carolina statute.

### Suggested Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This act may be cited as the Incentive Pay  
2 for State Employees Act.

1 Section 2. [*Committee Established.*] There is hereby created the Commit-  
2 tee for Review of Applications for Incentive Pay for State Employees,  
3 hereinafter referred to as "the committee." The committee shall consist of  
4 the [secretary of administration], who shall act as chairman, the [state  
5 auditor], the [state budget officer], and the [state personnel director]. The  
6 governor, lieutenant governor and speaker of the house of representatives  
7 shall each also appoint one person who has experience in administering in-  
8 centive as used in industry.

1 Section 3. [*Application for Incentive Awards.*]

2 (a) With the exception of units within the [legislature], the governor's of-  
3 fice, the lieutenant governor's office, and the [department of the state  
4 auditor], any unit of state government having an identifiable self-contained  
5 budget, or having its financial records maintained according to an account-  
6 ing system which identifies to the satisfaction of the [state auditor] the ex-  
7 penditures and receipts properly attributable to that unit, may make ap-  
8 plication to the committee for selection as a candidate for the award of in-  
9 centive pay to its employees. Such application must be submitted prior to  
10 the beginning of any fiscal year and must have the approval of the head of  
11 the state department within which the unit is located.

12 (b) Applications shall be in the form prescribed by the committee.

13 Such applications shall contain such information as may be required  
14 by the committee and shall be submitted to those evaluation committees

15 established by the committee for the purpose of evaluating

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ds for any unit of state reduced costs without a incentive committee to oversee voluntary and must be par-oney saved can be shared by e criteria to be used by the rate. The intent is to provide y and improve efficiency in a statute.

as the [state] Incentive Pay

hereby created the Commit- Pay for State Employees, e committee shall consist of act as chairman, the [state te personnel director]. The he house of representatives erience in administering in-

)]  
[state], the governor's of- [department of the state identifiable self-contained ed according to an account- f the [state auditor] the ex- that unit, may make ap- date for the award of in- must be submitted prior to he approval of the head of dated.

ed by the committee and e, including but not limited of applicable law, which wh- at and performance.

16 (c) The committee shall evaluate the applications submitted, and from  
17 those proposals which are considered to be reasonable and practical and  
18 which are found to include developed performance indicators which lend  
19 themselves to a judgment of success or failure, the committee shall select the  
20 units to participate in the incentive pay program for the fiscal year.

1 Section 3. [Qualifications.]

2 (a) To qualify for the award of incentive pay to its employees, a unit  
3 selected must demonstrate to the satisfaction of the committee that it was  
4 operated during the fiscal year:

- 5 (1) at a less cost than the immediately preceding fiscal year and either  
6 with an increase in the level of services rendered or with no decrease in the  
7 level of services rendered; or  
8 (2) at no greater cost than the immediately preceding fiscal year and  
9 with an increase in the level of services rendered.

10 (b) The committee shall satisfy itself that no claimed cost of operation  
11 is real and not merely apparent, and that it is not the result of  
12 the following:

- 13 (1) cutbacks in maintenance,  
14 (2) lowering of the quality of the service rendered,  
15 (3) reduced pass-through or transfer expenditures,  
16 (4) receipts realized in excess of amounts budgeted,  
17 (5) nonrecurrence of expenditures which were single item, or one-  
18 time expenditures, in the preceding fiscal year,  
19 (6) failure to reward deserving employees through promotions,  
20 reclassification, award of merit salary increments, or salary increases  
21 authorized by salary range revisions,  
22 (7) postponement of normal purchases and/or repairs to a future fiscal  
23 year,  
24 (8) expiring inventories in the immediately preceding fiscal year so  
25 as to reduce requirements in the eligible fiscal year,  
26 (9) substitution of federal funds, other receipts, or non-state funds for  
27 state appropriations,  
28 (10) unreasonable postponement of payments of accounts payable until  
29 the fiscal year immediately following the eligible fiscal year,  
30 (11) shifting of expenses to another unit of government,  
31 (12) any other practice, event, or device which the committee deems  
32 to have caused a distortion which makes it difficult to appear that a  
33 true level of services has been met.

34 (c) Conversely, the committee shall not award incentive pay to a unit  
35 which has incurred a net loss or a decrease in the level of services rendered.

- 40 (5) improved methods of communication.  
 41 (6) improved systems and procedures.  
 42 (7) better deployment and utilization of manpower.  
 43 (8) elimination of unnecessary travel.  
 44 (9) elimination of unnecessary printing and mailing.  
 45 (10) elimination of unnecessary payments for advertising, member-  
 46 ships, dues, subscriptions, etc.  
 47 (11) elimination of waste, duplication, and operations of doubtful  
 48 value.  
 49 (12) improved space utilization.  
 50 (13) any other items considered by the committee to be generating true  
 51 savings.

1 Section 4. [Awards.] At the conclusion of the eligible fiscal year, the  
 2 committee shall compare the expenditures of that unit for the immediately  
 3 preceding fiscal year and, after making such adjustments as in its judgment  
 4 are required to eliminate distortions, shall determine the amount, if any,  
 5 that the unit has reduced its cost of operations or increased its level of ser-  
 6 vices in the eligible fiscal year. Adjustments to eliminate distortions may in-  
 7 clude any legislative increases in employee compensation and inflationary  
 8 increases in the cost of services, materials and supplies. The committee  
 9 shall also determine that in its judgment a unit qualifies for awards. It shall  
 10 award and is hereby authorized to award to the employees of that unit a  
 11 sum not in excess of 25 percent of the amount determined to be the savings  
 12 to the state for the level of services rendered. The amount awarded shall be  
 13 divided and distributed in equal shares to the employees of the unit, except  
 14 that employees who worked for that unit less than the full 12 months of the  
 15 fiscal year shall receive only a pro rata share based on the fraction of the  
 16 year worked for that unit. Funds for this incentive pay shall be drawn from  
 17 the unit's principal department's ending balance for the eligible fiscal year.

1 Section 5. [Annual Report.] The [secretary of administration] shall cause  
 2 a report to be prepared and submitted to the [legislature] a comprehensive annual  
 3 status report on the committee's activities, decisions, awards, and recom-  
 4 mendations with respect to the employee incentive pay program.

1 Section 6. [Severability.] If any provision of this act is held to be invalid, the remainder of this act shall remain in effect.

1 Section 7. [Miscellaneous.] This act shall be known and may be cited as the [employee incentive pay] act.

1 Section 8. [Effective Date.] This act shall take effect on the first day of [month] 19[year].

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HB

17



Attached letters sent to following list.

Jim Holen  
1311 West Shore Drive  
Wasilla, AK 99687

Dimitri Bader  
13341 Lower Canyon Road  
Anchorage, AK 99516

Steven Campbell  
Star Route Box 2325-DA  
Wasilla, AK 99687

Nels and Lynda L. Z. Nichols  
General Delivery  
New Stuyahok, AK 99636

Richard DeBusman  
P.O. Box 870769  
Wasilla, AK 99687

David K. Maxwell  
P.O. Box 874461  
Wasilla, AK 99687

Ken Allen  
636 Auklet  
Palmer, AK 99645



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### COMMITTEE ON STATE AFFAIRS

May 19, 1987

Steven Campbell  
Star Route Box 2325-DA  
Wasilla, AK 99687

Dear Mr. Campbell:

Thank you for writing to express your opinion about House Bill 17. I'm sorry I was not able to respond earlier because of the press of business during the last weeks of the legislative session.

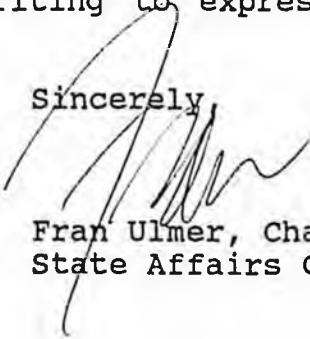
The House State Affairs Committee scheduled House Bill 17 for hearing on April 8 and heard testimony from both the Department of Administration and the public. At that time, the Department of Administration expressed concern that if the Retirement Incentive Program were extended at this time, there would be no way to evaluate the effect of the program during the first year, its costs and benefits.

House Bill 17 was assigned to a subcommittee of Representatives Menard, Davidson and Donley. The conclusion of this subcommittee was essentially the same as that of the Department of Administration: Close the window of eligibility on October 1, 1987, and allow the Department of Administration, Division of Retirement and Benefits, to prepare a thorough analysis of the costs and benefits of the existing program. I have enclosed a copy of their report for your information.

This subcommittee report was presented to the full State Affairs Committee at its meeting on May 15 and the decision of the committee was to hold this legislation until next session when more information would be available.

Thank you, again, for writing to express your opinion on House Bill 17.

Sincerely,

  
Fran Ulmer, Chair  
State Affairs Committee

Enclosure

## Curt Menard

351 W. Swanson Ave.  
Wasilla, Alaska 99687

Or

P.O. Box V  
Juneau, Alaska 99811

376-5315 Work  
745-8122 Work  
376-5855 Home  
465-2679 Juneau



### M E M O R A N D U M

DATE: April 27, 1987

FROM: Curt Menard, Chairman *Curt*  
House State Affairs Subcommittee on HB17

TO: Fran Ulmer, Chairman  
House State Affairs Committee

RE: Subcommittee Report on HB17

---

The House State Affairs Subcommittee has met and reviewed HB17, An Relating to the Early Retirement Program; and Providing for an Effective Date.

Recommendations of the committee include:

- 1) Close the window of eligibility on October 1, 1987.
- 2) No consensus could be reached on the questions relating to 17 year veterans retirement.
- 3) Allow the Department of Administration, Division of Retirement and Benefits to prepare a thorough analysis of the costs and benefits of the existing program.
- 4) Adopt provisions suggested by Representative Springer that would credit certain temporary work toward retirement.

In attendance at the subcommittee meeting were Representatives Menard, Davidson, Donley, and representatives from Representative Springer and Representative Larson's offices, the Division of Retirement and Benefits and APEA.

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: STEVEN CAMPBELL  
TITLE:  
ADDRESS: S R BOX 2325-DA  
CITY: WASILLA ZIP: 99687  
PHONE: 892-7046  
BILL NO: HB 17  
SUBJECT: EARLY RETIREMENT PROGRAM  
MESSAGE: PLEASE MOVE OUT ON TO HOUSE FLOOR FOR OPEN DISCUSSION.

POMID: 14121920  
DATE: 05/14/87  
TIME: 12:19:20  
LIONAME: MAT-SU LIC

COPIES: REPRESENTATIVES

MEHARD  
HOFFMAN  
DAVIS  
DONLEY  
MARTIN

*JC*  
*Letter*

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JIM HOLEN  
TITLE:  
ADDRESS: 1311 WEST SHORE DR  
CITY: WASILLA ZIP: 99667  
PHONE: 376-7498  
BILL NO: TWO  
SUBJECT: HB 17, SB 42--EARLY RETIREMENT  
MESSAGE: I AM IN FAVOR OF EARLY RETIREMENT, HB 17 & SB 42. I ENCOURAGE YOU  
TO MOVE THIS LEGISLATION THROUGH COMMITTEES AND ON TO FLOOR FOR A  
VOTE. THANK YOU.

POMID: 14145055  
DATE: 05/08/87  
TIME: 14:50:55  
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON	KERTTULA
MENARD	SZYMANSKI
BOUCHER	ABOOD
DAVIDSON	FAIKS
DONLEY	HENSLEY
HOFFMAN	JOSEPHSON
MARTIN	UEHLING
	BENNETT
	BINKLEY
	DUNCAN
	FISCHER
	ZHAROFF

SAC

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DIMITRI BADER  
TITLE:  
ADDRESS: 13341 LOWER CANYON ROAD  
CITY: ANCHORAGE, AK. ZIP: 99516  
PHONE: 345-2160  
BILL NO: HB 17  
SUBJECT: EARLY RETIREMENT PROGRAM  
MESSAGE: I WOULD RETIRE TODAY BUT I CAN'T BECAUSE OF MY FINANCIAL CRISIS.  
PLEASE PASS THE RETIREMENT INCENTIVE PROGRAM ANOTHER YEAR FOR GGU MEMBERS.  
THANK YOU.

POMID: 03144530  
DATE: 05/15/87  
TIME: 14:45:30  
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES

BOUCHER  
DAVIDSON  
DOHLEY  
HOFFMAN  
MARTIN  
MENARD

*C. Hester*

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: KEN ALLEN  
TITLE:  
ADDRESS: 636 AUKLET  
CITY: PALMER ZIP: 99645  
PHONE: 745-5848  
BILL NO: HB 17  
SUBJECT: EARLY RETIREMENT PROGRAM  
MESSAGE: TO MY KNOWLEDGE, HB17 HAS NOT MOVED. I WOULD LIKE TO KNOW  
WHAT ACTION IS BEING TAKEN. REPLY REQUESTED.

PCNID: 14162335  
DATE: 05/04/87  
TIME: 16:23:35  
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES

BOUCHER  
DAVIDSON  
DONLEY  
HOFFMAN  
MARTIN  
MENARD

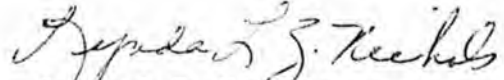
A  
JC  
Jimmie Littlejohn

General Delivery  
New Stuyahok, Alaska 99636  
May 5, 1987

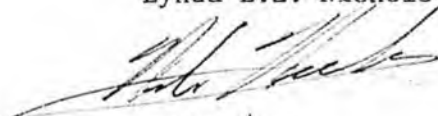
Dear Representative Ulmer:

Please support House Bill 17 which extends the early retirement option for another year.

Sincerely yours,



Lynda L.Z. Nichols



Nels

JC.

#317 response pls

JL

RECEIVED MAY 4 1987

FROM THE DESK OF RICHARD & NANCY DEBUSMAN  
P.O. BOX 870769  
WASILLA, ALASKA 99687  
PH. # (907) 376-5538

4/18/87

Representative Fran Ulmer  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

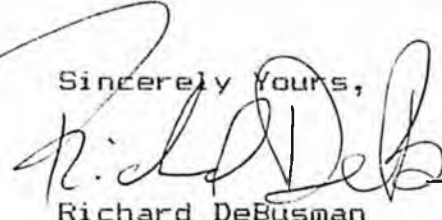
Dear Representative Ulmer:

After communicating with all of our local legislators, I find that HB 17 (early retirement for teachers) is in the State Affairs Committee and not moving at the moment???

I strongly encourage you to take the steps necessary to get this bill through committee and on to the floor where I am assured a good bit of support exists. I have planned to take advantage of this bill and know of several others making similar plans.

Please let me know if there is anything I can do to help move this bill.

Sincerely yours,



Richard DeBusman

P.O. Box 874461  
Wasilla, Alaska 99687

5/01/87

Representative Fran Ulmer  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

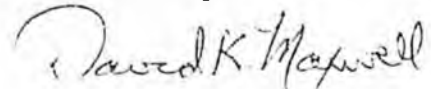
Dear Representative Ulmer,

HB 17 (early retirement for teachers) is in the State Affairs Committee and not moving at the moment. I strongly encourage you to take the steps necessary to get this bill through committee and on to the floor. I have planned to take advantage of this bill and know of several others making similar plans.

Passage of this bill would permit our school district to retain a teacher with three (3) or fewer years of experience, pay the school district's portion of the early retirement contribution, and save money by retiring me from my "top of the salary schedule" wage. The savings would continue each year until my replacement reached the top of the salary schedule.

Please let me know if there is anything I can do to help move this bill.

Cordially,



David K. Maxwell

QUALITY SERVICES

Date APR 09 1987

Juneau Empire

Client No. 615

## Committee reviews early retirement

615

By CHUCK KLEESCHULTE

THE JUNEAU EMPIRE

A proposal to extend the state's current early retirement incentive program hit bumpy going Wednesday in a House committee. Whether an extension is going to be routed to oblivion, however, is far from certain.

Members of the House State Affairs Committee, chaired by Juneau Democrat Fran Ulmer, considered a bill (HB17) that would extend the early retirement incentive program, at least for classes of state workers not already approved to participate.

The Cowper administrator, however, testified against any extension of the current program, asking that lawmakers let the program end before possibly repeating it in the future to give the state time to assess whether it accomplished its goal of getting long-time state workers off the payroll, helping to curb worker layoffs.

Ken Humphreys, director of the state Division of Retirement and Benefits, said the administration is

unable to estimate exactly what the benefits have been.

"We know there are employees out there that are waiting to see if you extend the window of application before deciding whether to retire. If you don't close the window it has the effect of just giving everyone another year's service before they have to decide," said Humphreys.

Under the early retirement system, proposed last year by Juneau Sen. Jim Duncan, workers can get three years of service added to their totals, either giving them more benefits if already eligible for retirement or three years added to their service records to help them reach retirement.

The deadline for application for most state workers is June 30, although University of Alaska employees must apply by Sept. 30 and all other workers by Dec. 31.

A spokesman for state school

teachers urged the bill be extended and that the prohibition against workers who retire under program from being barred from taking other state jobs be removed.

Cherie Shelley, executive director of the Alaska Public Employees Association, also testified that if the program is to be extended it should be open to all employees.

Ulmer sent the bill to a subcommittee for review.

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JANE FEISTHAMEL  
TITLE:  
ADDRESS: PO BOX 871516  
CITY: WASILLA ZIP: 99687  
PHONE: N/A-  
BILL NO: SB 42  
SUBJECT: EXTEND EARLY RETIREMENT INCENTIVE PROGRAM  
MESSAGE: PLEASE KNOW I SUPPORT THIS BILL AND HOPE YOU WILL DO THE SAME.

POMID: 14142503  
DATE: 04/15/87  
TIME: 14:25:03  
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

BOUCHER  
DAVIDSON  
DONLEY  
HOFFMAN  
MARTIN  
MENARD

ABOOD  
FAIKS  
HENSLEY  
JOSEPHSON  
UEHLING

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: RICHARD DEBUSMAN

TITLE:

ADDRESS: PO BOX 870769

CITY: WASSILLA

ZIP: 99687

PHONE: 376-5538

BILL NO: SB 42

SUBJECT: EXTEND EARLY RETIREMENT INCENTIVE PROGRAM

MESSAGE: I SUPPORT EARLY RETIREMENT INCENTIVES FOR TEACHERS. I RESPECTFULLY  
REQUEST THAT YOU DO EVERYTHING POSSIBLE TO GET THIS BILL INTO MOTION AND PASSED  
(YES)

POMID: 14140523

DATE: 04/15/87

TIME: 14:05:23

LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

BOUCHER

DAVIDSON

DONLEY

HOFFMAN

MARTIN

MENARD

ELLIS

FURNACE

KOPONEN

ADAMS

BOYER

BROWN

DAVIS

FRANK

GOLL

LARSON

POURCHOT

RIEGER

SWACKHAMMER

WALLIS

ABOOD

FAIKS

HENSLEY

JOSEPHSON

UEHLING

ELIASON

FAHRENKAMP

KELLY

SZYMANSKI

BENNETT

BINKLEY

DUNCAN

FISCHER

ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: WAYNE BREDBERG  
TITLE:  
ADDRESS: P O BOX 873074  
CITY: WASILA ZIP: 99687  
PHONE: 376-9107  
BILL NO: SB 42  
SUBJECT: EXTEND EARLY RETIREMENT INCENTIVE PROGRAM  
MESSAGE: AND HB17. GET OFF YOUR DUFF AND GET IT OUT ON THE FLOOR. THE  
ISSUE IS TO GET IT VOTED IT ON AND DO IT NOW.

POMID: 14141433  
DATE: 04/15/87  
TIME: 14:14:33  
LIONAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

BOUCHER	ABOOD
DAVIDSON	FAIKS
DONLEY	HENSLEY
HOFFMAN	JOSEPHSON
MARTIN	UEHLING
MENARD	ELIASON
ELLIS	FAHRENKAMP
FURNACE	KELLY
KOPONEN	SZYMANSKI
ADAMS	BENNETT
BOYER	BINKLEY
BROWN	DUNCAN
DAVIS	FISCHER
FRANK	ZHAROFF
GOLL	
LARSON	
POURCHOT	
RIEGER	
SWACKHAMMER	
WALLIS	



Official Business

# Alaska State Legislature

## House

STATE AFFAIRS COMMITTEE  
HOUSE BILL 17  
FILE CONTENTS

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

1. HOUSE BILL 17: AN ACT RELATING TO THE EARLY RETIREMENT PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE.
2. LETTER FROM SANDY STURROCK TO SENATOR DUNCAN, DATED FEBRUARY 11, 1987
3. LETTER FROM SHIRLEY HOLLOWAY TO REPRESENTATIVE ULMER, DATED FEBRUARY 2, 1987, AND RESPONSE, DATED FEBRUARY 9, 1987
4. LETTER FROM SUE MCKECHNIE TO REPRESENTATIVE ULMER, DATED FEBRUARY 11, 1987, AND RESPONSE, DATED MARCH 4, 1987
5. LETTER FROM JEROME GEORGE FAMILY TO REPRESENTATIVE ULMER, DATED MARCH 10, 1987
6. RECOMMENDATION FROM ROBERT G. CHOUINARD, APEA MEMBER, FOR SAVING MONEY
7. LETTER FROM GARREY PESKA TO SENATOR DUNCAN, DATED MARCH 12, 1987
8. LETTER FROM CARL GRAUVOGEL TO REPRESENTATIVE LARSON, DATED APRIL 1, 1987
9. LETTER FROM J.K. HUMPHREYS TO REPRESENTATIVE ULMER, DATED APRIL 6, 1987
10. POSITION PAPER, DEPARTMENT OF ADMINISTRATION
11. LETTER FROM ELIZABETH BELFLOWER TO REPRESENTATIVE ULMER, DATED APRIL 13, 1987, AND RESPONSE
12. LETTER FROM DOROTHY WELLS, TRS BOARD, TO REPRESENTATIVE GRUSSENDORF, DATED APRIL 7, 1987
13. LETTER FROM ROBERT STALNAKER TO REPRESENTATIVE GRUSSENDORF WITH PERS BOARD RESOLUTION
14. SUBCOMMITTEE REPORT FROM REP. MENARD, DATED 4/27/87
15. PUBLIC OPINION

### FISCAL NOTE

- A. DEPARTMENT OF ADMINISTRATION, RETIREMENT AND BENEFITS, \$46,900

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An act relating to the BRU: Retirement and Benefits  
       early retirement program  
 Sponsor: Larson Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	69.1	34.5	34.5	34.5	0
TRAVEL	1.9	0	0	0	0	0
CONTRACTUAL	10.0	20.0	10.0	10.0	10.0	0
SUPPLIES	0.5	1.0	0.7	0.7	0.7	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	12.4	90.1	45.2	45.2	45.2	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	12.4	90.1	45.2	45.2	45.2	0
TOTAL	12.4	90.1	45.2	45.2	45.2	0

POSITIONS:

FULL-TIME	0	2.0	1.0	1.0	1.0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Analysis attached.

Prepared By: Robert F. Stalnaker Phone: 465-4470  
 Division: Retirement and Benefits Date: 01/29/88

Approved by Commissioner: John M. Andrews Date: 2/4/88  
 Agency: Department of Administration

Distribution (by preparer):

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

House Bill 17  
Fiscal Note Analysis  
Prepared by Division of Retirement & Benefits  
Department of Administration

Analysis:

This legislation extends the effects of the Retirement Incentive Program (RIP) through FY 92. The money to fund the RIP positions and the contractual costs listed below will be collected as part of the administration fee paid by each employer who participates in the RIP.

Personal Services:

See attached forms. Two positions are requested in the fiscal note for FY 89, under the assumption that the workload generated by this extension will be less due to the fact that the majority of eligible members had previously elected to retire under the first RIP. There are three nonpermanent positions authorized in FY 89 for the RIP; this request would result in a decrease to a total of two RIP positions for FY 89. There would also be a need for one RIP position in FY 90, 91 and 92 so that all affected TRS members have their retirement benefits recalculated for each of the three years following their retirement.

Travel:

\$1.9 represents the cost of two counseling trips in FY 88, one for participating school districts and the other for participating political subdivisions.

Contractual:

\$10.0 represents 75% of projected FY 87 costs, based upon actual expenditures from July through December 1986. Contractual costs include postage, forms, printing, phones, and data lines.

Supplies:

\$.5 in FY 88 represents the cost to increased supply needs to communicate with concerned members. The supply needs for the continuing temporary employee through 1992 are represented in the fiscal note.

An analysis of the impact of this bill on the actuarial soundness of the Public Employees' (PERS) and Teachers'(TRS) Retirement Systems funds is provided in the attached letter to Representative Ulmer.

Position Title Retirement and Benefits Technician II		No. of Positions 2	Range/Step 12B	Barg. Unit G
Time Status Full-time	Staff Months 12.0	Location AWA	Election District 4	
Type of Expenditure		Amount		
I	2	3		
Salary 1 position	25,620			
Benefits	8,907			
Premium Pay				
Other				
Total Personal Services		34,527		
Travel				
Contractual		1,000		
Commodities		500		
Equipment				
Other				
Total Cost		36,027		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004				
GF Program Receipts 1005		11,889		
Other 1028 Program Receipts		24,138		

**Justification**

Retirement and Benefits Technician II

The Retirement and Benefits Technicians II are responsible for the day-to-day technical duties of the RIP. One is needed through June 30, 1988, two through June 30, 1989, and only one will be needed for the three years following. These positions are permanent full-time positions located in the Juneau office. The major duties of the technicians are:

- (1) Calculate retirement projections and retirement benefits for members of the PERS and TRS;
- (2) Research the member files for record system maintenance;
- (3) Correct service records in the automated system and adjust for periods of leave without pay;
- (4) Maintain records for the RIP; and
- (5) Notify members by mail of their retirement status, effective date, amounts of benefits, etc.

6/6B1/0203-02

**Request For  
New Position**

Agency Administration  
 BRU Retirement and Benefits  
 Component Retirement Incentive Program (RIP)

**FY 89**

Page 1 of 1  
 Revised Date

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

**DEPARTMENT OF ADMINISTRATION**  
**DIVISION OF RETIREMENT & BENEFITS**

PLEASE REPLY TO:

P.O. BOX CR  
JUNEAU, ALASKA 99811-0203  
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401  
ANCHORAGE, ALASKA 99503-2740  
PHONE: (907) 277-7504

**STEVE COWPER, GOVERNOR**

January 29, 1988

The Honorable Fran Ulmer  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

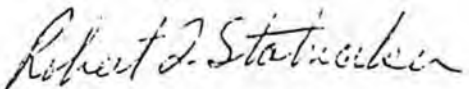
Dear Representative Ulmer:

Re: House Bill 17

In accordance with AS 24.08.036, I am providing an analysis below on House Bill 17. The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

The Retirement Incentive Program Act requires state agencies and participating employers and employees to reimburse the PERS and TRS for the cost of participation in the program; it also requires state agencies to show savings in order to participate in the program. As the amendments in this bill make no changes to those requirements, there should be no long-term or short-term costs to the state. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



Robert F. Stalnaker  
Acting Director

RFS/DS/bb/7

2/11/87

Senator Duncan

Box V

Juneau, Alaska 99811

RECEIVED FEB 13 1987

Dear Sir:

I have read with interest the hard time you are having in hearings on your bill to extend the Retirement Incentive Program for one year. Apparently the administration (or Mr Peeka at least) has reneged on their campaign promise to support the extension.

If this bill is not now acceptable I would like to offer another idea that maybe they could support. This would be to allow employees (at their own expense) to buy years of service (for retirement purposes) equal to 20% of their state service time, not to exceed five years. This would allow, say, an employee with 25 years service to buy 5 years and retire with 30 years. The cost would be funded entirely by the employee.

Anyway, this is just an idea - keep up your good work for Juneau. I am sending a copy of this to Representatives Hudson and Udner as they may have thoughts on this and want to discuss them.

Thanks for your concern,

Sandy Sturrock

1632 Glacier Ave

Juneau, Alaska 99801

STATE OF ALASKA



REPRESENTATIVE  
FRAN ULMER

HOUSE OF REPRESENTATIVES

3  
P.O. Box V  
JUNEAU, ALASKA 99811  
(907) 465-4947

February 9, 1987

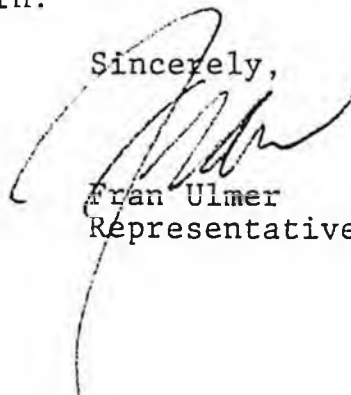
Shirley J. Holloway, Ed.D.  
Associate Superintendent  
North Slope Borough School District  
Pouch 169  
Barrow, AK 99723

Dear Dr. Holloway:

You wrote regarding SB 42 and your support for it. I co-sponsored a similar bill on the House side, HB 17. Since doing so, I have heard from several superintendents that it may not have its desired effect of saving the districts money. It may actually cost more because teachers will wait longer to retire if the "window of time" is extended.

I am continuing to investigate this issue. Thank you for your letter and your concern.

Sincerely,



Fran Ulmer  
Representative District 4B

# NORTH SLOPE BOROUGH SCHOOL DISTRICT



Barrow Wolves  
Barrow High School  
Pouch 8950  
Barrow, Alaska 99723  
(907) 852-8950

February 2, 1987

Frosty Peak Elementary School  
P.O. Box 450  
Barrow, Alaska 99723  
(907) 852-4711

The Honorable Fran Ulmer  
Alaska House of Representatives  
P.O. Box V  
Juneau, Alaska 99811

Nanaimut Wolves  
Nanaimut School  
Anaktuvuk Pass, Alaska 99721  
(907) 661-2226

Dear Representative Ulmer:

Atkasuk Eagles  
Mirage River School  
Atkasuk, Alaska 99723  
(907) 633-6315

Last year when Ch 26, SLA 1986 was presented in its original form, I was supportive of the intent. However, modifications were made which limited employees from participating in the retirement incentive program. SB 42 appears to put us back on track in that it broadens the scope for potential retirees.

Kaveolook Rams  
Harold Kaveolook School  
P.O. Box 10  
Kaktovik, Alaska 99747  
(907) 640-6626

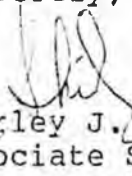
I fully support SB 42. At a time when the State faces serious revenue problems, the early retirement opportunity allows employers to reduce staff and related benefits.

Nuqsut Trappers  
Nuqsut School  
Nuqsut, Alaska 99724  
(907) 480-6717

I hope you will assist in the rapid passage of SB 42.

Sincerely,

Tigigat Harpooners  
Tigigat School  
P.O. Box 125  
Point Hope, Alaska 99766  
(907) 268-2662 or 268-2663

  
Shirley J. Holloway, Ed.D.  
Associate Superintendent

Gully School  
Point Lay, Alaska 99759  
(907) 833-2312

SH:jk

Atq Muskies  
Atq School  
P.O. Box 10  
Wainwright, Alaska 99783  
(907) 763-2541 or 763-2551

STATE OF ALASKA



REPRESENTATIVE  
FRAN ULMER

HOUSE OF REPRESENTATIVES

4  
P.O. Box V  
JUNEAU, ALASKA 99811  
(907) 465-4947

March 4, 1987

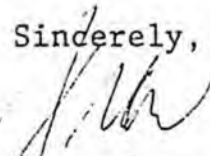
C. Sue McKechnie  
P.O. Box 3246  
Palmer, AK 99645

Dear Ms. McKechnie:

Thank you for your letter expressing your support for HB 17, an Act relating to the early retirement program.

That bill has been referred to the State Affairs Committee, which I chair, for scheduling. I will share your letter with members of the Committee so that they may have the benefit of your comments before the bill comes before them for consideration.

Sincerely,



Fran Ulmer  
Representative District 4B

cc: State Affairs Committee w/encl.

/Bh

Carrol Sue MacHechnie

P.O. BOX 3246 • PALMER, ALASKA 99645

FEB. 11, 1987

DEAR REP. ULMER,

ENCLOSED IS A LETTER THAT I WROTE  
ON HB 17. I HOPE THAT IT WILL PASS.

SINCERELY,

C. Sue MacHechnie

RECEIVED FEB 17 1987

Carrol Sue MacKechnie

REF HB 17

P.O. BOX 3248 • PALMER, ALASKA 99645

FEB. 10, 1987

DEAR REPRESENTATIVE LARSON:

THANK YOU FOR RESPONDING TO MY REQUEST FOR A COPY OF HB NO. 17, "AN ACT RELATING TO THE EARLY RETIREMENT PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE." I APPROVE OF THE BILL AND HAVE NO RECOMMENDATIONS FOR CHANGE TO MAKE. THE EXTENSION OF EARLY RETIREMENT WILL ENABLE ME TO RETIRE MAY 1, 1988. CURRENTLY I AM ENTERING MY 21<sup>ST</sup> YEAR OF PUBLIC SERVICE.

I HEARD A RUMOR FROM THE TOK AREA THAT THE BILL WILL NOT PASS, WITH THE OPPOSITION BEING THAT EMPLOYEES THAT PLAN TO RETIRE THIS YEAR WILL NOT, AND EXTEND THEIR RETIREMENT INTO 1988. INDEED, FOR THE BARE FEW THAT WOULD DO SO, THIS WOULD BE POOR REASONING FOR THE BILL NOT TO PASS. I MYSELF KNOW OF A NUMBER OF EMPLOYEES WHO HOPE TO RETIRE IN 1988 WITH THE PASSAGE OF HB NO. 17, OR A SIMILAR BILL. DESPITE THE TREMENDOUS PAY IN INCOME THE 3 YEAR INCENTIVE IS THERE TO RETIRE. ESPECIALLY FOR EMPLOYEES WITH LONG TERM SERVICE. NO ONE WOULD EXPECT SUCH AN OPPORTUNITY TO COME AGAIN FOR YEARS TO COME.

CONCERNING THE BILL I ALSO HEARD THAT SOME LEGISLATORS WANT TO GIVE THE BILL A ONE YEAR RESTING PERIOD AND PASS IT NEXT YEAR. WITH THIS RUMOR MOVING ABOUT STATE EMPLOYEES SOME THAT WOULD RETIRE THIS YEAR MAY CHANGE THEIR MIND, AND NOT RETIRE UNTIL 1989. THEREFORE, A BILL EXTENDING THE RETIREMENT THIS YEAR WOULD BE MORE EFFECTIVE THAN A YEAR REST PERIOD, AND THEN PASSING.

IN CLOSING, THANK YOU FOR YOUR PROMPT

RESPONSE AND LETTER OF CONCERN. I KNOW THAT  
YOU, AS ALL LEGISLATORS, ARE EXTREMELY BUSY  
IN THIS MOST TRYING TIME OF STATE GOVERNMENT.

SINCERELY,

Carol Sue McKee  
State Employee  
P. O. Box 3246  
Palmer, AL, 36045

CC: REP. MEHARD  
REP. ULMER  
REP. SWACKHAMMER  
SEN. MIKE SZMANSKI  
SEN. SAM COTTON  
SEN. PAT ROBY  
SEN. KERTTULA

The Honorable Representative Ulmer  
Pouch V  
Juneau, AK 99811

RECEIVED  
3640 Dora Ave.  
Anchorage, AK 99516

March 10, 1986

House Bill 17

Dear Representative Ulmer:

As one of the sponsors of House Bill 17, you are aware that the Legislature is now considering an one year extension to the Retirement Incentive Program. We are confident of your continued support for this bill and hope that the following points will assist you in seeking support from others for passage of the bill.

There is no doubt that there will have to be a continued effort to reduce the size of the State workforce. The reductions already made are certainly not sufficient to meet the lower budgets of the future. Due to the Personnel Rules and Union Agreements, the person who is laid off is the last person hired - the person with the least seniority. These are usually the younger employees who have not been in the workforce long enough to build up sufficient financial reserves to weather a layoff. They are not readily marketable in these difficult times. Once their meager reserves are exhausted, they will be on unemployment or welfare. They will be forced to default on their mortgage, their student loans, and automobile loans. In general many will become a drain on other State programs.

On the other hand, the Retirement Incentive Program will result in the senior employees retiring. The younger employees will be able to retain their jobs, their homes, and continue to contribute to the State rather than become a burden to the State. Meanwhile the retired employee whose home may be nearly paid off, who has established reserves, and now has a retirement check is not going to default on any loans, or otherwise drain State or private resources.

The retired employee will be spending money in the local economy. Based on the latest figures supplied by the Department of Administration, 450 employees have already taken advantage of the program. Their PERS, deferred compensation, and SBS benefits are well in excess of one million dollars a month which is being pumped into the Alaska economy. Although there is a small one time initial cost to the State, that cost is far less than would be experienced had 450 employees without seniority been laid off to drain unemployment and welfare reserves.

There are also the more publicized benefits of laying off senior employees at higher pay steps and replacing them with less senior employees at lower pay steps. We have heard that these benefits are largely offset by the State's one time match to the retirement program. This is true only if this is viewed in the short term. The benefit continues for several years until the promoted employee receives the numerous step increases necessary to bring his salary up to that of the employee he replaced. The State's one time match to the retirement fund is a cost only in the first year. The State reaps the full value of the benefit in all succeeding years.

Admittedly if only the benefits of replacing retiring employees with people at lower pay steps were evaluated, the first year benefit to the State is rather small. However, if it is viewed over several years the benefits become very significant. But even more significant are the secondary benefits outlined earlier in this letter.

We hope you agree that it is preferable to have some retired employees out there pumping new money into the economy rather than lay off many junior employees who, lacking financial reserves, will soon become a burden to other State programs such as unemployment and welfare. If it were not for the Retirement Incentive Program, millions of dollars in benefits would be locked up in investment portfolios rather than being spent to bolster our economy.

We hope you can convince others to take the time to evaluate both the short and the long term benefits. We are confident that when they do, they will find that some of the less publicized secondary benefits become significant arguments in favor of extending the Retirement Incentive Program for another year.

Please let us know if we can count on your continued support for House Bill 17 (Senate Bill 42).

Sincerely;

A handwritten signature in cursive script, appearing to read "Jerome George".

The Jerome George family



RECEIVED MAR 20 1987

6

# How Can Dollars Be Saved At Your Worksite?

Many legislators have asked APEA for suggestions from our membership on methods to reduce the state budget without laying off employees, eliminating programs, or curtailing services to the public.

You are the people on the job. You are the people who have and can look around your worksite, your office, your division or your department and see where changes could save money.

For example: is there any equipment, supplies or furniture that your worksite could do without? Could the cost of printed matter be reduced by downgrading the grade of paper or reducing the number of colors? Do you know of any contract consultants doing a job that could be done more economically and effectively in-house?

These are just a few ideas and we're sure you have many more. Please give this serious thought.

Write your ideas and suggestions in the space provided below. When you have done this give this form to your chapter chair, delegate, SAC director, employee rep or regional executive committee member. They have been alerted to pass your ideas along to APEA. We will make sure that your ideas are presented to the appropriate legislative finance committee members who are working on your budget and have asked for your input.

IT IS RECOMMENDED THAT HOUSE BILL #17 AND SENATE BILL #42 BE PASSED.  
BOTH BILLS DEAL WITH EXTENDING THE EARLY RETIREMENT PROGRAM  
ONE MORE YEAR. THE BILLS ARE A RETIREMENT INCENTIVE PROGRAM THAT  
IN EFFECT REDUCE THE NUMBER OF MIDDLE AND UPPER LEVEL  
MANAGERS. XXXX FROM STATEMENTS MADE BY MEMBERS OF THE  
LEGISLATURE AND ARTICLES IN THE NEWS MEDIA, IT APPEARS THAT  
A REDUCTION IN THE NUMBERS OF STATE EMPLOYEES ESPECIALLY  
THE HIGHER PAID MEMBERS, IS A GOAL THAT IS WORTHWHILE. A  
MORE EFFECTIVE AND EFFICIENT STATE GOVERNMENT CAN BE  
ACHIEVED WITH FEWER MEMBERS.

THE ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM CAN VERY WELL AFFORD  
THE COSTS OF THESE BILLS. IN THE PUBLICATION NEWS BREAK PERS NUMBER 25  
FOR DECEMBER 1986 WAS AN ARTICLE TITLED "CONTRIBUTION RATES  
REQUIRED FOR EMPLOYERS". THE ESTIMATED SAVINGS FOR FISCAL YEAR  
1997 IS \$13.9 MILLION FOR THE STATE OF ALASKA. THE EMPLOYERS  
CONTRIBUTIONS WERE REDUCED BECAUSE OF A CHANGE IN ACTUARIAL ASSUMPTIONS  
ADOPTED BY THE PERS BOARD. THE SALARY ASSUMPTIONS WERE REDUCED AND THE  
INVESTMENT EARNINGS ASSUMPTION WAS INCREASED BECAUSE OF EXPENSIVE ANALYSIS.

Department

Chapter

*Robert G. Chouinard*  
ROBERT G. CHOUINARD  
510 DUNBAR ST  
FAIRBANKS ALASKA 99701  
March 6 1987

**epic** The Employees Political Information Committee  
The political action arm of APEA

RECEIVED APR 1 1987

8

1 APRIL 1987

Representative Ron Larson  
House of Representatives  
P.O. Box V, Juneau, AK 99811

Dear Rep. Larson,

I'm writing to you regarding HB-17, the early retirement bill which you co-sponsored this year. Your bill contains a number of changes to the early retirement bill that passed the legislature last year. Therefore, I was hoping you would also include an amendment which would right an inequity in retirement legislation that is long overdue.

As you are probably aware, state employees currently fall into two principal categories of employment; permanent or permanent seasonal. The number of years of state service worked in either of these categories counts toward retirement. Prior to 1977, the permanent-seasonal classification did not exist; everyone who was not a permanent employee was on seasonal or "temporary" status, even though they may have worked as long as 11 months each year. Temporary employees did not receive any benefits including holidays or overtime pay differential. The 1977 legislation essentially eliminated all temporary service (with minor exceptions for emergency hire which still exist today), and created permanent-seasonal positions with accompanying benefits including retirement credit for each month of state service.

Later, in about 1980, the legislature passed a bill providing credit for temporary time which could be used as additional years of service, once an employee was eligible for retirement. To receive this credited service, an employee must pay full actuarial costs. Here is the inequity! Permanent seasonal employees receive full credit TOWARD retirement at a relatively small cost to the employee; employees with seasonal time pay full actuarial costs, and they are not allowed to apply that time toward retirement. Are you aware that even employees who worked for the territory of Alaska prior to statehood can apply their years of service toward retirement? I think these inequities were probably an oversight due to the many pieces of legislation that were written to deal with retirement issues.

Does it not seem fair and logical that employees who worked for the state when it was young (prior to 1977) should receive the same consideration for retirement as present day employees in a similar classification?. This could occur without any additional costs to the State. People who claim

For Rep. Ulmer

7

re: HB17.

Position Paper  
and Fiscal Note  
specific to HB17  
is being prepared.

March 12, 1987

The Honorable Jim Duncan  
Alaska State Senate  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Duncan:

Please excuse my tardiness in responding to your letter of February 24, 1987 regarding the Retirement Incentive Program and Senate Bill 42.

You asked me to develop a position paper indicating points that the Administration can support.

Following are my comments.

RI. FUNDING:

The payment of the additional retirement costs for the RIP has been one of the major causes for concern with the program for State employees. There are several funding alternatives recently discussed that would resolve the funding problems with the use of lapsed funds being at the top of the list. Certainly, the Administration would support legislation to allow the use of lapsed funds through the working reserve account to pay the employer RIP costs.

OUTSIDE TEACHING SERVICE:

The provision to allow teachers to use outside teaching service to qualify for the RIP makes sense. Most (if not all) school districts establish their pay scales for teachers based on educational achievement and on total years of teaching service -- teaching both in Alaska as well as out of Alaska. The purpose of the program is to entice teachers at the top of the pay scale to retire now to allow hiring replacements at entry levels or to leave positions vacant as necessary. The proposed amendment would increase the number of higher paid teachers eligible to retire, therefore allowing the school districts more latitude in the use of the program. We would certainly support such an amendment. The districts have problems with layoffs of tenured teachers and this might help.

# **CORRECTION**

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

RECEIVED APR 1 1987

1 APRIL 1987

8

Representative Ron Larson  
House of Representatives  
P.O. Box V, Juneau, Ak 99811

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Does it not seem fair and logical that employees who worked for the state when it was young (prior to 1977) should receive the same consideration for retirement as present day employees in a similar classification?. This could occur without any additional costs to the State. People who claim

temporary service must now pay full actuarial costs to receive any benefits for this time, and most people would be pleased to pay those full costs if they could use that time toward retirement.

There is yet, another very good reason! We hear many cries from the Governor, legislators, and influential businessmen that the size of state government must be reduced. In fact, the present budget calls for the elimination of approximately 800 state positions. This goal can be accomplished most easily through natural attrition and retirement. It would seem to me that an orderly process of reducing state government, with as few layoffs as possible, is far preferable to massive layoffs and unemployment. Obviously, the RIP legislation is intended to do just that. Why not, then, give people an opportunity to retire that have legitimate state service, but because of a "quirk" in past legislation are unable to apply it?

For the reasons above, I (and many employees with past temporary service) respectfully, request that you include an amendment in HB-17 that would allow temporary time to be credited toward retirement.

I understand from your staff that HB-17 has not yet been scheduled for a hearing. I'd appreciate it if you would advise me of the bills' status and your intentions. I would be glad to come down and testify if you believe that such action is necessary.

Sincerely,



Carl A. Grauvogel  
2700 Pelican Dr.  
Anchorage, Ak 99515  
Tel. 267-2191 work  
242-2056 home

cc State Affairs: Representatives Ulmer, Hoffman, Boucher, Davidson, Donley, Martin, and Menard

For Rep. Ullmer

7 re: HB17.

Position Paper  
and Fiscal Note  
specific to HB17  
is being prepared.

March 12, 1987

The Honorable Jim Duncan  
Alaska State Senate  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Duncan:

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Following are my comments.

RIP FUNDING:

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OUTSIDE TEACHING SERVICE:

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March 12, 1987


PERIODIC FUTURE WINDOW OPENINGS:

In my opinion, we should allow the current RIP provisions for state employees to expire as scheduled.

If we passed legislation now that provides for another opening in the future, I believe many employees would choose not to exercise their option under the current program. If the employees know they will be eligible again next year, they will logically try to stay on the payroll till then to maximize their credited service. Most state employees must exercise their retirement option under the program no later than 10/1/87. Many of those employees have signed up to retire on 10/1/87. They are obviously waiting to see if the program will be extended.

As you know, the current program will have been in effect during part of FY'86, all of FY'87, and part of FY'88 before it expires. I believe that is a long enough time period for an incentive program such as this.

Sincerely,



Garrey Peska  
Commissioner

GP/lb

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

### DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR  
JUNEAU, ALASKA 99811-0203  
PHONE: (907)465-4460

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

Public Employees' Retirement System  
Teachers' Retirement System  
Judicial Retirement System  
Elected Public Officers Re  
National Guard Retirement  
Territorial Retirement Syst  
Retirees' Voluntary Dental-V.  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

April 6, 1987

The Honorable Fran Ulmer  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811-3100

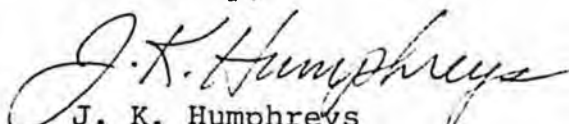
Dear Representative Ulmer:

Re: House Bill 17

In accordance with Alaska Statute 24.08.036, I am providing the analysis below on House Bill 17. The analysis includes the long-term and short-term costs to the State if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

The Retirement Incentive Program Act requires State agencies and participating employers and employees to reimburse the PERS and TRS for the cost of participation in the program; it also requires State agencies to show savings in order to participate in the program. As the amendments in this bill make no changes to those requirements, there should be no long-term or short-term costs to the State. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,

  
J. K. Humphreys  
Director

JKH/dkk  
9/6K1/040687-02

10

POSITION PAPER  
HB 17

This bill would extend the window of eligibility an additional year for the Retirement Incentive Program (RIP) for State employees and members of the Teachers' Retirement System (TRS) not employed by the University of Alaska and who have not previously been designated as members of qualified organizational units by their employers. It would also alter the method in which the three years of RIP credited service would be applied towards retirement eligibility and benefit calculation credit for members of the TRS only; this method of calculating the incentive would be substantially more expensive for employers.

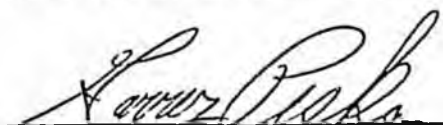
Extending the eligibility period for the RIP, in addition to increasing the number of potential eligibles for selected groups, would tend to defeat the purpose of the program as we understand it. The success or failure of the RIP cannot be fairly assessed until the eligibility period has expired and all eligibles who are going to retire have done so. Second, if extending the program is deemed advantageous, Public Employees' Retirement System (PERS) employers other than the State and the University of Alaska would most likely petition the legislature to also be included in the extension period.

Section 4 of this bill contains provisions which prompt several matters of concern. By altering only the TRS RIP benefit calculations, not only is there a two-tiered system for treating RIP credit within the TRS but there is an inequity being developed between the PERS and TRS. The TRS formula applying to the second eligible group serves to advantage the younger employee who is retiring early and disadvantage the older employee who would already be eligible to retire. The formula allows the younger employee to, in effect, double dip by first buying the service credit to qualify for a normal retirement benefit and second, be given benefit calculation credit for that same service on an incremental basis as with the older employee. As noted above, the new formula would represent a substantial overall increase in TRS employer costs to fund the enhanced incentive for some members.

Only after the original window periods have closed and the benefits to the employers and the public have been assessed should consideration be given to continuing the program by opening a second window. The second window opened could then be better defined to more specifically apply remedy to those employers or employee groups where there is a greater need for this incentive.

  
\_\_\_\_\_  
J. K. Humphreys, Director  
Division of Retirement and Benefits

4/7/87  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Commissioner Garrey Peska  
Department of Administration

4/8/87  
\_\_\_\_\_  
Date



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### COMMITTEE ON STATE AFFAIRS

April 21, 1987

Elizabeth D. Belflower  
Box 210303  
Auke Bay, AK 99821

Dear Beth:

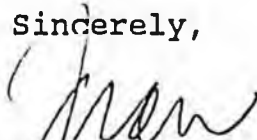
Thank you for sending me a copy of your letter regarding Senate Bill 42. There is a companion bill which is currently in the House State Affairs Committee, House Bill 17.

The House State Affairs Committee held a hearing on House Bill 17 and heard testimony describing several problems with this bill. First of all, Ken Humphreys, Director of the Division of Retirement and Benefits, testified that if the current early retirement program is not allowed to expire on June 30, then it will be impossible to measure its success since some who may be planning to retire now may hold out for another year. Secondly, in reference to your problem in working for another government entity should you decide to retire, testimony was offered that it may be better to not have retirees competing for jobs with those who have been laid off prior to retirement and do not have a retirement income. This concern may explain why that provision was placed in the bill last year.

A subcommittee consisting of Representatives Menard, Donley and Davidson was appointed to work on the bill and return it to the full committee with comments. I have shared your letter with the members of the committee for their information.

Thank you, again, for copying me on your letter and for expressing your opinions.

Sincerely,

  
Fran Ulmer, Chair  
State Affairs Committee

HB 17

RECEIVED APR 15 1987

Box 210303  
Auke Bay, Alaska  
April 13, 1987

Senator Mitch Abood, Chairman  
State Affairs Committee  
Alaska State Senate  
Juneau, Alaska

Re: Senate Bill 42

Dear Senator Abood:

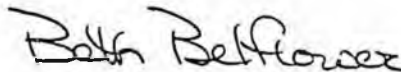
Due to absences in our department, I am unable to take the time off to appear before your committee in person; therefore, I have asked that this letter be read as testimony.

As a school librarian who is a possible candidate for the early retirement program, I would like to express my concern with Section 7 "Indebtedness on Reemployment" in Senate Bill 42. My husband and I after fifteen years consider Juneau our home and plan to remain here. In my chosen field this section of SB 42 really limits the possibilities of future employment in the Juneau area. City and state government are our principal sources of employment in Juneau; therefore, this greatly impacts any person retiring under this bill and wishing to remain as a part of the community. It almost totally eliminates the possibilities of part-time or full-time employment in the local area for these retirees.

I encourage your committee to recommend a change in this bill by removing the stipulations of this section.

Thank you for your consideration.

Sincerely,



Elizabeth D. (Beth) Belflower

cc: Senator Duncan  
Rep. Ulmer  
Rep. Hudson

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

### DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR  
JUNEAU, ALASKA 99811-0203  
PHONE: (907)465-4460

2606 DENALI ST. SUITE 401  
ANCHORAGE, ALASKA 99503  
PHONE (907) 277-7504

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

STEVE COWPER, GOVERNOR

April 7, 1987

The Honorable Ben Grussendorf  
Speaker of the House  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

At its March 23 meeting, the Teachers' (TRS) Retirement Board passed a resolution opposing two provisions of HB 17. The first provision (Sec. 1) extends the window period for the Retirement Incentive Program (RIP); and the second (Sec. 4) allows TRS members to receive, under the RIP, three years of TRS service credit applied to their benefit computation after the member retires.

The board opposes extending the window periods at this time because there can be no accurate assessment of the effectiveness of the RIP until after the existing window periods have been closed. After that time, if it is determined by the legislature that such a program is still needed, the board would be supportive of reinstating it.

Under the RIP, TRS members are now able to retire with as few as 17 years of membership service by using a three-year incentive to satisfy retirement eligibility under the "20 and cut" provision, with their benefit being calculated on 17 years of service. Following retirement, HB 17 (Sec. 4) would provide for those retired members to incrementally add those three RIP years of credit to their benefit calculation, thereby ultimately allowing them to receive a benefit calculated on 20 years of service. This would have the same effect as lowering the years of service requirement below 20 years and granting an additional three years of service credit to members after they retire, to which the board is fundamentally opposed.

If you have any questions, please contact me.

Sincerely,

*Dorothy Wells*

Dorothy Wells  
Chairperson  
Teachers' Retirement Board

DW/CS/cam/I  
cc: TRS Board Members

Committees of referral in House  
and corresponding Senate committees

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: JOHN DAVIS

TITLE:

ADDRESS: BOX 246

CITY: BARROW

ZIP: 99723

PHONE: 052-6745

BILL NO: HB 17

SUBJECT: EARLY RETIREMENT PROGRAM

MESSAGE: MY WIFE AND I HAVE TAUGHT IN BARROW FOR THE PAST 17 YEARS. WE'D LIKE TO HAVE OUR 5 ALASKA BIA YEARS COUNT ON THE EARLY RETIREMENT PROGRAM. HB 17 APPEARS TO ACCOMPLISH THIS, AS WELL AS SB42. IF SO, PLEASE PASS ONE OR BOTH.

POMID: 04111342

DATE: 04/07/87

TIME: 11:13:42

LIONAME: BARROW INFO OFFICE

COPIES: REPRESENTATIVES SENATOR

ADAMS	HENSLEY
BOUCHER	
DAVIDSON	
DONLEY	
HOFFMAN	
MARTIN	
MENARD	
BOYER	
BROWN	
DAVIS	
FRANK	
GOLL	
LARSON	
POURCHOT	
RIEGER	
SWACKHAMMER	
WALLIS	

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

X P.O. BOX CR  
JUNEAU, ALASKA 99811-0203  
PHONE: (907)465-4460

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

Public Employees' Retirement System  
Teachers' Retirement System  
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National Guard Retirement System  
Territorial Retirement System  
Retirees' Voluntary Dental-Vision-Audio Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

April 21, 1987

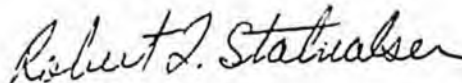
Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

At its March 25 meeting, the Public Employees' (PERS) Retirement Board passed the enclosed resolution which: (1) opposes HB 17, a bill which would extend the Retirement Incentive Program (RIP); and (2) supports SB 121, a bill which would remove the deadline for claiming temporary service.

If you have any questions, please contact me.

Sincerely,



Robert F. Stalnaker  
Deputy Director

RFS/CJS/cam/6

Enclosure

cc: PERS Board Members w/encl.

Committees of referral in House  
and corresponding Senate committees w/encl.

Honorable Don Bennett w/encl.  
Co-Chairman, Senate Finance

Honorable John Binkley w/encl.  
Co-Chairman, Senate Finance

Honorable Mitch Abood w/encl.  
Chairman, Senate State Affairs

Honorable Al Adams w/encl.  
Chairman, House Finance

Honorable Fran Ulmer w/encl. ✓  
Chairman, House State Affairs

## Curt Menard

351 W. Swanson Ave.  
Wasilla, Alaska 99687

Or  
P.O. Box V  
Juneau, Alaska 99811

376-5315 Work  
745-8122 Work  
376-5855 Home  
465-2679 Juneau



### M E M O R A N D U M

DATE: April 27, 1987

FROM: Curt Menard, Chairman *Curt*  
House State Affairs Subcommittee on HB17

TO: Fran Ulmer, Chairman  
House State Affairs Committee

RE: Subcommittee Report on HB17

---

The House State Affairs Subcommittee has met and reviewed HB17, An Relating to the Early Retirement Program; and Providing for an Effective Date.

Recommendations of the committee include:

- 1) Close the window of eligibility on October 1, 1987.
- 2) No consensus could be reached on the questions relating to 17 year veterans retirement.
- 3) Allow the Department of Administration, Division of Retirement and Benefits to prepare a thorough analysis of the costs and benefits of the existing program.
- 4) Adopt provisions suggested by Representative Springer that would credit certain temporary work toward retirement.

In attendance at the subcommittee meeting were Representatives Menard, Davidson, Donley, and representatives from Representative Springer and Representative Larson's offices, the Division of Retirement and Benefits and APEA.

Dr. F...

SEARCHED / INDEXED / SERIALIZED / FILED

April 24, 1987

The Honorable Mike Navarre  
The House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Mr. Navarre:

I think the attached letter to Stephen McPhetres, Director of the Alaska Council of School Administrators, from Vic Varick, Sterling Elementary School Principal, has some good ideas regarding extending early retirement to an additional group of people. Such action could further reduce the number of teachers to be let go in this school district by enlarging the early retirement feature now.

I support this idea and request that you investigate giving your support to the extension of the early retirement bill introduced by Representative Larson. I appreciate your efforts in Juneau and look forward to your return to the Kenai area.

Sincerely yours,

*T.R. Maughan*

T.R. Maughan, Coordinator  
Federal Programs Department

pb

*draft reply  
1/10/87*

# Sterling Elementary School

Kanal Peninsula Borough School District  
Drawer 89  
STERLING, ALASKA 99672

April 16, 1987

Stephen T. McPhetres, Executive Director  
Alaska Council of School Administrators  
326 Fourth St., Suite #211  
Juneau, Alaska 99801

Dear Steve:

Thank you for your recent thoughts on the extension of the early retirement bill introduced by Representative Larson.

Steve, it seems to me that the extension of RIP could be accomplished, in another more appealing fashion, for everyone concerned.

Instead of extending the time for the existing RIP to 1988, this new plan would allow a member to buy-in four years (payable up-front) with an application deadline of August 1, 1987, or sooner, to allow school districts time for replacements before the next school year begins.

It seems to me that this proposal, (compared to the existing proposal), would motivate all of the would-be retirees to make a commitment now (instead of waiting another year)!

Also, the state would be able to retire a number of members sufficient enough to amount to a substantive savings to the system. Thus, the original intent is written back into the original bill, only this time with a greater number of retirees at no additional cost to the state.

Sound like a great idea? If so, I would appreciate your support in passing it along to Rep. Larson and others.

Thanks much, Steve, for keeping me posted.

Sincerely,



Vic Varick  
Principal

sg

P.O. Box 874461  
Wasilla, Alaska 99687

5/01/87

Representative Fran Ulmer  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

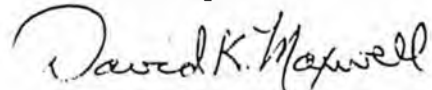
Dear Representative Ulmer,

HB 17 (early retirement for teachers) is in the State Affairs Committee and not moving at the moment. I strongly encourage you to take the steps necessary to get this bill through committee and on to the floor. I have planned to take advantage of this bill and know of several others making similar plans.

Passage of this bill would permit our school district to retain a teacher with three (3) or fewer years of experience, pay the school district's portion of the early retirement contribution, and save money by retiring me from my "top of the salary schedule" wage. The savings would continue each year until my replacement reached the top of the salary schedule.

Please let me know if there is anything I can do to help move this bill.

Cordially,



David K. Maxwell

JC

RECEIVED MAY 4 1987

FROM THE DESK OF RICHARD & NANCY DEBUSMAN  
P.O. BOX 870769  
WASILLA, ALASKA 99687  
PH. # (907) 376-5538

4/18/87

Representative Fran Ulmer  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

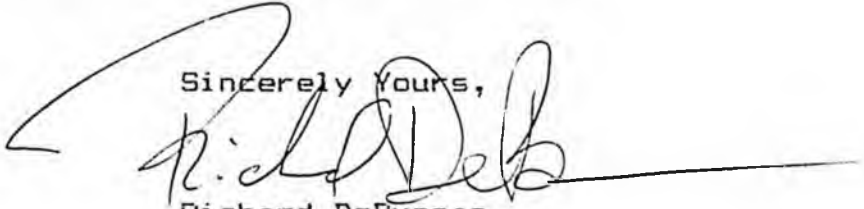
Dear Representative Ulmer:

After communicating with all of our local legislators, I find that HB 17 (early retirement for teachers) is in the State Affairs Committee and not moving at the moment???

I strongly encourage you to take the steps necessary to get this bill through committee and on to the floor where I am assured a good bit of support exists. I have planned to take advantage of this bill and know of several others making similar plans.

Please let me know if there is anything I can do to help move this bill.

Sincerely Yours,

  
Richard DeBusman

General Delivery  
New Stuyahok, Alaska 99636  
May 5, 1987

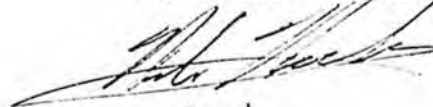
Dear Representative Ulmer:

Please support House Bill 17 which extends the early retirement option for another year.

Sincerely yours,



Lynda L.Z. Nichols



Nels

JC

#317 response pls

May 4, 1987

Alaska State Legislature  
P.O. Box 1 (MS3100)  
Juneau, AK 99811

Dear Fran Ulmer;

House Bill 17 is a bill which I support because it would ease some of the financial stresses over the next few years. Some teachers that are near retirement have salaries which are twice the salary of a new teacher. Another positive factor for early retirement is that it is a quick and easy way to reduce the number of teachers on a salary without the usual problems involved in teacher cut backs.

House Bill 199 is another item I would like to bring to your attention. Many of us who are new in the last one, two, three, or four years have survived in very stressful conditions as nontenured teachers in a time of cutbacks. Having taught for 20 years, it is obvious to me that teachers in the third richest state with one or two years tenure should be able to invest in Alaska by buying a home and becoming some of Alaskas most productive citizens. No intelligent teacher would bet his future on a system as poor as the Alaskan Education System would be if House Bill 199 was put into affect.

Please help keep good teachers by voting MC on House Bill 199.

Respectfully,

*James Hashman*

James Hashman

JK  
4/3/87

HB

25

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An act relating to affirmative BRU: Personnel  
action.  
 Sponsor: Martin Components: Centralized Administrative  
 Requestor: \_\_\_\_\_ Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	115.0	115.0	115.0	115.0	115.0
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	115.0	115.0	115.0	115.0	115.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	115.0	115.0	115.0	115.0	115.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	115.0	115.0	115.0	115.0	115.0

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)

[Empty box for analysis]

Prepared By: *Diana DeSimone* Phone: 465-4430  
 Division: Personnel Date: 1-21-88

Approved by Commissioner: John M. Andrews Date: 1/23/88  
 Agency: Department of Administration

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill No. HB 25

House Bill 25 grants the Office of Equal Employment Opportunity broad enforcement authority with respect to equal employment opportunity and affirmative action matters. Of concern to the Division of Personnel is that portion of the proposed bill which allows the office to require agencies to change their selection procedures, that is, to require new examination or testing methods for employment application. Currently, any examination device must adhere to federally mandated test validation procedures. The proposed legislation appears to impose requirements for test validation that are in addition to the federal requirements.

Depending on the scope of the validation exercise, i.e., number of job classes involved, number of positions concerned, number of job sites affected, costs may range from \$30,000 to \$200,000 per examination. The fiscal note assumes an average of these two figures with one test validation performed per fiscal year. Contractual rather than personal services are indicated because it is most cost effective to contract with firms who specialize in test validation than to recruit and hire State employees with these specialized qualifications.



CENTRAL COUNCIL  
Tlingit and Haida Indian Tribes of Alaska  
EXECUTIVE COMMITTEE, 1986 - 1988

April 29, 1987

EXECUTIVE COMMITTEE

President  
Edward K. Thomas  
Admin. Offices

Work: (907) 586-1432  
Res: (907) 789-2929

First Vice President  
David Leask  
P.O. Box 477  
Metlakatla, Alaska 99926

Work: (907) 886-4661

Second Vice President  
Mark Jacobs, Jr.  
P.O. Box 625  
Sitka, Alaska 99835

Res.: (907) 747-8168

Third Vice President  
John Hope  
P.O. Box 311  
Juneau, Alaska 99802

Work: (907) 465-4890  
Res: (907) 789-0971

Fourth Vice President  
Douglas W. Luna  
4002-A2 Westlake  
Sammamish Pkwy N.E.  
Redmond, WA 98052

Work: (206) 653-4585  
Res: (206) 882-1181

Fifth Vice President  
Raymond P. Roberts  
3725 Alaska Avenue  
Ketchikan, Alaska 99901

Work: (907) 225-8787  
Res: (907) 225-5481

Sixth Vice President  
Richard J. Hill, Sr.  
9462 Brady Place  
Juneau, Alaska 99801

Res: (907) 789-0010

Executive Director  
Ms. Evelyn E. Myers  
Admin. Offices

Work: (907) 586-1432  
Res: (907) 780-6836

The Honorable Steve Cowper  
Governor of Alaska  
P. O. Box A  
Juneau AK 99811

Dear Governor Cowper:

re Resolution 87/88-04 : Support for House Bill 25

The Central Council of Tlingit and Haida Indian Tribes of Alaska advised legislative committees of its support of HB 25 upon adoption of a Central Council position last week. The formal resolution is enclosed for your records.

We believe this piece of legislation is critical to the proper functioning of the EEO law, and we urge its enactment into law.

Please advise if we may provide further support. Thank you.

Sincerely,

Edward K. Thomas  
President

EKT/jg  
encls

cc: State Legislators  
State Agencies  
Bush Caucus  
Rep. Terry Martin

JC

Did I send this to you already  
asking to send letter to Ed Thomas  
Sharing core report showing signatures  
on do pass/no vote/etc. and  
showing my support.

7



CENTRAL COUNCIL

Tlingit and Haida Indian Tribes of Alaska  
320 West Willoughby Avenue • Suite 300  
Juneau, Alaska 99801

---

FIFTY-SECOND GENERAL ASSEMBLY  
Central Council of Tlingit and Haida Indian Tribes of Alaska  
April 16-18, 1987  
Juneau, Alaska

Resolution 87/88-04

Title: Support for HB 25

Submitted by: Juneau T&H Community Council

WHEREAS, the State Equal Employment Opportunity law, AS 44.19, was passed in 1985; and

WHEREAS, the Alaska Native Brotherhood, Central Council of Tlingit and Haida Indian Tribes of Alaska and Sealaska Corporation worked hard to assure the passage of the law; and

WHEREAS, Native hire in State government continues to remain a high priority for us; and

WHEREAS, HB 25 has been introduced in this legislative session to amend the EEO law; and

WHEREAS, the bill is designed to strengthen and give clout to current EEO law; and

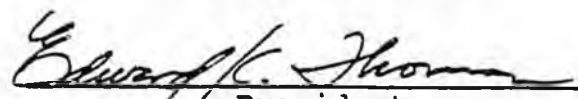
WHEREAS, HB 25 in its present form would provide the office of EEO tools necessary to adequately implement the EEO law;

NOW, THEREFORE, BE IT RESOLVED by the Central Council of Tlingit and Haida Indian Tribes of Alaska, in Annual Assembly, to go on record as supporting HB 25 in its present form; and

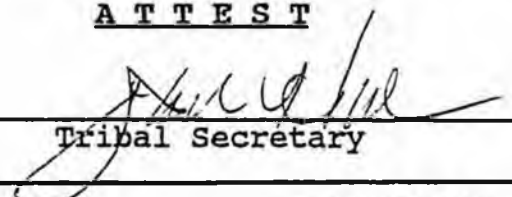
BE IT FURTHER RESOLVED, that copies of this resolution be sent to the Bush Caucus, Representative Terry Martin, and Governor Steve Cowper.

ADOPTED this 17th day of April, 1987, by the Fifty-Second General Assembly of the Central Council of Tlingit and Haida Indian Tribes of Alaska, in session at Juneau, Alaska.

C E R T I F I E D

  
\_\_\_\_\_  
President

A T T E S T

  
\_\_\_\_\_  
Tribal Secretary

TELEPHONE: 907/ 586-1432

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary  
Finance

DATE: 4-24-87

The State Affairs Committee has considered HB 25

"An Act relating to affirmative action."

**RECOMMENDS:**

- replace with CS HB 25 (SA)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO/PASS:**

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
[Signature]  
 Chairman's signature

Original sponsor: Martin

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 25 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to affirmative action."

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

8 \* Section 1. AS 44.19.442(b) is amended to read:

9 (b) The office may

10 (1) recommend legislative or administrative action to the  
11 governor relating to equal employment opportunity and affirmative  
12 action matters;

13 (2) require the division of personnel in the Department of  
14 Administration to purge records from the personnel file of an employee  
15 who has filed a complaint of unlawful discrimination;

16 (3) forbid an agency to hire or promote employees and  
17 require an agency to reverse a personnel action including a hiring  
18 decision if it finds that the action was based on a discriminatory  
19 employment practice;

20 (4) require an agency to change its selection procedures if  
21 it finds that the procedures have a discriminatory effect on members  
22 of a protected class; and

23 (5) require an agency to investigate whether an employee  
24 has violated this subsection and to impose discipline if the inves-  
25 tigation reveals facts warranting it.

26 \* Sec. 2. AS 44.19.442 is amended by adding a new subsection to read:

27 (c) A collective bargaining agreement adopted under AS 23.40.-  
28 070 - 23.40.260 (Public Employment Relations Act) must be consistent  
29 with principles of equal employment opportunity and affirmative

1           action. AS 44.19.441 - 44.19.449 supercede the provisions of AS 39.25  
2           (State Personnel Act).

3 \* Sec. 3. AS 44.19.444 is amended to read:

4           Sec. 44.19.444. AFFIRMATIVE ACTION PLAN. The governor shall  
5           establish an equal employment opportunity program and adopt annually  
6           an affirmative action plan for the executive branch of state govern-  
7           ment. The plan remains in effect until the governor adopts a subse-  
8           quent plan. The office shall work with each agency to enhance equal  
9           employment opportunity.

10 \* Sec. 4. AS 44.19.445 is amended by adding a new subsection to read:

11           (b) When the office finds that an agency has violated the affir-  
12           mative action plan or its affirmative action program, the office may

13                   (1) suspend the hiring authority of the agency; and

14                   (2) impose mandatory affirmative action measures on the  
15           agency to bring the agency into compliance.



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### STATE AFFAIRS COMMITTEE

#### HOUSE BILL 25

#### FILE CONTENTS

1. HOUSE BILL 25
2. FISCAL NOTE, DIVISION OF PERSONNEL, \$115,000
3. FISCAL NOTE, EQUAL EMPLOYMENT OPPORTUNITY, -0-
4. MEMO FROM LYDIA JONES TO STATE AFFAIRS COMMITTEE, DATED 2/10/87
5. UNITED ALASKA MINORITY COALITION NEWSLETTER, FEBRUARY 1987
6. LETTER FROM CHERIE SHELLEY TO REPRESENTATIVE ULMER, DATED 2/12/87
7. LETTER FROM JOHN GAGUINE T . . . REPRESENTATIVE ULMER, DATED 2/17/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

2

Bill Version: HB 25  
Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An act relating to affirmative  
action.

Agency Affected: Division of Personnel  
BRU: Personnel

Sponsor: Martin  
Requestor: \_\_\_\_\_

Components: Centralized Administrative  
Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	115.0	115.0	115.0	115.0	115.0
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	115.0	115.0	115.0	115.0	115.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>	<b>115.0</b>

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

ATTACHED

Prepared By: Diana DeSimone *Diana DeSimone* Phone: 465-4430  
Division: Personnel Date: 1-27-87

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 2/5/87  
Agency: Department of Administration

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)  
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill No. HB 25

House Bill 25 grants the Office of Equal Employment Opportunity broad enforcement authority with respect to equal employment opportunity and affirmative action matters. Of concern to the Division of Personnel is that portion of the proposed bill which allows the office to require agencies to change their selection procedures, that is, to require new examination or testing methods for employment application. Currently, any examination device must adhere to federally mandated test validation procedures. The proposed legislation appears to impose requirements for test validation that are in addition to the federal requirements.

Depending on the scope of the validation exercise, i.e., number of job classes involved, number of positions concerned, number of job sites affected; costs may range from \$30,000 to \$200,000 per examination. The fiscal note assumes an average of these two figures with one test validation performed per fiscal year. Contractual rather than personal services are indicated because it is more cost effective to contract with firms who specialize in test validation than to recruit and hire State employees with these specialized qualifications.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

3

**REQUEST:** \_\_\_\_\_

Bill Version: HB 25  
Publish Date: 1-19-87

Revision Date: \_\_\_\_\_  
Title: An Act Relating to  
Affirmative Action

Agency Affected: Office of the Governor  
BRU: Commissions/Special Offices

Sponsor: Martin  
Requestor: House State Affairs

Components: Equal Employment  
Opportunity

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		0	0	0	0	0

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

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

**POSITIONS:**

FULL-TIME						
PAK-TIME						
TEMPORARY						

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

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Prepared by: Michael A. Nizich, Director  
Division: Administrative Services

Phone: 465-3616  
Date: 2-6-87

Approved by Commissioner: Carol P. Kastelic  
Agency: Exec. Assistant, Office of the Governor

Date: 2-6-87

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary



# Alaska State Legislature

## House

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Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### MEMORANDUM

Date: February 10, 1987

To: House Committee on State Affairs

From: Lydia Jones, Legislative Assistant  
Office of Representative Terry Martin

Re: HB 25 - Affirmative Action

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For over two years, our office has been receiving complaints from members of an Anchorage based group called "Minority Victims of Alaska State Government Discrimination". This organization was founded by individuals who felt that they had been discriminated against by the State of Alaska. The group alleges that the State has been discriminatory in its hiring and promotion practices. They further allege that the state attempts to retaliate against employees who have filed discrimination complaints or who have pointed out improper procedures going on in State government.

Take for example the litigation initiated by an employee with six years of state service. Between 1977 and 1982, this individual filed a total of four discrimination suits with the Office of Equal Employment Opportunity and the Alaska Human Rights Commission. In his experience, the administrative complaints received by these state agencies did not result in relief or resolution agreements that were satisfactory to him. This complainant finally took his case to the Superior Court for adjudication. After reaching an out of court settlement with the state, this individual began to reapply for state jobs only to find that he was essentially "blackballed" because his personnel files still contained reports, performance appraisals and other documentation that was the result of the discriminatory practices that he had been subjected to during his past employment with the state.

Another example is that of a two year state employee who "blew the whistle" on certain improprieties regarding the management and control of state property. Investigation of these improprieties led to the firing of his boss and a grand jury probe into the affairs of the department. As a result of these revelations, this individual was laid off. He was told that the lay off was due to "budgetary constraints". This