

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5691 HOUSE HEALTH, EDUCATION & SOCIAL SERVICES

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7 3

Alaska State Legislature



SENATOR JIM DUNCAN

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

(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR -
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

MEMORANDUM

APRIL 6, 1989

TO: REPRESENTATIVE JOHNNY ELLIS, CHAIR
HOUSE HESS COMMITTEE

FROM: SENATOR JIM DUNCAN

SUBJECT: CS SENATE BILL 73 (FIN)AM, AN ACT RELATING TO
RETIREMENT INCENTIVE PROGRAMS FOR THE PUBLIC EMPLOYEES'
RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM.

I THANK YOU FOR SCHEDULING SB 73, RE-ESTABLISHING THE
RETIREMENT INCENTIVE PROGRAM FOR PUBLIC EMPLOYEES FOR A HEARING
SO PROMPTLY.

THE PROPOSED PROGRAM IS ESSENTIALLY THE SAME AS THE ORIGINAL
RETIREMENT INCENTIVE PROGRAM. THE PROGRAM WILL ONCE AGAIN
PROVIDE A THREE YEAR INCENTIVE TO ENCOURAGE LONG-TERM, HIGHLY
PAID EMPLOYEES TO RETIRE FROM STATE, MUNICIPAL, UNIVERSITY, AND
SCHOOL EMPLOYMENT. THE INTENT OF THE PROGRAM IS TO RETAIN
EMPLOYEES AT THE LOWER END OF THE PAY SCALE BY RETIRING OTHERS.
IN MANY CASES, POSITIONS CAN BE HELD VACANT OR REFILLED AT A
LOWER LEVEL RESULTING IN PAYROLL SAVINGS TO THE EMPLOYER.

THE RETIREMENT INCENTIVE WINDOW PERIODS CURRENTLY IN CSSB 73
ARE AS FOLLOWS:

<u>EMPLOYEE TYPE</u>	<u>APPLICATION PERIOD</u>	<u>EMPLOYEE MUST RETIRE ON OR BEFORE</u>
SCHOOL	JUNE 30, 1989 - DEC. 31, 1989	AUGUST 1, 1990
UNIVERSITY	" "	" "
STATE	SEPT. 30, 1989-MARCH 31, 1990	Nov. 1, 1990
MUNICIPAL	" "	" "

THE RETIREMENT INCENTIVE PROGRAM HAS THE ADDED ATTRACTION OF
RETAINING RETIREMENT INCOME IN THE STATE OF ALASKA. MANY LOWER
LEVEL EMPLOYEES IF LAID OFF WOULD LEAVE ALASKA TO SEEK WORK

REPRESENTATIVE JOHNNY ELLIS
APRIL 6, 1989
PAGE 2

ELSEWHERE. THIS RESULTS IN AN ECONOMIC DOWNTURN SUCH AS OCCURRED A FEW YEARS AGO WHEN MANY HOMES STOOD VACANT AND BUSINESSES WERE FORCED TO CLOSE. BECAUSE ALMOST 70 PERCENT OF OUR RETIREES REMAIN IN ALASKA, WE RETAIN THE BENEFIT OF MUCH OF THE RETIREMENT COMPENSATION WHICH IS PAID OUT. THE NET EFFECT OF THESE FACTORS IS A GAIN IN COMPENSATION DOLLARS IN OUR ECONOMY.

I HAVE ATTACHED A COPY OF THE LEGISLATIVE AUDIT OF THE RETIREMENT INCENTIVE PROGRAM WHICH SHOWS THAT, CONSERVATIVELY, \$14.5 MILLION WAS SAVED BY THE STATE IN THE LAST INCENTIVE PROGRAM. ALSO ATTACHED IS A REPORT FROM THE DIVISION OF RETIREMENT AND BENEFITS CONCERNING THE SAVINGS WHICH ACCRUED TO MUNICIPALITIES, SCHOOL DISTRICTS, AND THE UNIVERSITY FROM THE LAST WINDOW PERIOD OF THE RETIREMENT INCENTIVE PROGRAM. TO SUMMARIZE, SCHOOL DISTRICTS SAVED AT LEAST \$31.2 MILLION, MUNICIPALITIES ALMOST \$5.0 MILLION, AND THE UNIVERSITY \$22.3 MILLION OVER A FIVE YEAR PERIOD.

BECAUSE I FEEL SO STRONGLY THAT THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN RESULT IN SUBSTANTIAL SAVINGS TO PUBLIC BUDGETS, I URGE YOU TO SUPPORT SB 73 IN YOUR COMMITTEE ON APRIL 13. IF YOU OR YOUR STAFF HAVE ANY QUESTIONS CONCERNING THE RETIREMENT INCENTIVE PROGRAM, MY STAFF CONTACT ON SB 73 IS ROXANNE STEWART AT 465-4766.

ATTACHMENTS



Official Business

Alaska State Legislature

Senate

Committee on Finance

Item 2

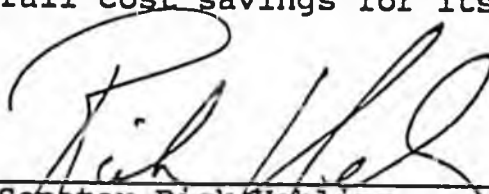
Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

FOR

CS FOR SENATE BILL NO. 73 (FINANCE)

It is the intent of the legislature that the Office of Management and Budget only allow directors to participate in the retirement incentive program if they are long-term, career state employees and that each director position which is allowed to participate demonstrate an overall cost savings for its agency.



Senator Rick Uehling
Co-chair
March 31, 1989

Senate adopted 4/4

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to a retirement incentive program. BRU: Retirement and Benefits
 Sponsor: Duncan Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	42.0	318.8	228.1	0	0	0
TRAVEL	2.1	3.5	3.5	0	0	0
CONTRACTUAL	16.7	24.3	3.8	0	0	0
SUPPLIES	.3	2.0	1.7	0	0	0
EQUIPMENT	81.1	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	142.2	349.2	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	142.2	349.2	237.1	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	142.2	349.2	237.1	0	0	0
TOTAL	142.2	349.2	237.1	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	9	13	13	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See pages 2-9 for detailed discussion of Fiscal Note.

See Attached.

Prepared By: Sally Smith Phone: 465-4470
 Division: Retirement and Benefits Date: 31 Mar 89

Approved by Commissioner: John M. Andrews Date: 3/31/89
 Agency: Department of Administration

Distribution (by preparer):

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

Committee Substitute for Senate Bill 73 (FIN)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration
 March 21, 1989

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

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

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
PERSONAL SERVICES COSTS			
FY 89			
1 Retirement Spec I (2 mo.)	\$ 5.0		
8 Retirement Tech. I/II (2 mo.)	37.0		
Total FY 89		\$42.0	
FY 90			
1 Retirement Spec I (12 mo.)	\$ 29.5		
8 Retirement Tech. I/II (12 mo)	222.0		
2 Accounting Clerk III (8 mo.)	32.8		
2 Clerk II (10 mo.)	34.5		
Total FY 90		\$318.8	
FY 91			
1 Retirement Spec I (8 mo.)	\$ 19.7		
8 Retirement Tech. I/II (8 mo.)	148.0		
2 Accounting Clerk III (8 mo.)	32.8		
2 Clerk II (8 mo.)	27.6		
Total FY 91			228.1
TRAVEL			
FY 89			
2 trips to ANCH/FBKS		2.1	
FY 90			
2 trips to ANCH/FBKS			
1 trip to Kenai			
1 trip to Ketchikan			3.5

	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
FY 91			
2 trips to ANCH/FBKS			
1 trip to Kenai			
1 trip to Ketchikan			3.5
 CONTRACTUAL			
FY 89			
Computer hook-up & service for additional 11 PC's.	15.7		
Additional telephone hook-up for 9 phones in current system.	.3		
Telephone service for 9 phones for 2 months.	.2		
Long distance calls.	<u>.5</u>		
Total FY 89		16.7	
FY 90			
RSA to the Division of Finance for 2 Accounting Clerk III for 5 months to provide service and salary verifications.	²⁶ \$20.5		
Telephone service for 9 phones.	1.4		
Long distance call expense based upon experience from the previous RIP.	<u>2.4</u>		
Total FY 90		24.3	
FY 91			
Telephone service for 9 phones.	1.4		
Long distance calls	<u>2.4</u>		
Total FY 91			3.8
 SUPPLIES			
FY 89			
(9 employees X \$200/yr X .17)	.3		
FY 90			
(13 employees x \$200/yr)		2.6	
FY 91			
(13 employees x \$200/yr x .66)			1.7

EQUIPEMENT	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
FY 89			
11 Personal Computers	55.0		
8 Microfiche viewers	6.4		
11 Calculators	1.7		
1 Computer Output Printer	18.0		
Total Equipment	<u>81.1</u>	_____	_____
Total Bill Cost By Fiscal Year	<u>\$142.2</u>	<u>\$349.2</u>	<u>\$237.1</u>

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

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

All administrative costs for this program will be paid in advance by the participating employers as required by Section 2, page 2, line 27.

Committee Substitute for Senate Bill 73 (FIN)
Analysis of Financial Implications on the Retirement Systems
Prepared by Division of Retirement & Benefits
Department of Administration
March 21, 1989

Analysis: The retirement incentive program legislation requires state agencies and participating employers and employees to reimburse the PERS and TRS for the costs of participation in the program; it also requires a showing of a cost savings to participate in the program. There should be no long-term or short-term costs to the retirement systems' funds.

Position Title Accounting Clerk III		No. of Positions 2	Range/Step 10A	Org. Unit GGU																																																				
Type Status FI Nonpermanent	Staff Months 8.0 each = 16.0	Location AWA		Election District 4																																																				
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td></td> <td>29,360</td> <td rowspan="5" style="background-color: #cccccc;"></td> </tr> <tr> <td>Benefits</td> <td></td> <td>3,416</td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td></td> <td>32,776</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Contractual (Computer Hook-up fees)</td> <td></td> <td></td> <td>3,280</td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td>528</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td>11,876</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> <td></td> <td>48,460</td> </tr> </tbody> </table>		Type of Expenditure	1	2	3	Salary		29,360		Benefits		3,416	Premium Pay			Other			Total Personal Services			32,776	Travel				Contractual (Computer Hook-up fees)			3,280	Commodities			528	Equipment			11,876	Other				Total Cost			48,460	<p>Justification The two nonpermanent Accounting Clerk III positions will handle the additional accounting duties related to a Retirement Incentive Program (RIP) as follows: member file research; file maintenance, including entering indebtedness, history, and retirement segments into the appropriate system; verification of system output; any adjusting vouchers that are necessary in AKSAS; assisting with the deposits and coding of member indebtedness payments and employer RIP payments; assisting with the member account information that is needed in completing tax excludable statements for the Retirement Section; and any follow through that becomes necessary.</p> <p>The equipment needs are as follows:</p> <table style="margin-left: 40px;"> <tr> <td>2 personal computers</td> <td style="text-align: right;">\$10,000</td> </tr> <tr> <td>2 microfiche viewers</td> <td style="text-align: right;">1,600</td> </tr> <tr> <td>2 calculators</td> <td style="text-align: right;">276</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$11,876</td> </tr> </table> <p>Please refer to page 3 for justification.</p>		2 personal computers	\$10,000	2 microfiche viewers	1,600	2 calculators	276		\$11,876
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4/6K2/012301-9/182

**Request For
New Position**

Agency Administration
 ORU Retirement and Benefits
 Component Retirement and Benefits

FY 90

Page 6 of 9
Revised Date _____

Position Title Clerk II		No. of Positions	Range/Step 7A	Org. Unit GGU																																																												
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA		Election District 4																																																												
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4/6K2/012301-9/384

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 7 of 9
 Revised Date _____

FY 90

Position Title Retirement and Benefits Technician		No. of Positions 8	Range/Step 12A	Org. Unit GGU
Type Status FT Nonpermanent	Staff Months 12.0 each = 96.0	Location AWA		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	138,912			
Benefits	23,136			
Premium Pay				
Other				
Total Personal Services		222,048		
Travel				
Contractual (Computer Hook-up fees)		13,120		
Commodities		1,584		
Equipment		45,904		
Other				
Total Cost		282,656		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	169,594		
	TRS 1034	113,062		

Justification
During the almost two years of managing the first RIP, PERS retirements increased 109%, TRS retirements increased by 151%, projections increased by 235%, correspondence increased by 126%, telephone calls increased by 134% and office visits increased by 147%.

The additional technical staff will be needed to assist our current staff research member files, prepare projections and retirements, add service that members are eligible to purchase and respond to the many inquiries that we will receive during the concentrated window period of the program.

Equipment needs are as follows:

8 personal computers	\$40,000
6 microfiche viewers	4,800
8 calculators	1,104
	<u>\$45,904</u>

Please refer to page 3 for detailed justification.

4/6K2/012301-9/5&6

Request For
New Position

Agency Administration
ORU Retirement and Benefits
Component Retirement and Benefits.

Page 8 of 9
Revised Date

FY 90

Position Title		Retirement and Benefits Specialist I		No. of Positions	1	Range/Step	13A	Org. Unit	GGU
Time Status		Staff Months		Location		Election District			
FT Nonpermanent		12.0		AMA		4			
Type of Expenditure				Amount		Justification During the almost two years of managing the first RIP, PERS retirements increased 109%, TRS retirements increased by 151%, projections increased by 235%, correspondence increased by 126%, telephone calls increased by 134% and office visits increased by 147%. The Retirement Specialist will train and direct the daily activities of the eight additional retirement technicians. They will also be responsible for maintaining a listing of all employees who elect to participate in the RIP and a listing of all employees who are eligible to retire under the RIP. They will also be required to prepare data necessary to calculate actual cost billing information to participating employers. Equipment needs are as follows: 1 personal computer \$5,000 1 calculator 138 <u>35,138</u> Please refer to page 3 for detailed equipment justification.			
1		2		3					
Salary		26,460							
Benefits		3,078							
Premium Pay									
Other									
Total Personal Services				29,538					
Travel									
Contractual (Computer Hook-up fees)				1,640					
Commodities				732					
Equipment				5,138					
Other									
Total Cost				37,048					
Funding Source for Total Cost									
Federal Receipts		1002							
G F Match		1003							
General Fund		1004							
GF Program Receipts		1005							
Other		PERS 1009		22,229					
		TRS 1034		14,819					

4/6K2/012301-9/788

**Request For
New Position**

Agency Administration

ORU Retirement and Benefits

Component Retirement and Benefits

FY 90

Page 9 of 9

Revised Date

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to RIP
In PERS and TRS. BRU: Finance
 Sponsor: Duncan and Kerttula Components: Retirement and Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	46.9	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	46.9	0	0	0	0

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

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	46.9	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	2	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Keith Busch, Director *Keith Busch* Phone: 465-2246
 Division: Finance Date: 3/24/89

Approved by Commissioner: John M. Andrews *[Signature]* Date: 3/24/89
 Agency: Department of Administration

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

RECEIVED

MAR 28 1989

Page 1 of 2

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS SB 73 (HESS)

On July 1, 1989, there will be 3,400 State employees eligible for early retirement under this bill. The Division of Finance is responsible for the verification of employment history and the processing of termination pay. Based upon our experience in 1986 and 1987, we anticipate that there could be 1,400 employees participating in the program. We estimate the increased costs to process these employees to be:

Data processing support	\$ 9.0
Two part-time Accounting Technicians I for six months	<u>37.9</u>
Total Cost	\$46.9

All administrative cost for this program will be paid in advance by the participating employer as required by Section 2, page 2, line 27.

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

701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

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

STEVE COWPER, GOVERNOR

March 1, 1989

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

Dear Senator Duncan:

Re: Senate Bill 73

The additional information requested in your letter of February 21, 1989 is enclosed. We have updated a copy of Table 1 from the Retirement Incentive Program status report dated January 15, 1988. A current status report on our 1988 RIP survey is also enclosed.

You have also requested the number of active Public Employees' (PERS) and Teachers' Retirement System (TRS) members who, by age and length of service, would be eligible under SB 73. The total number of eligible employees are: State of Alaska PERS, 2,292; all TRS, 2,259; and political subdivision PERS, 2,420.

The actual number of eligible PERS employees may be somewhat less than stated due to terminations and retirements of employees during FY 89. Since most teachers terminate at the end of the school year, TRS projections should be accurate. However, many employees may delay a decision to terminate employment or retire pending the outcome of SB 73.

I hope that this provides you with the information you were seeking. Please don't hesitate to contact us if we can provide you with any additional information on the RIP.

Sincerely,


Robert F. Stalnaker
Deputy Director

RFS/cam/l
Enclosures
cc: Dean Gottehrer
Special Assistant to the Commissioner

Sally Smith, Director
Division of Retirement and Benefits

RETIREMENT INCENTIVE PROGRAM
STATUS REPORT
February 27, 1989

Employer	Eligible By Age/Svc	Designated By Empl.	Retired
Governor's Office	30	5	5
Administration	229	174	101
Law	41	18	11
Revenue	55	29	23
Education - PERS	72	71	28
Education - TRS	38	36	19
Health & Social Svc.	335	304	150
Labor	147	138	54
Commerce	88	55	28
Military Affairs	29	6	4
Natural Resources	160	139	65
Fish & Game	160	143	78
Public Safety	193	182	101
Environmental Consv.	36	34	12
Corrections	154	139	38
Comm. & Regional Aff.	21	18	7
Transportation	854	809	355
Ombudsman	1	0	0
Legislative Affairs	53	20	13
Legislative Finance	2	0	0
Legislative Audit	5	3	3
Court System	98	0	0
Total State PERS	2762	2287	1076
Total State TRS	38	36	19
University of Ak - PERS	325	319	107
University of Ak - TRS	372	349	95
Geophysical Inst - PERS	27	27	7
Geophysical Inst - TRS	38	35	8
Total University - PERS	352	346	114
Total University - TRS	410	384	103
Total Poly - Subs PERS	2661	1272	412
Total Schl Dists TRS	1773	1668	603
Grand Total PERS	5775	3905	1602
Grand Total TRS	2221	2088	725
Overall Total	7996	5993	2327

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 March 14, 1989

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	300.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	10	2,854.7	1,904.9	279.3	670.5
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
Bristol Bay School District	1	1	273.8	186.7	50.3	36.8
Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,643.0	5,600.5	727.0	1,315.5
Dillingham City Schools	6	2	1,231.7	180.0	277.8	773.9
Craig City School District	1	1	277.2	210.1	21.8	45.2

RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 PAGE 2

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Juneau School District	42	40	3,750.0	1,449.0	1,010.6	1,290.4
Lake and Penin. School District	2	2	675.0	600.0	53.6	21.4
Kenai Pen. School District	67	67	16,285.6	11,767.7	1,586.3	2,931.6
Southwest Regional School	4	4	666.5	527.7	91.0	47.8
Anchorage School District	373	368	81,249.1	59,225.1	8,580.7	13,473.2
Kenai City School District	7	7	1,611.1	1,209.2	173.7	228.2
Northwest Arct Bor Sch Dist	31	30	5,562.6	4,046.3	763.2	753.0
TOTAL SAVINGS						31,182.5

RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 PAGE 3

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
City of Wrangell	1	0	220.0	0.0	33.5	186.5
City of Palmer	4	3	1,024.1	715.3	101.0	207.8
City of Soldotna	2	1	482.8	212.7	47.8	222.3
City of Ketchikan	11	8	4,093.0	2,358.6	519.5	1,214.9
Kenai Peninsula Borough	14	7	3,234.0	2,270.4	324.2	639.4
City/Borough Juneau	13	9	3,574.1	2,134.8	298.9	1,140.4
City of Valdez	7	4	2,676.3	1,241.1	289.6	1,145.5
TOTAL SAVINGS						4,756.8
University PERS	113	76	26,052.1	15,308.0	2,455.3	8,288.8
University TRS	103	70	39,972.6	22,792.7	3,163.3	14,016.6
TOTAL SAVINGS						22,305.4

A REPORT ON THE
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM

May 16, 1986 - October 1, 1987

Audit Control Number

02-1327-89-S

Commissioner, Department of
Administration

John M. Andrews

Deputy Commissioners, Department
of Administration

Charles E. Taylor
James J. Fox

STATE OF ALASKA

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
PO. BOX W
JUNEAU, ALASKA 99811-3300

February 8, 1989

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

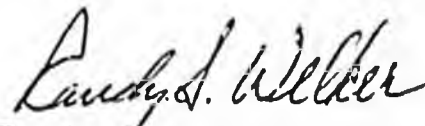
A REPORT ON THE
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM

May 16, 1986 - October 1, 1987

Audit Control Number

02-1327-89-S

As stated in the Report Objectives, Scope, and Methodology Section, the Audit primarily involved determining the estimated cost savings to the State of Alaska as a result of state employees enrolled in the Public Employees' Retirement System and participating in the Retirement Incentive Program as enacted by Chapter 26, SLA 1986. This audit was conducted in accordance with generally accepted governmental performance auditing standards.



Randy S. Welker, CPA
Legislative Auditor
Division of Legislative Audit

TABLE OF CONTENTS

	<u>Page</u>
Report Objectives, Scope, and Methodology	1
Organization and Function	5
Auditor's Conclusion.	7
Schedule of RIP Cost Savings/(Loss)	9

REPORT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the provisions of Title 24 of the Alaska Statutes, a review was conducted to determine the estimated cost savings resulting from State of Alaska employees participating in the Retirement Incentive Program (RIP). The objectives, scope, and methodology of our review were as follows:

Objectives

Chapter 26, SLA 1986 created a retirement incentive program for members of the Public Employees' Retirement System and Teachers' Retirement System. The stated purpose of this legislation, effective May 16, 1986 was:

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

The objective of our review was to determine the amount of cost savings as a result of state employees participating in RIP. The scope of our review and methodology used to meet this objective follows.

Scope and Methodology

All executive branch employees (excluding the University of Alaska) enrolled in the Public Employees' Retirement System, participating in RIP between May 16, 1986 to October 1, 1987, and having position control numbers (PCNs) were reviewed.

In order to calculate the estimated cost savings in personal service costs as a result of employees participating in RIP, we obtained a listing of retirees from the Department of Administration, Division of Retirement and Benefits. The listing, dated November 9, 1987 provided us with the retiring employee's name, social security number, and employer's RIP cost by department.

A computer match of social security numbers with the State's payroll history file was done in order to identify the PCN from which the employee retired. The match also provided us with the monthly salary or hourly rate the employee was paid. To derive an annual salary, monthly employees' salaries were multiplied by 12 months, if budgeted for 12 months, and hourly employees' salaries were multiplied by 1,950 hours, if budgeted for 12 months. The match of social security number to PCN showed that some employees did not have a PCN such as retirees from the Permanent Fund Corporation and marine employees. These were excluded from our analysis.

The new listing of PCNs generated above was matched with the State's payroll history file for the period August 1988 through December 1988. If a match occurred, we determined the annual salary of the current occupant based on the monthly/hourly rate. In addition, we matched the PCN with the FY 89 PACS (Position Accounting Control System) file that is maintained by the Office of the Governor, Office of Management and Budget. This match provided us with the number of months a position was budgeted.

In order to show a more accurate comparison of annual salary savings, we adjusted the annual salary for the retired employee and the current employee if the number of months budgeted was less than twelve. The salary of employees retiring from PCNs that remain vacant or was unbudgeted in the FY 89 PACS file is considered as a savings because there are no current costs associated with the vacated PCN. Furthermore, our review did not indicate that employees retired from positions currently vacant had been replaced with a new position which is currently filled.

Next, we compared the retired employees' salaries to the current occupants' salaries by position to determine if the participation in RIP resulted in a "savings" or "loss." "Savings" is defined as the current occupant's salary being less than the retired employee's salary. "Loss" is defined as the current occupant's salary being greater than the retired employee's salary.

In the final analysis, total savings/loss by department was multiplied by three years because the State had three years to pay for the employer's share of the RIP cost, although the benefit could affect more than three years. The employer's net cost of RIP by department which excludes the cost for positions not included in the comparison was compared with the department's three-year savings/loss in order to arrive at a net savings/loss.

Limitations

In addition to the methodology used to determine the cost savings of the RIP program, the following are some limitations we identified.

1. Our computation of savings only shows the savings in the position that retired. It doesn't take into account the savings from other positions affected within the State if the position was filled by another state employee.
2. Some positions were reclassified after the employee was retired. Consequently, the cost savings/loss comparison may be skewed for these positions.
3. Our comparison excludes employees in which the PCN had more than one employee participate in RIP. In those instances, only the first employee to participate in RIP and the current occupant were presented on the schedule.
4. The calculation of savings/loss was only determined for annual salaries; employee benefits are not included. In addition, the effect of employee merit increases during the year was excluded.
5. The net cost of RIP represents the employer's cost excluding administrative charges for those positions we analyzed.
6. Some executive branch employees took mandatory and voluntary pay cuts prior to retiring while the current occupant's salary in that position reflects the reinstated salary. We did not adjust our schedule for these differences.

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ORGANIZATION AND FUNCTION

Chapter 26, SLA 1986 became effective on May 16, 1986 and created a retirement incentive program for members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). The program provided for vested members of each retirement system, who were eligible to retire within three years, a credit of three years. The aim of the program was to reduce personal service costs and to minimize the number of involuntary layoffs.

The Office of the Governor, Office of Management and Budget (OMB), Division of Budget Review issued detailed guidelines on June 11, 1986 to state agencies to follow in implementing the Retirement Incentive Program (RIP). Employees wishing to participate in the program had to meet three requirement levels in order to qualify for RIP.

1. Personal Eligibility - Basic requirements of age, length of service, and status with regard to PERS or TRS had to be met.
2. Designated Organizational Units - The individual had to be employed in a position falling within an agency as signed job classification, and authorized in and paid from a designated organizational unit. Savings then had to be shown to occur within job classifications within designated organizational units before any individual could retire under the program. Agencies were given complete freedom to select job classifications and organization units of the greatest or least detail.
3. Certification of Savings - Agencies were required to forward evidence of cost savings to OMB based on the job classifications and organizational units participating in RIP. Once OMB certified the savings, funds could be encumbered to pay for the cost of RIP.

In calculating the savings, OMB required agencies to include all those individuals meeting personal eligibility requirements and who wished to participate in the program. Within a job classification and designated organizational unit either all those individuals have been able to participate or none could. In other words, an organizational unit could not be designated unless all those who met basic requirements and wanted to participate were included in the calculation of savings.

Savings could be achieved in one of four ways. A position held by a person retiring under the program could be filled by someone at a lower step or range within its existing job class; the position could be reclassified downward; or the position could be held vacant. In addition, agencies could consider a savings for a position held vacant even though it was not last filled by someone retiring under the program.

Because payment of the participant costs to the Division of Retirement and Benefits must have been made within three years of the end of the fiscal year in which he or she retired, agencies could calculate savings stemming from lower range, lower step, and vacancy over four full years rather than three, beginning with the fiscal year in which the retirement took place. According to OMB, the generous rounding was due to the fact that the State would benefit financially long after the three year payment period ended.

AUDITOR'S CONCLUSIONS

Comparing the salaries of employees participating in the Retirement Incentive Program (RIP) with the salaries of replacement employees and positions remaining vacant shows the State benefited in a reduction of personal service costs. Taking into consideration the employer's cost to credit the retired employees with three years of service produces an estimated net savings of \$14,449,000 over three years. (See Schedule of RIP Cost Savings/(Loss) on page 9 of this report.)

Except for the Department of Corrections and the Department of Community and Regional Affairs, all executive branch agencies we reviewed showed a net savings to the State. For the most part this exception was due to OMB allowing agencies to calculate their savings over a four-year time period whereas our calculations were based over a three-year period. (See Report Objectives, Scope, and Methodology section of this report.) In addition, provisions were made by OMB that agencies could demonstrate savings by keeping open a vacated position even though the employee did not retire through the RIP program. We did not identify these positions or follow that methodology for calculating savings.

Net cost savings by state agency were mainly generated by the replacement of employees whose salary was based on longevity with employees paid at lower rates, the reclassification of positions to lower pay ranges, and leaving positions vacant. Positions employees retired from and currently occupied by an employee resulted in lower annual salaries for all agencies, except for the Office of the Governor. Current salaries in the Governor's Office were greater by \$1,000 in those positions where employees retired. We believe this variance is due to the retiring employee's salary reflecting a 10 percent pay cut while the current occupant's salary is after the pay cuts were restored.

Review of some individual significant variances in pay between the retired employee's salary and the current employee's salary indicated the variances were mainly caused by position reclassifications. We did not determine the justification for these position reclassifications.

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STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF RIP COST SAVINGS/(LOSS)
May 16, 1986 to October 1, 1987

Description	Number of Positions	Salary of RIP Retiree	Current Occupant's Salary of Position Vacated	Difference - Savings (Loss)	Savings (Loss) Over Three-Year Period	Net Cost of RIP	Three-Year Net RIP Savings (Loss)
<u>Office of the Governor</u>							
Positions Matched with FY 89 Payroll File	3	\$ 121,368	\$ 122,412	\$ (1,044)	\$	\$	\$
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	2	83,568	-0-	83,568			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>2</u>	<u>83,568</u>	<u>-0-</u>	<u>83,568</u>			
<u>Total Office of the Governor</u>	<u>5</u>	<u>204,936</u>	<u>122,412</u>	<u>82,524</u>	<u>247,572</u>	<u>106,746</u>	<u>140,826</u>
<u>Department of Administration</u>							
Positions Matched with FY 89 Payroll File	78	2,757,338	2,426,751	330,587			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	17	757,569	-0-	757,569			
Budgeted in PACS File but Currently Unfilled	3	63,028	-0-	63,028			
Budgeted in PACS File with Zero Months Budgeted	1	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>21</u>	<u>820,597</u>	<u>-0-</u>	<u>820,597</u>			
<u>Total Department of Administration</u>	<u>99</u>	<u>3,577,935</u>	<u>2,426,751</u>	<u>1,151,184</u>	<u>3,453,552</u>	<u>2,206,937</u>	<u>1,246,615</u>
<u>Department of Law</u>							
Positions Matched with FY 89 Payroll File	9	359,364	367,508	(8,144)			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	2	109,226	-0-	109,226			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>2</u>	<u>109,226</u>	<u>-0-</u>	<u>109,226</u>			
<u>Total Department of Law</u>	<u>11</u>	<u>468,590</u>	<u>367,508</u>	<u>101,082</u>	<u>163,240</u>	<u>277,016</u>	<u>84,224</u>
<u>Department of Revenue</u>							
Positions Matched with FY 89 Payroll File	14	506,180	438,506	67,674			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	2	84,168	-0-	84,168			
Budgeted in PACS File but Currently Unfilled	5	167,648	-0-	167,648			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>7</u>	<u>251,816</u>	<u>-0-</u>	<u>251,816</u>			
<u>Total Department of Revenue</u>	<u>21</u>	<u>758,096</u>	<u>438,506</u>	<u>319,590</u>	<u>992,676</u>	<u>431,615</u>	<u>601,061</u>
<u>Department of Education</u>							
Positions Matched with FY 89 Payroll File	16	716,406	597,860	118,546			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	12	382,971	-0-	382,971			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>12</u>	<u>382,971</u>	<u>-0-</u>	<u>382,971</u>			
<u>Total Department of Education</u>	<u>28</u>	<u>1,099,375</u>	<u>597,860</u>	<u>501,515</u>	<u>1,320,143</u>	<u>530,184</u>	<u>781,941</u>
<u>Department of Health and Social Services</u>							
Positions Matched with FY 89 Payroll File	133	5,153,440	4,693,323	460,117			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	9	377,956	-0-	377,956			
Budgeted in PACS File but Currently Unfilled	8	316,080	-0-	316,080			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>17</u>	<u>694,036</u>	<u>-0-</u>	<u>694,036</u>			
<u>Total Department of Health and Social Services</u>	<u>150</u>	<u>5,847,476</u>	<u>4,693,323</u>	<u>1,154,153</u>	<u>4,057,131</u>	<u>3,100,795</u>	<u>816,336</u>

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF RIP COST SAVINGS/(LOSS)
May 16, 1986 to October 1, 1987

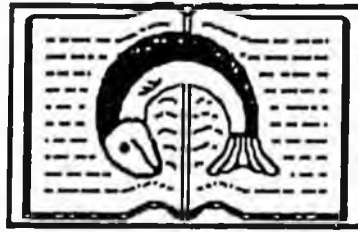
Description	Number of Positions	Salary of RIP Retiree	Current Occupant's Salary of Position Vacated	Difference - Savings (Loss)	Savings (Loss) Over Three-Year Period	Net Cost of RIP	Three-Year Net RIP Savings (Loss)
Department of Labor							
Positions Matched with FY 89 Payroll File	47	\$ 1,771,523	\$1,597,985	\$ 173,538	\$	\$	\$
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	2	66,678	-0-	66,678			
Budgeted in PACS File but Currently Unfilled	9	326,116	-0-	326,116			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	11	392,794	-0-	392,794			
Total Department of Labor	58	2,164,317	1,597,985	566,332	1,608,996	1,116,175	582,821
Department of Commerce and Economic Development							
Positions Matched with FY 89 Payroll File	19	851,652	726,308	127,344			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	9	410,784	-0-	410,784			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	9	410,784	-0-	410,784			
Total Department of Commerce and Economic Development	28	1,262,436	726,308	538,128	1,614,384	646,136	968,248
Department of Military and Veterans' Affairs							
Positions Matched with FY 89 Payroll File	3	176,016	162,372	13,644			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	1	77,268	-0-	77,268			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	1	77,268	-0-	77,268			
Total Department of Military and Veterans' Affairs	4	253,284	162,372	90,912	272,736	730,541	42,195
Department of Natural Resources							
Positions Matched with FY 89 Payroll File	37	1,338,597	1,241,732	96,865			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	20	908,676	-0-	908,676			
Budgeted in PACS File but Currently Unfilled	7	222,802	-0-	222,802			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	27	1,131,478	-0-	1,131,478			
Total Department of Natural Resources	64	2,470,075	1,241,732	1,228,343	3,685,029	1,400,476	2,284,553
Department of Fish and Game							
Positions Matched with FY 89 Payroll File	47	2,107,741	1,780,873	326,868			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	16	710,933	-0-	710,933			
Budgeted in PACS File but Currently Unfilled	12	505,591	-0-	505,591			
Budgeted in PACS File with Zero Months Budgeted	4	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	30	1,216,524	-0-	1,216,524			
Total Department of Fish and Game	77	3,324,265	1,780,873	1,543,392	4,430,236	2,486,220	1,944,016
Department of Public Safety							
Positions Matched with FY 89 Payroll File	84	3,022,535	2,745,096	277,439			
Positions Not Matched with FY 89 Payroll File:							
Not Budgeted in FY 89 PACS File	26	1,807,508	-0-	1,807,508			
Budgeted in PACS File but Currently Unfilled	3	126,637	-0-	126,637			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
Total Positions Not Matched with FY 89 Payroll File	29	1,934,145	-0-	1,934,145			
Total Department of Public Safety	113	4,956,680	2,745,096	2,211,584	6,610,127	4,209,418	2,408,709

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT INCENTIVE PROGRAM (RIP)
SCHEDULE OF RIP COST SAVINGS/(LOSS)
May 15, 1986 to October 1, 1987

Description	Number of Positions	Salary of PIP Retiree	Current Occupant's Salary of Position Vacated	Difference - Savings (Loss)	Savings (Loss) Over Three-Year Period	Net Cost of RIP	Three-Year Net RIP Savings (Loss)
<u>Department of Environmental Conservation</u>							
Positions Matched with FY 89 Payroll File	10	\$ 435,636	\$ 381,884	\$ 53,752	\$	\$	\$
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	1	38,712	-0-	38,712			
Budgeted in PACS File but Currently Unfilled	1	43,248	-0-	43,248			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>2</u>	<u>81,960</u>	<u>-0-</u>	<u>81,960</u>			
<u>Total Department of Environmental Conservation</u>	<u>12</u>	<u>517,596</u>	<u>381,884</u>	<u>135,712</u>	<u>407,136</u>	<u>261,087</u>	<u>166,049</u>
<u>Department of Corrections</u>							
Positions Matched with FY 89 Payroll File	36	1,482,921	1,292,028	190,893			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	1	45,744	-0-	45,744			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>1</u>	<u>45,744</u>	<u>-0-</u>	<u>45,744</u>			
<u>Total Department of Corrections</u>	<u>37</u>	<u>1,528,665</u>	<u>1,292,028</u>	<u>236,637</u>	<u>709,911</u>	<u>988,194</u>	<u>(278,283)</u>
<u>Department of Community and Regional Affairs</u>							
Positions Matched with FY 89 Payroll File	6	287,112	269,256	17,856			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	1	37,356	-0-	37,356			
Budgeted in PACS File but Currently Unfilled	0	-0-	-0-	-0-			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>1</u>	<u>37,356</u>	<u>-0-</u>	<u>37,356</u>			
<u>Total Department of Community and Regional Affairs</u>	<u>7</u>	<u>324,468</u>	<u>269,256</u>	<u>55,212</u>	<u>165,636</u>	<u>174,106</u>	<u>(8,470)</u>
<u>Department of Transportation and Public Facilities</u>							
Positions Matched with FY 89 Payroll File	214	9,061,536	8,230,545	830,991			
<u>Positions Not Matched with FY 89 Payroll File:</u>							
Not Budgeted in FY 89 PACS File	31	1,484,571	-0-	1,484,571			
Budgeted in PACS File but Currently Unfilled	35	1,516,269	-0-	1,516,269			
Budgeted in PACS File with Zero Months Budgeted	0	-0-	-0-	-0-			
<u>Total Positions Not Matched with FY 89 Payroll File</u>	<u>66</u>	<u>3,000,840</u>	<u>-0-</u>	<u>3,000,840</u>			
<u>Total Department of Transportation and Public Facilities</u>	<u>280</u>	<u>12,062,376</u>	<u>8,230,545</u>	<u>3,831,831</u>	<u>11,495,493</u>	<u>8,926,609</u>	<u>2,570,884</u>
<u>Total RIP Program</u>	<u>977</u>	<u>540,791,222</u>	<u>526,842,437</u>	<u>133,948,785</u>	<u>541,837,795</u>	<u>527,394,275</u>	<u>516,443,520</u>

See the Report Objectives, Scope, and Methodology section of this report for the methodology used to prepare this schedule and the limitations of this schedule.

(Intentionally left blank)



Lower
Kuskokwim
School
District

EEK SCHOOLS

'J' M. Gilman, Principal
P. O. Box 050 Eek, Alaska 99578
(907) 536-5229

Representative Ellis
Alaska State Legislature
Box V
Juneau, AK. 99811

Dear Representative Ellis:

The purpose of this letter is to ask your support for SB #73. In addition, support for adding an amendment to SB #73 which would add a "Window" for 1989 as well as the window 1990. There are many of us here in the field who would take advantage of such an opportunity. In short we would appreciate having the opportunity to retire at the end of this school year. We believe the additional opportunity would increase savings to both the School Districts and State.

Your support and consideration is appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. M. Gilman".

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 5, 1989

FURTHER REFERRALS: HESS
FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee considered: CSSB 73 (FIN) am

CS FOR SENATE BILL NO. 73 (Finance) am

[RETIREMENT INCENTIVE PROGRAM/PERS & TRS]

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

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [X] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: Senate letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [X] Senate fiscal note(s) DIA(a+h) 3/31/89
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

Sam Munnick

John J. ...

Ed ...

Gileen P. McLean

SIGNING:
(check approp. column)

	Do Not Pass	No Rec	Amend
<i>Walter Dooly</i>		X	
<i>Allyce ...</i>		X	

Walter Dooly
Chairman's Signature

CARTA

Item 7

Central Alaska Retired Teachers Association

Advocate for Retired and Pre-Retired Educators

PO Box 11-2927
Anchorage, AK 99511
Phone: 345-1698
March 28, 1989

Representative "Red" Boucher, Chairman
House State Affairs Committee
PO Box V
Juneau, AK 99811

Dear Representative Boucher:

The members of the Central Alaska Retired Teachers Association (CARTA) are very much concerned about the proposal to continue indefinitely the early retirement incentive program for Alaska's teachers as well as for other State employees as presented in SB 73 and HB 77 currently before the Legislature.

Because of this concern, at their regular March meeting, members approved the resolution printed on page four of the attached CARTA Newsletter.


In addition to the reasons stated in the resolution, CARTA members believe that two other legislative proposals should receive approval, proposals that seem to be on a collision course with SB 73 and HB 77 because of cost. Both bills listed below should be approved first.

SB 53 provides an automatic cost-of-living adjustment for retired teachers, a benefit already enjoyed by other retired State employees. It has been suggested that this is too expensive for the Teachers Retirement System fund to bear, and one reason given is the escalating cost of health insurance--especially for early retirees and their families.

SB 13 provides for reimbursing teacher and public employee retirees for Medicare Part B premiums and is important because current practice discriminates against older retirees by requiring them to begin to pay for part of their health insurance when they become 65, although the retirement funds pay in full for younger retirees and their families.

Please give these matters your careful consideration. I would appreciate having a response from you that I can share with CARTA members.

Sincerely,



Marilyn S. Scott, Ed.D., President

RECEIVED

APR 07 1989



Central Alaska Retired Teachers Association

VOLUME III, Number 3

March 1989

MEDICARE CATASTROPHIC COVERAGE ACT OF 1988 IS VIEWED BY MANY RETIREES TO BE CATASTROPHIC FOR THEM

At recent CARTA general meetings as well as meetings of its executive board and legislative committee, the surtax on incomes of seniors 65 and older to pay for the additional health insurance coverage provided in the Medicare Catastrophic Coverage Act of 1988 has been a major issue. The assumption of the legislation is that only senior citizens benefit; therefore, only senior citizens should bear the cost.

Medicare-eligible persons approaching 65 or older need to be aware that this Act provides for a surtax on their income tax, calling for an additional payment of \$22.50 for each \$150 of federal income tax liability, with a ceiling of \$800 per person (\$1600 per couple) for 1989. That amount will increase annually up to \$42 per \$150 of income tax with a ceiling of \$1050 per person (\$2100 per couple) in 1993, and may increase further in future years. Generally speaking, a taxable income of \$25,000 for an individual or \$50,000 for a couple will generate nearly the full amount of surtax.

The Kiplinger Washington Letter of March 17, 1989, a business-focused newsletter, advises: "New Medicare tax needn't be paid in advance on '89 estimated tax or by income withholding. Medicare recipients can owe up to \$800 each. IRS won't charge penalties for this first year, but will in later years. An exception: Taxpayers won't have to prepay for the year they turn 65. The new tax is not a deductible medical expense, unlike genuine premiums."

Exploration of the problem has identified two issues of particular concern to retired educators.

First, the Medicare Catastrophic Act of 1988 provides little improvement over the health insurance coverage already provided to Alaska's retired teachers through the Teachers Retirement System. It generally duplicates the Medicare supplementary coverage under Aetna.

Second, the method of determining the surtax is unfair to retired teachers, who receive minimal Social Security benefits. State of Alaska teacher retirement benefits are fully taxable for federal income tax purposes whereas only 50 % of Social Security benefits are taxable. Since the Medicare surtax is based on federal income tax paid,

retired teachers' taxable income appears to be much higher than it really is in relation to persons depending primarily on Social Security, and their surtax may be correspondingly higher.

The net result is that Alaska's retired teachers who are 65 or older will be receiving little if any additional benefit from the Medicare Catastrophic Coverage Act, but may be paying more Medicare surtax than Social Security retirees with the same dollar income.

The provisions of the Act itself are coming under increased scrutiny. There is real concern that it is not in the best interests of Medicare recipients in general. It is estimated that only about 3% of seniors will benefit from the unlimited hospital care, and there is no provision for real long term care which is the chief concern of most older Americans. It is possible that the entire Act will need to be reworked.

(See related stories on page 2.)

MEETING SCHEDULE

Apr 8 Health insurance

May 13 Scholarship winners!

Sept 9 Program TBA

SENATOR STEVENS PROVIDES MEDICARE COST INFORMATION

At the request of the CARTA Legislative Committee, your president wrote to Senators Stevens and Murkowski and Congressman Young last December on behalf of retired teachers. Responses varied and were not particularly encouraging. However, Senator Stevens enclosed with his letter an Issue Brief: "Catastrophic Health Insurance: Medicare" produced by the Congressional Research Service.

It includes "Adjustment for Persons with Governmental Annuities" and appears to allow us to reduce taxable income to equate with Social Security beneficiaries for computing the Medicare surtax only. This has not been included in other information available, and your president has written again to Stevens asking verification.

There is also reference to duplicated health insurance for federal retirees, but no direct reference to teacher retirees' duplication of insurance. Many unanswered questions still remain.

AUCTION PROVES TO BE HIGHLY SUCCESSFUL EVENT

Under the expert guidance of Ways and Means chair Eleanor Roney, the February white elephant auction produced \$378.15 to benefit the CARTA treasury and the scholarship grant fund.

Connie Rudd, our professional guest auctioneer, added much to the fun. He knew how to get the last nickel out of bidders and make them love it!

"DOOR PRIZES" are now awarded at every meeting. Contribute a dollar and the winner splits the pot with CARTA.

APRIL 8 MEETING TO DEAL WITH ASPECTS OF HEALTH INSURANCE

Many questions have surfaced in recent months about retiree health coverage, especially since rates have changed for Audio-Dental-Visual and Long Term Care. Some are concerned about precisely what Long Term Care insurance really covers. There is also concern about the cost of health insurance to our retirement fund and its effect on an automatic PRPA. Those who have

reached age 65 wonder why they now must pay for part of their health insurance (Medicare, Part B). Hopefully, these questions will be dealt with at our April 8 meeting. Paul Røller of the Alaska Division of Insurance, from Juneau, has agreed to be our speaker, and we also expect to have an Aetna representative with us.

A good turnout is needed. Come and bring your spouse or a retiree friend. Anyone who has not been called by Wednesday, April 5, should phone Pauline Thomas at 561-3123 to make reservations. Or

come anyway. There always seems to be plenty.

BRING RECYCLABLES IN APRIL

Help CARTA and the environment. Bring your recyclable newspapers, glass and aluminum cans to the April 8 CARTA meeting. Ted and Marilyn Scott will have their pickup ready to gather them up and take them to the recycling center.

Leah A. Peterson and Gordon and Mary Guffey brought contributions in February. The next Newsletter will list the full recycling honor roll.

PAPERBACKS for resale are also needed. Bring those you've been reading this winter and pick up a fresh supply.

ASRTA SPEAKER URGES : WRITE TO CONGRESSMEN

Laurie Jensen, speaker at the March joint meeting of Carta and the State Association and a member of the AARP National Legislative Council, explained AARP support of the additional coverage in the Medicare Catastrophic Act, but emphasized that AARP had NOT supported the financing method adopted.

She said she had checked with the offices of our Congressional delegation and they were seemingly not aware of our problems. She said the time is NOW to voice our concerns and urge them to support corrections we deem important.

KEEPING IN TOUCH

PAULINE and GORDON BURKHER enjoyed a visit with Burl and sons this winter. They tried an elephant ride at the San Diego zoo, sampled Palm Springs, and shivered in San Francisco.

ADELHEID PAULS is recovering from surgery for a ruptured disc. She was looking well at the March ASRTA/CARTA meeting.

EDYTHE HASSEL had a week of bridge in Honolulu plus a week with her son Doug and wife and five grandsons at North Shore. She got caught in Seattle's snowstorm—says it was worse than Anchorage. She entered two pastels in the Fur Rondy Senior Juried Art Show. Her Canvas Ducks garnered a second place.

YVONNE FALON chaired the Anchorage Womans Club eleventh annual High School Juried Art Show held this year at Loussac Library.

BUCK and GENEYA SMITH made a 3-day trip to Reno (some luck, they say) and then to Sumner, Wash. They visited their daughter and family and watched a grandson in a wrestling match.

JOHN and NAOMI EVERITT spent Dec/Jan in Mississippi. John built fence and planted several acres of pine trees while Naomi involved relatives in sewing handcrafts, quilts, skirts, blazers, etc.

MARY and GORDON GUFFEY enjoyed this past Christmas by having daughter Adele with them.

JOE MONTGOMERY has been back shoveling snow after coping with a blood clot in his lung during the winter months.

MARI PARKER RICH and husband Paul spent Christmas in Anchorage. Mari enjoyed her grandchildren while Paul snowmobiled. They also visited the Everitts in Mississippi in November.

MAX and FLO LALANDE flew to Richmond, VA, on March 4 and picked up a YW camper for a 3-month motor trip. Flo will attend an Early Childhood Education conference in Richmond in April. They have reservations for the Kentucky Derby in May.

ELAINE and LEO HANTZ spent Christmas in Baumholder, Germany with their granddaughter and her family.

LEGISLATION NEEDS CARTA HELP

SB 53, to establish an Automatic Post-Retirement Pension Adjustment (PRPA) for teachers seems to be going nowhere. Too costly, they say. Write to or call Paul Fischer, Jim Duncan and Tim Kelly of the SENATE HESS Committee; also, Pat Pourchot, Jan Faiks and Jay Kerttula of SENATE State Affairs; and John Binkley, Rick Uehling, and Drue Pearce of SENATE Finance.

SB 13 provides for reimbursing teacher and other State retirees for the Medicare Part B premiums they must begin to pay at age 65 if they are to retain full medical insurance coverage. SENATE HESS, State Affairs and Finance are scheduled to review this bill also. Write to the same senators listed under SB 53 above and to Fred Zharoff who is a co-sponsor with Duncan and Kerttula.

SB 73 and HB 77 attempt to reimplement the early retirement incentive program. CARTA and ASRTA have taken the position that early retirement of teachers may jeopardize quality education

and, because of spiraling health insurance costs, the financial health of the Teachers Retirement System. SB 73 will be considered by SENATE State Affairs, HESS and Finance (See committee member names at left). Write also to "Red" Boucher, Dave Donley, Alyce Hanley and Jim Zawacki of HOUSE State Affairs; Ron Larson, C.E. Swackhammer, Fran Umer, Kay Brown, Ramona Barnes, Randy Phillips and Steve Rieger of HOUSE Finance; and Johnny Ellis, Max Gruenberg and Walt Furnace of HOUSE HESS.

SENATE Finance is now considering SB 5, the Longevity Bonus/Annuity Program bill introduced by Kerttula and vetoed last year by Governor Cowper. There are efforts under way to kill the Longevity Bonus. CARTA, AARP, the Pioneers and others support the Annuity bill as a viable alternative to the Bonus. Messages need to go to SENATE Finance members listed at left.

Write to all legislators at PO Box Y, Juneau, AK 99811, or through the Legislative Information Office.

ASRTA & CARTA APPROVE RESOLUTION ON EARLY RETIREMENT

At their separate business meetings Saturday, March 18, both the Alaska Retired Teachers Association (ASRTA) and the Central Alaska Retired Teachers Association (CARTA) passed the following resolution designed to discourage legislative approval of the "early retirement" bills now before the Legislature: SB 73 and HB 77.

WHEREAS: Early retirement poses a threat to the fiscal stability and integrity of the Teachers Retirement System inasmuch as all health costs come from the TRS fund and those costs continue to escalate at an alarming rate;

AND WHEREAS: Health care costs are extremely high for early retirees because of the extended period of time the member, spouse and dependents utilize medical services provided by TRS;

AND WHEREAS: The retirement system was set up for the career educator, but teachers in the prime of teaching experience are being lost to the profession, and indeed are being encouraged by the current TRS statutes to retire prematurely;

AND WHEREAS: There has been no study of the impact on student learning resulting from early retirement of those teachers most experienced in effective teaching;

AND WHEREAS: The early retirement incentive program appears to be a willful use of the Teachers Retirement System to solve the present budget problems of Alaska;

AND WHEREAS: Perpetuation of the early retirement incentive program would revamp the Teachers Retirement System to its detriment;

THEREFORE: Be it resolved that (this association) seek legislation requiring 25-year membership service in order to receive immediate benefits and that persons retiring with less than 25 years be required to attain the age of 55 before gaining eligibility for benefits.

This resolution is being forwarded to the Governor, Lt. Governor, and appropriate House and Senate committees considering the early retirement bills.

CARTA
c/o Leah A. Peterson
3307 Greenland Avenue
Anchorage, AK 99517

Bulk Rate
U.S. Postage
PAID
Anchorage, AK
Permit No. 335

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APR 02 1989

March 29, 1989

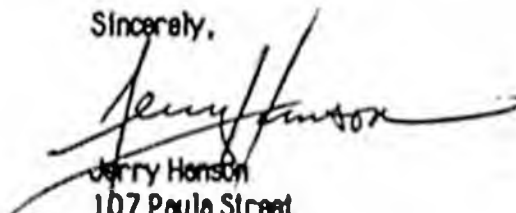
Representative H.A. "Red" Boucher
Box Y
Juneau, AK 98111

Dear Representative Boucher:

I would like to ask for your support of [redacted] retirement incentive program for teachers and other public employees and ask that you schedule it for hearing soon in your committee. This bill, I believe, is a win-win situation for everyone interested in public education. Eligible teachers retain the choice of continuing to teach or accepting the offer. School districts, where around 80% of the budget pays for employee costs, will hire younger and cheaper teachers. Many new jobs will open up for recent Alaskan graduates of teaching schools. Students lose experienced teachers but gain teachers with new enthusiasm and fresh ideas. The money saved with less expensive teachers can be used to fund programs currently scheduled for cuts due to declining revenues. The big negative is the loss of experienced teachers but I think a majority of teachers accepting this offer are teachers who would retire soon anyway.

I note that the House version of this bill opens a window for teachers in the spring of 1990. I would like to see this changed to at least match the latest senate version of this bill which opens a window from June 30, 1989 to December 31, 1989. It wouldn't be unreasonable to make this a 12 month window. Dale Sendahl, personnel director for the Kenai Peninsula School District, thought that there might be 60-70 additional vacancies to fill in this district alone if this program becomes law. With a wider open-period school districts across the state would have a smoother transition and less competition in finding the best replacements. Also it is becoming clear that the need for cutting expenses is now. Our school board has held an unusual number of public hearings this past month getting input into the impending school budget crises. My school district has indicated they might be forced to issue Reduction In Force notices to certified employees this year. When this was last done a [redacted] back, it created havoc.

Sincerely,


Jerry Hanson
107 Paula Street
Kenai, Alaska 99611

RECEIVED

APR 03 1989

April 6, 1989

The Honorable
State Affairs Committee
House of Representatives
Juneau, Alaska

Dear Mr. Boucher:

We urge you to support expeditious passage of Senate Bill 73.

Senate Bill 73 is fiscally responsible. A study of the results of the retirement incentive bill of 1984 showed substantial savings to the state of Alaska.

Senate Bill 73 provides an opportunity to create flexibility and pertinence in public school programs. The retirement of senior staff members allows responsive change in school staff skills and preferences. The result will be better education for the children of our state.

Thank you for your attention and for your support for Senate Bill 73.

NAME: PRINTED	SIGNATURE	ADDRESS
Livonia C Lovette	Livonia C Lovette	1710 Brink Dr. Anchorage, AK 99504
Larry Weatherwax	Larry Weatherwax	4025 Tree Circle Anchorage AK 99502
Robert E. Dolan, Jr.	Robert E. Dolan, Jr.	1821 Westview Cir, Anc. AK 99504
Randy A Anduser	Randy A Anduser	Box 110833 Anch. AK 99501
DORRIS BENSON	Dorris Benson	364 E. 23rd Anchorage 99506
MARILYN R. UPTON	Marilyn R. Upton	1518 TURPIN ST. ANCH., AK 99504
Tom Piper	Tom Piper	224 N. Bonanza St Palmer AK 99645
Darrell Peterson	Darrell Peterson	6937 Lowell Cr., Anc 99502
Phil Van Duff	Phil Van Duff	1311 Brinkwood Dr
DIANA M Bell	Diana M Bell	20410 Tucker Hill 99507
JANISCV DOLAN	Janis CV Dolan	1821 Westview Cir 99504
Elise Schmitt	Elise Schmitt	5615 Lusk St 99512
SHANNON M. HARBKE	Shannon M. Harbke	3641 Taiga Dr Anchorage 99516
Helen Olson	Helen Olson	2638 Kenmore Circle
CLAIRE THOMPSON SENTILE	Claire J Sentile	20133 EARLE RIVER RD. 99507 EIR, AK
JAMES N. BOWERS	James N. Bowers	99413 Reliance Rd 99507
CAROL J. ROSS	Carol J. Ross	3401 Richmond Circle Anch 99508
HAROLD NARAYAN	Harold Narayan	P.O. Box 111889 S Sta Anchorage AK 99511-1889
Christina Schmidt	Christina Schmidt	5901 Stehany Anch. AK 99512
CAROL	Carol Calhoun	1227 E 27 Anch 99508
Roberta S. F.	Roberta S. F.	3321 Muldoon Rd #29 Anch 99504
David J. Van Sant	David J. Van Sant	1460 Rivier Dr 99506
Jean Peterson	Jean Peterson	6937 Lowell Circle Anch 99502
Joyce Cunn	Joyce Cunn	2106 Roosevelt Dr, Anch 99501

**PUBLIC
EMPLOYEES**



DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS

2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wendell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99801



April 11, 1989

House State Affairs Committee
H.A. Boucher, Chairman
Eileen MacLean, Vice Chairman

Dear Representative,

Public Employees Local 71, LTC, is in support of SB-73, Retirement Incentive Program.

This legislation not only benefits state employees who wish to retire early but also benefits the state through cost-savings and in fact, is a cost-containment measure.

We urge your support of this legislation. Thank you.

Sincerely,

Don Rouleau, Business Representative
Local 71/Juneau

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024



Parham
ANCHORAGE
SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

SCHOOL BOARD

William Fritch
President

Bettye Davis
Vice President
Past President
1985-86

Carol Stolpe
Clerk

Darryl Jordan
Treasurer

Betty Bruckman

Jean Buchanan
Past President
1983-84, 1986-87

Sharon Richards

SUPERINTENDENT

William Coats, Ph.D.

March 17, 1989

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

Dear Senator Duncan:

Just a note to indicate that we have reviewed the changes in SB 73 prepared by the State Affairs Committee. We strongly support the change which provides to District employees the opportunity to act this year for appointment to retirement after July 1.

We believe there is cost justification for another Retirement Incentive Plan at the present time. Almost thirty (30) secondary teachers are listed as surplus at the present time and may be subject to lay off next fall if circumstances justifying their retention do not arise. Four Notices of Non-Retention were issued to tenured teachers this week, some of whom have more than five years of experience with us. Moreover, since almost one-third of District teachers are placed at the top of the current salary schedule, replacing those teachers with junior employees would result in cost savings.

Thank you for your continued good work in behalf of public education; if I can be of further help, please let me know.

Sincerely,

Leland C. Wilson
Executive Director, Employee Relations

cc William Coats
Guy Bollville
Mike Malone

LW:ccs

JUNEAU SCHOOL DISTRICT BOARD OF EDUCATION

RESOLUTION #5-89

A RESOLUTION OF THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU SUPPORTING SENATE BILL 73 OFFERING A RETIREMENT INCENTIVE PROGRAM FOR 1990.

Whereas, many Juneau School District employees participated in the Retirement Incentive Program (RIP) in 1986-87; and

Whereas, the Juneau School District realized a significant savings in salaries because of early retirements; and

Whereas, the economy of the State of Alaska appears to be changing with the decline of certain opportunities for revenues; and

Whereas, adjustments need to be made to reconcile the declining revenues and continued expenses; and

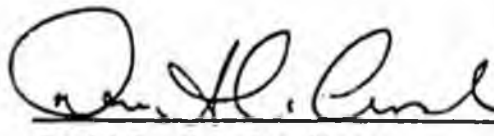
Whereas, personnel costs are the largest item in the budget of the Juneau School District; and

Whereas, a reinstatement of the RIP will allow a cost savings to Juneau School District;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

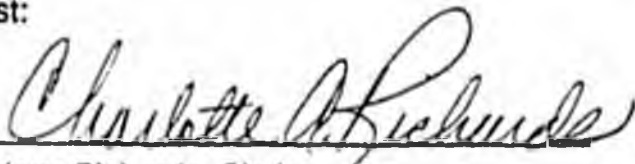
1. That the Board of Education of the City and Borough of Juneau supports the passage of Senate Bill 73 offering a Retirement Incentive Program for 1990.
2. Effective date. This resolution shall be effective immediately upon adoption.

Adopted this 7th day of February, 1989.



David Crosby, President

Attest:



Charlotte Richards, Clerk



Rouleau
Fischer

DON VALESKO
BUSINESS MANAGER
VALERIE K. BAFFONE
SECRETARY/TREASURER
HEADQUARTERS
2510 Arctic Blvd.
Anchorage, Alaska 99503
208 Wendell, Room 205
Fairbanks, Alaska 99701
710 W. 9th Street
Juneau, Alaska 99801

March 20, 1989

Senate HESS Committee
Senator Paul Fischer, Chairman
Senator Jim Duncan, Vice-Chairman

Public Employees Local 71, LTC, is in support of SB-73, Retirement Incentive Program.

This legislation not only benefits state employees who wish to retire early but also benefits the state through cost-savings and is in fact, a cost-containment measure.

We urge your support of this legislation. Thank you.

Sincerely,

Don Rouleau, Business Representative
Local 71/Juneau

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024



UAS

University of Alaska Southeast

Juneau • Ketchikan • Sitka

Office of the Chancellor

Juneau Campus
11120 Glacier Highway
Juneau, Alaska 99801-8697
(907) 789-4472
FAX: 789-4595

March 14, 1989

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

Dear Senator Duncan:

As Chancellor of University of Alaska Southeast, I want to express my support of SB 73.

At the University of Alaska Southeast, we had 16 employees who took advantage of the retirement incentive program as established in 1986. The early retirement option resulted in a substantial salary saving for our institution. That savings gave us added flexibility in meeting our budget reductions--without major employee layoffs. The desired goal of this legislation was clearly met at UAS.

A renewed opportunity for early retirement may not provide us the same level of savings but would afford us the opportunity for job redesign, program direction changes, and employing at entry level with lower salaries--ultimately resulting in flexibility and salary savings without taking adverse personnel actions.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Marshall L. Lind'.

Marshall L. Lind
Chancellor



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

Ray

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

RECEIVED MAR 28 1989

March 27, 1989

To: Senators Binkley and Uehling, Co-Chairs
Members, Senate Finance Committee

Re: CS For Senate Bill No. 73 (HESS): "An Act
relating to retirement incentive programs for
the public employees' retirement system and the
teachers' retirement system; and providing for an
effective date."

NEA-Alaska endorses, strongly supports, and encourages your favorable consideration of the CS for SB 73.

The probability of funding cuts to the operating costs of government also carry the probability of employee lay-offs. It makes sense to diminish the adverse impact of lay-offs by providing for voluntary attrition through a retirement incentive program.

While employee lay-offs may save some money initially they also represent potential longer term costs to government through unemployment costs and other social services.

The retirement incentive program provides for immediate and long term cumulative savings as well as providing government the opportunity to reorganize itself more efficiently.

SB 73 responsibly requires that participating agencies of government demonstrate financial savings as a basic requirement for employee participation. It further provides that the program be implemented at no additional cost to the retirement systems.

The data from the last RIP overwhelmingly demonstrates that this is a sound program and is worthy of your favorable consideration.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners

Bob Manners
Executive Secretary

Judy Salo

Judy Salo
President

cc: Senator Jim Duncan

*Nome Education Association
Nome, Alaska 99762*

March 9, 1989

*Response
Repl*

Senator Jim Duncan
P.O. Box V
Juneau, Alaska 99811

Dear Senator Duncan:

In response to your letter regarding your sponsorship of Senate Bill 73, the members of Nome Education Association requested at our last meeting that I write you that our membership supports this Bill. When in effect previously, it was not implemented in our school district, but probably could have been with positive results. We want to thank you and the Bill's other sponsors for bringing it back before the legislature.

Yours truly,

Gladys Bibb

Gladys Bibb, President



RECEIVED JAN 11 1989

ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
326 Fourth St., Suite 408 Juneau, Alaska 99801 586-9702

RESOLUTION TO ENACT THE RETIREMENT INCENTIVE PROGRAM (RIP)

The Alaska Council of School Administrators urges the Legislature and
Governor to again enact the Retirement Incentive Program.

RATIONAL:

- (A) The State of Alaska had initiated an early retirement incentive program which has appeared to be of benefit to the retiree and the State of Alaska.
- (B) It will be established over time that the intent of the previous program has been accomplished.
- (C) That the TRS and PERS will remain financially sound.
- (D) It has provided a positive incentive to long term employees to change careers without penalty.



Matanuska-Susitna Borough

P.O. BOX 1608, PALMER, ALASKA 99645-1608 • PHONE 745-9689

BOROUGH MANAGER

January 24, 1989

RECEIVED JAN 30 1989

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

Dear Senator Duncan:

Thank you for the letter informing me of the introduction of your bill, Senate Bill 73 - Retirement Incentive Program.

I support your bill which could result in a savings in personnel services cost.

It will be necessary for the Matanuska-Susitna Borough and the Matanuska-Susitna Borough School District to analyze the possible impact of the program before a recommendation is made whether to participate.

Since your bill allows for each government entity to make the decision whether or not to participate, it provides the needed flexibility. Good luck with the legislature.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Hale", is written over a circular stamp. The signature is somewhat stylized and overlaps the stamp.

John Hale
Borough Manager

er



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 13, 1989

To: Senator Paul Fischer, Chair
Members, Senate HESS Committee

Re: CS for Senate Bill No. 73 (State Affairs); "An Act relating to the retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date."

NEA-Alaska endorses, strongly supports, and encourages your favorable consideration of the CS for SB 73.

With the probability of substantial funding cuts being made to the state, local government, and school district operating budgets it is essential that an early retirement incentive program be available as a means of reducing the adverse impact from employee lay-offs.

Employee lay-offs may give the appearance of saving money on the front end but there are longer term consequences which can have the effect, through unemployment, of costing government more than was originally saved by the lay-off.

Retirement incentive programs represent not only an initial savings to government but have a long term cumulative savings potential no matter whether the retiring employee is replaced or not.

The data from the last RIP is overwhelmingly conclusive that the financial savings to government was substantial.

SB 73 effectively addresses concerns which pertain to the last RIP and provides the potential for an even greater level of savings in personnel costs. This legislation meets both the financial and the human needs of the people of Alaska.

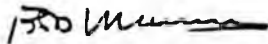
NEA-Alaska asks that the Committee consider an amendment to the window period which will increase the savings potential for school districts more immediately.

On page 6, line 8, we suggest that the window open during the month of June, 1989, so that retirement can be effective on July 1, 1989.

Such a change would provide the potential for additional savings to school districts of at least one month of payroll costs, probably more, and would take into consideration the fact that salary increments and raises, when given, usually occur on July 1.

Thank you for your consideration of our position.

Respectfully submitted,



Bob Manners
Executive Secretary

cc: Senator Jim Duncan

PUBLIC OPINION MESSAGE

DEAR: SENATOR DURICAN

NAME: PAM MCCARL
 TITLE: PRESIDENT; ANCH. EDUCATION ASSOC.
 ADDRESS: 1411 WEST 33RD
 CITY: ANCHORAGE ZIP: 99503
 PHONE: 274-0536
 BILL NO: SB 73
 SUBJECT: RETIREMENT INCENTIVE PROGRAM/PERS & TRS
 MESSAGE: THE ANCHORAGE EDUCATION ASSOCIATION HAS TAKEN A POSITION IN
 SUPPORT FOR SB 73. LETTER WILL FOLLOW. URGE YOU TO PLEASE SUPPORT AND PASS
 OUT OF COMMITTEE. APPRECIATE YOUR COMMITMENT TO THIS LEGISLATION.

FORMID: 03111849
 DATE: 03/01/89
 TIME: 11:18:49
 LICHNAME: ANCHORAGE LIO

COPIES: SENATOR
 FOURCHOT

Royanne

PUBLIC OPINION MESSAGE

DEAR: SENATOR DURICAN

NAME: TERRY GORLICK
 TITLE:
 ADDRESS: 1501 WEST 41ST
 CITY: ANCHORAGE ZIP: 99503
 PHONE: 563-1962
 BILL NO: SB 134
 SUBJECT: PRACTICE OF ACUPUNCTURE
 MESSAGE: I AM IN SUPPORT OF SB 134 FOR COVERAGE UNDER REIMBURSABLE MEDICAL
 PLANS.

FORMID: 03111852
 DATE: 03/01/89
 TIME: 11:18:52
 LICHNAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES	BOUCHER	ADAMS
BOYER	BROWN	DINKLEY
CATO	COLLINS	COHILL
COITEN	DAVIDSON	ELIASON
DAVIS, C.	DAVIS, M.	FAURENKAMP
DOHLEY	ELLIS	FAIKS
FOSTER	FURNACE	FISCHER
COLL	GRUENBERG	FRANK
GRUSSENDORF	HANLEY	HALFORD
HOFFMAN	HUDSON	JONES
JACKO	KOPCHEN	KELLY
LARSON	LEMAN	KERTTULA
MACLEAN	MARTIN	PEARCE
NEHARD	MILLER	FOURCHOT
NAVARRE	FETTYJOHN	RODEY
PHILLIPS	RIEGER	STURCULENSKI
SHARP	SHULTZ	SZYMAWSKI
SPENHOLZ	SMACKHAMMER	UEHLING
TAYLOR	ULMER	ZIMROFF
NALLIS	ZANACKI	



Office of the City Clerk
832-5441

Incorporated November 17, 1921

City of Nenana

State of Alaska

February 27, 1989

Senator Jim Duncan
P.O. Box V
Juneau, AK 99811

Dear Senator Duncan,

I am quite pleased to see you introduce Senate Bill 73 again, with the addition of SB 14. The Nenana City Schools have saved approximately \$220,000 for the two year period since the original program went into effect. This bill was one of the best things to happen to school finance in a long time. It gave Nenana the equivalent of a 10% increase in funding. The school business manager has stated that the new bill would save Nenana about \$157,000 over the first five years of its operation. It would be less than the first time due to fewer qualifying personnel. SB 14 also fills some needed gaps in the program, especially with part time teachers.

I would make two suggestions to the current bill:

1) Open the window for teachers to include this school year as well as next year. Savings to Nenana would be up to \$50,000 this year if the teachers that would qualify took the program.

2) The only concern I have with the program is that last time some districts chose not to participate in the program even though it would have saved them money. It seems somewhat unfair to me that those staff members were not allowed to take part in the program. The only way I know that it could be done would be for the Retirement System to offer the program instead of the local districts with an increase in Retirement System contributions to cover the cost plus the retiring members cost paid back by themselves.

Suggestion one would really help the City this year and suggestion two is just something to think about.

RECEIVED MAR 01 1989

RECEIVED

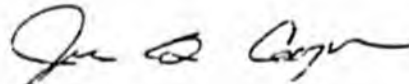
1989



Senator Jim Duncan, 2/27/89, Page 2

Thanks again for the re-introduction of the bill as it is to me the fairest way to save money in the schools without penalizing the employees with wage cuts.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe B. Cooper".

**Joe B. Cooper, Mayor
City of Nenana**

North Slope Borough School District



RECEIVED FEB 21 1990

Rayanne

January 31, 1989

Senator Jim Duncan
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

RE: Senate Bill 73, Early Retirement

Dear Senator Duncan:

The North Slope Borough School District supports the passage of Senate Bill 73, related to the retirement incentive program for PERS and TRS employees.

We believe this legislation would be in the best interest of the NSB School District and the North Slope residents. Because of prior legislation on early retirement incentive programs, our retirees have been able to be assured a lifetime income; and at the same time, we have been able to increase the number of local residents in our hiring practices, especially younger employees, at a lower and more affordable salary scale.


However, we respectfully request your consideration to increase the window period to 14 months, making the law effective May 1, 1989 through June 30, 1990. Passing the bill in its present form would discourage employees from retiring this year and instead may encourage them to wait until the following year to receive additional retirement income. Having a larger window period would also allow the District to work with potential retirees and give us more planning time to employ new hires at lower salaries.

Most agencies including the NSB School District, need relief now and forestalling retirements for another year would add more financial burdens. Having the effective date in 1989 through 1990 would allow individual Districts to work out staffing arrangements in FY 90, resulting in additional savings and a smoother transition period.

Senator Jim Duncan
January 31, 1989
Page Two—

Thank you for soliciting our thoughts on SB 73. We appreciate your interest and sensitivity toward school districts throughout Alaska. If you have any questions please feel free to contact me or my Special Assistant Brenda Itta.

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

cc: Senator Al Adams
Representative Eileen MacLean
Brenda Itta, Special Assistant to the Superintendent
Ashley Reed, Lobbyist, NSBSD

NORTH SLOPE BOROUGH SCHOOL DISTRICT

TRAPPER SCHOOL
NUIQSUT, ALASKA 99789
(907) 480-6712 or 480-6620



Barrow Whalers
Barrow High School
Pouch 8950
Barrow, Alaska 99723
(907) 852-3950

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

Nunamut Wolves
Nunamut School
Anaktuvuk Pass, Alaska 99721
(907) 551-3225

Aloasuk Eagles
Meade River School
Aloasuk, Alaska 99723
(907) 633-6315

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

Nuqsut Trappers
Nuqsut School
Nuqsut, Alaska 99724
(907) 480-6712

Tikigaq Harpooners
Tikigaq School
P.O. Box 125
Point Hope, Alaska 99766
(907) 368-2662 or 368-2663

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

Aiak Huskies
Aiak School
P.O. Box 10
Wainwright, Alaska 99782
(907) 763-2541 or 763-2551

Dear Senator Duncan,
We are in favor of the early retirement incentive plan for the following reasons:

1) It would encourage high priced teachers to retire, allowing lower priced teachers to enter the job market - a substantial savings to school districts.

2) It would free those teachers who would rather move on to new adventures and open the door for these teachers seeking the Alaska adventure. These new professionals would have fresh ideas to add to our educational base.

3) It provides teachers an option. Those who are still interested in teaching can continue to use their expertise, but those who "want out" can "get out" - instead of just putting in their time. This would provide a much better educational climate for the student.

Benefits:

- 1) Save Money
- 2) Promote fresh ideas
- 3) Provides an Option

We believe this is an educationally sound proposal that would benefit Alaskan education in many ways and not prove detrimental to our state.

Sincerely,
Jack Wilfong



Handwritten signature

Menista
Tetlin
Tok

Northway
Dot Lake
Eagle
Tanacross

SCHOOL DISTRICT REAA 16
P.O. Box 226, Tok, Alaska 99780
907 - 883-5151

Senator Jim Duncan
State Capital
Room #119
P. O. Box V
Juneau, Alaska 99811

January 30, 1989

Dear Senator Duncan,

Thank you very much for inquiring about our interest in the Retirement Incentive Program.

Several years before the State of Alaska began offering a Retirement Incentive Program, the district had offered two (2) comparable programs. As a result, we have probably had more retirement from our faculty than others and do not have as strong a need as some other school districts may have shown in recent years.

It is obvious that we believe in the concept and as long as the retirement system retains full viability and the districts can enter the program under their own discretion and is not required, we will certainly support your efforts.

There are always a few people who would appreciate the opportunity and if you find the numbers are too low, please take time to reintroduce the concept again in several years.

Sincerely, -

Spike Jorgensen
Spike Jorgensen
Superintendent of Schools

SJ/la

"Where Teachers Are The Gateway To Learning"

Dot Lake
907 - 883-2268

Eagle
907 - 347-2210

Menista
907 - 291-2317

Northway
907 - 774-6301

Tok
907 - 883-5151

Tetlin



MT. VIEW ELEMENTARY SCHOOL

315 WIRES ROAD, KENAI, ALASKA 99611
(907) 283-6148

Rayson

February 3, 1989

Senator Jim Duncan
P. O. Box V
Juneau, Ak 99811

Dear Senator Duncan:

I am writing in support of S.B 73. Evidence seems to indicate that there are both financial and other benefits associated with the passage of this bill.

Sincerely,

R. L. Boudreau

R. L. Boudreau
Principal

RB:mk

Sterling Elementary School

Kenai Peninsula Borough School District

Drawer 89 • STERLING, ALASKA 99672
Phone 262-4944

February 7, 1989

Rep. Mike Navarre
Box V
Juneau, AK 99811-3101

Dear Rep. Navarre:

I am very much interested in HB77 and the whole issue encompassing the Retirement Incentive Program (RIP).

The concept of RIP is popular and I also believe, fiscally responsible in terms of costs. When all the facts and figures are tallied on the last RIP, we'll be able to recognize a great savings for the State of Alaska.

I don't think we need to worry about the effect of the so called "brain drain" that such a program allegedly causes. In fact, it has been my experience to note a much more negative effect when observing employees who have stayed too long in a particular field or profession i.e. teaching, administration, and related state jobs with similar responsibilities. No telling what long-term health benefits these early out programs will produce for retirees.

Additionally, there are many of us out here in the trenches who feel that the window period should be extended to include 1989. Perhaps a short window period for many of us who do not need another year to plan or wait for the 1990 RIP could be included in the bill. The window period could be, for example, 30 days in May or June, this would allow people time to make their decision this year, thereby presenting no imposition to a school district or agency for staffing next year.

Rep. Navarre, I would certainly hope that you will be able to give your support to this important legislation. I am looking forward to hearing from you regarding this proposed bill and how you feel about it.

Sincerely,



Vic Varick
Principal

Interior Public Employees Coalition

452-2023

2118 Cushman
Fairbanks, Alaska 99701

February 9, 1989



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

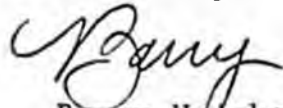
Dear Senator Duncan: 

The Interior Public Employees Coalition wishes to go on record in support of Senate Bill 73.

The previous retirement incentive program was of great value to local government. In the case of the Fairbanks Fire Department; had nine employees not retired there would have been a dozen or more on permanent layoff status.

If a new "RIP" program is established, a significant number of high seniority city employees have told me they will participate.

Sincerely,



Barry Haight
Chairman

Sponsored by: Meehan

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, SUPPORTING LEGISLATION WHICH WOULD RE-ESTABLISH THE PERS RETIREMENT INCENTIVE PROGRAM

WHEREAS, the 1986 Alaska Legislature enacted legislation which allowed members of the Public Employees Retirement System and the Teachers' Retirement System to take advantage of early retirement; and

WHEREAS, the Retirement Incentive Program resulted in reduced personnel costs for many municipalities and school districts throughout the state; and

WHEREAS, the 1986 Retirement Incentive Program has lapsed; and

WHEREAS, Senator Jim Duncan has introduced SB 73, which would re-establish the Retirement Incentive Program by offering early retirement incentives to public employees in 1990;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:

Section 1. The Legislature is hereby urged to give its support to SB 73, re-establishing the PERS Retirement Incentive Program.

Section 2. Copies of his resolution shall be forwarded to Governor Cowper; Senators Duncan, Kerttula and Szymanski; and Representative Cato.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, this 13 day of February, 1989.

THE CITY OF SEWARD, ALASKA


HARRY E. GIESELER, MAYOR

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

AYES: GIESELER, DUNHAM, HILTON, MEEHAN, NOLL, O'BRIEN, SIMUTIS
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

ATTEST:

APPROVED AS TO FORM:

PERKINS COIE, Attorneys for
the City of Seward, Alaska

Linda S. Murphy
Linda S. Murphy, CMC/AAR
City Clerk

Fred B. Arvidson
Fred B. Arvidson
City Attorney

(City Seal)

1 RECEIVED FEB 16 1989



RESOLUTION 89-2



HOUSTON, ALASKA
A BICENTENNIAL COMMUNITY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOUSTON, ALASKA,
IN SUPPORT OF SENATE BILL 73.

WHEREAS, the City Council is in support of re-establishing the Retirement Incentive Program for members of the Public Employee's Retirement System and the Teacher's Retirement System and providing for an effective date, and

WHEREAS, the City Council feels that re-establishing the Retirement Incentive Program will encourage employees to retire voluntarily and will reduce the hardships of lay offs.

NOW, THEREFORE BE IT RESOLVED that the Houston City Council does fully support and urge the passage of Senate Bill 73.

ADOPTED BY a duly constituted quorum of the City Council of Houston, Alaska this 26th day of January, 1989.

Marcella P. Padi
MAYOR

ATTEST:

Linda L. Pady
CITY CLERK/TREASURER



CITY OF KOTZEBUE
P.O. BOX 46 • KOTZEBUE, ALASKA 99752

Duncan

RECEIVED FEB 16 1989

February 6, 1989

City Hall
442-3401
Police Dept.
442-3351
Fire Department
442-3404
Public Works
Dept.
442-3465
Day Care Center
442-3157
Planning Dept.
442-3465
Building Inspector
442-2623
George Francis
Memorial Library
442-3816
Recreation Center
442-3066
Teen Center
442-3979
Regional Fire
Training Center
442-3921

The Honorable Jime Duncan
Senator
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Duncan;

At it's February 2nd, 1989 meeting the Kotzebue City Council reviewed the legislation you have introduced re-establishing the Retirement Incentive Program for members of the Public Employees' Retirement System and the Teachers' Retirement System.

The City has benefited from the program in the past and would like to support it's re-establishment. We appreciate all of your efforts to assist with the financial savings to municipalities. Keep up the good work!

Sincerely,

Zonna Lie
City Clerk

cc: City Manager
file

Senator Jim Duncan
P. O. Box V
Juneau, Alaska 99811

1743 Morningtide
Anchorage, Alaska
January 9, 1989

Dear Senator Duncan:

I am writing in reference to SB 73, prefiled by you this year.

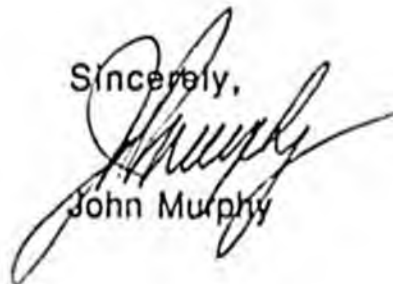
The purpose of this bill is to save money for the state and school districts. It will do this by permitting the long time, higher paid employees to retire and allow districts to replace them with newer personnel at a lower salary. This bill will also reduce the financial and emotional trauma and hardship associated with staff layoffs.

The effective date of this bill is January 1, 1990.

With state revenues being uncertain, why wait until next year to enact this bill? I would encourage you amend to SB 73 to provide a local option for school districts this year. This amendment would give districts and employees a two year transition into the program so those districts facing layoffs could offer the retirement opportunity to their employees this year and those employees eligible to retire this year could do so, but those who are uncertain would have another year to decide. The two or three month application time frame could be kept as recommended in the bill. The suggested amendment would just allow employees to choose it this year or next. This bill would then resemble a successful, similar bill introduced by you three years ago. Providing the option this year would seem to have no detrimental effect on the bill. Indeed, it would seem to provide the expected savings one year earlier than planned.

Any assistance you can provide in this effort will be appreciated.

Sincerely,


John Murphy

*R. Blum
Dad
we receive
a Sunday
Bill
Rep*

STATE OF ALASKA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS ALASKA DIVISION OF EMERGENCY SERVICES

RECEIVED MAR 13 1989

STEVE COWPER, GOVERNOR

3501 E. BOGARD RD.
WASILLA, AK 99687
PHONE: (907) 249-1370
(907) 376-2337



March 9, 1989

The Honorable Jim Duncan
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811-3100

Dear Senator Duncan:

I am writing in regards to Senate Bill 73, the Retirement Incentive Program, which you introduced this year. I am in favor of the bill but feel the windows for application and actual retirement are too narrow to provide the savings that seem to be required for the upcoming year.

To provide any savings to the State for the upcoming fiscal year employees should be given the opportunity to retire as early in the State fiscal year as possible. This would require that the period of application start on June 1, 1989, (Retirement Division requires 30 days notice for retirement), with the opportunity to retire beginning July 1, 1989.

The savings to the State with retirements beginning on July 1, 1989, as opposed to May 1, 1990, can be shown using just one case in my Division. The savings for one individual retiring in July 89, has been computed at \$20,000 for the fiscal year whereas if he is allowed to retire on May 1, 1990, the State will realize a savings of only \$3,300.00 for the fiscal year. Taking into consideration, the expected shortfall in the upcoming fiscal year budget, it would seem prudent to allow retirement as early in the year as possible.

An additional concern would be the impact on State government with a large number of senior employees retiring in a relatively short period of time. This loss, with no major corresponding savings to the State for the fiscal year, does not seem to be to the advantage of the State.

I would like to recommend that the window for application for the Retirement Incentive Program for State employees be from June 1, 1989 to June 1, 1990, and that the State employee must retire on or before June 30, 1990.

The Honorable Jim Duncan
Page 2
March 9, 1989

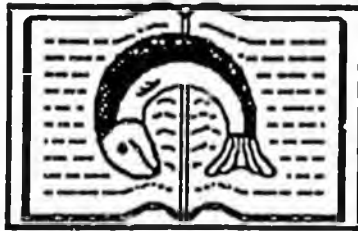
I cannot address the window for application and retirement for the Teachers or University but the current dates seem logical based on the need for the schools to advertise for teachers for the upcoming year and the desire of the teachers to retire at the end of the school year if given the opportunity.

I would like to thank you for your efforts in this matter and your consideration of my proposal. If I can be of any assistance please call me at 249-1370.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ervin Paul Martin', written over a horizontal line.

Ervin Paul Martin
Director



Lower
Kuskokwim
School
District

Parlane

EEK SCHOOLS

'J' M. Gilman, Principal

P. O. Box 050 Eek, Alaska 99578
(907) 536-5229

Senator Duncan
Alaska State Legislature
Box V
Juneau, Ak. 99811

Dear Senator Duncan:

Thank you for sponsoring SB #73. There are a large number of us here in the field who would like to see an amendment. An amendment which would allow for a "window" in 1989 as well as 1990.

Our feeling is that the school districts and state would save even more money with this additional opportunity. In addition some of us would just plain appreciate having an opportunity to retire this year instead of next. Your support and consideration is greatly appreciated.

Sincerely,

J. M. Gilman

March 6, 1989

*Corlaine
Repp*

Dear Senator Duncan,

I'm writing to thank you for your sponsorship of SB 73 (Early Retirement Incentive Program) and to seek your support for an amendment to allow it to go into effect for the 1989-1990 school year. As a Junior High teacher ripe for the "bumping", I know that the decrease in the number of senior high level students in the Anchorage area will cause many high school teachers to be transferred to the junior high level. Although more elementary students are anticipated, this will do little to alleviate the pressure on those of us with secondary degrees. We can't transfer to the elementary level. I really feel that many junior high teachers will find themselves pushed out of their jobs next year. The effect on the overall economy would not be good. Individually, for many, it would be disastrous.

Offering an Incentive for Early Retirement this next year would not only save the school districts money, but would also offer the younger teachers a chance to stay in Alaska and continue to be a vital part of its economy.

Sincerely,

Kay Abrams

Kay Abrams
13710 Savage Dr.
Eagle River, AK
99577

RECEIVED MAR 08 1989

CITY of HOONAH

P.O. Box 360
Hoonah, Alaska 99829
(907) 945-3663

RECEIVED MAR 06 1989

CCR-89-C5

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF HOONAH, ALASKA, SUPPORTING SENATE BILL NO. 73, WHICH WILL RE-ESTABLISH THE RETIREMENT INCENTIVE PROGRAM FOR MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM WHICH WAS ENACTED IN THE 1986 SESSION.

WHEREAS, this program is intended to realize sufficient economies to offset the cost of administration and benefits to state agencies and other employers resulting from the award of retirement credits; and

WHEREAS, to result in a net reduction in personal services costs to the state or other employers during a period of declining revenue.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Hoonah, Alaska is in support of Senate Bill No. 73, to re-establish the Retirement Incentive Program for members of the Public Employees' Retirement System and the Teachers' Retirement System which was enacted in the 1986 session.

PASSED AND APPROVED this 27th, day of February 1989.

VOTES: 5 YEAS, 0 NAYS, 1 ABSENT

Liv C. Gray
Liv C. Gray, Mayor

ATTEST:

Sharon A. Parks
Sharon A. Parks, City Clerk

Lee.rip

NORTH SLOPE EDUCATIONAL ADMINISTRATORS ASSOCIATION

Carlan Rippe

Senator Jim Duncan
Alaska State Legislature
Pouch V
Juneau, Alaska
99811

Dear Senator Duncan,

I am writing to express the support of the North Slope Educational Administrators Association for Senate Bill 73 and House Bill 77. However, we concur with the position paper submitted to you by the North Slope Borough School District, and urge you to consider expanding the window for early retirement to include the period May 30, 1989 to June 30, 1990.

We further suggest that, these bills be moved through the legislative process as quickly as possible, in order to allow sufficient time for employees who would become eligible under the provisions of the bills to have sufficient planning time in which to make their decision about early retirement.

We feel that these changes would be in the best interest of our association and our school district.

Your consideration of these suggestions, is appreciated.

Sincerely,

Johnnie Lee

Johnnie Lee, President
NSEAA



UNIVERSITY OF ALASKA, ANCHORAGE

3211 Providence Drive
Anchorage, Alaska 99508

March 14, 1988

OFFICE OF THE CHANCELLOR

Senator Jim Duncan
Alaska State Legislature
P.O. Box V (M/S 3100)
Juneau, AK 99811

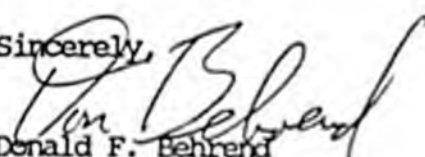
Dear Senator Duncan:

Thank you for introducing Senate Bill 73, the Retirement Incentive Program. There have been numerous inquiries from the University of Alaska Anchorage (UAA) faculty and staff who are interested in the program which indicates that, if the bill is passed, UAA would realize significant savings in personnel costs.

We support this bill and urge its passage.

Thanks again for your continuing support for the University of Alaska.

Sincerely,


Donald F. Behrend
Chancellor

DFB:ec



UNIVERSITY OF ALASKA FAIRBANKS

Fairbanks, Alaska 99775-0300

March 14, 1989

Senator Jim Duncan
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator Duncan:

I am writing in support of SB73, a Retirement Incentive Program For State Employees. As I understand the nature of this bill, it would be similar to the program implemented by the Alaska State Legislature and the State of Alaska a few years ago. The primary difference would be that the cost savings would have to result in personal services over a five year period after the commencement of the program rather than a three year period.

Allow me to address the program from the employees' standpoint. In informal surveys of our support staff and faculty, I find broad support for SB73. It would be fair to state that their general view is that the program would provide an option to employees who have provided a substantial length of service to the University. Additionally, it would be an important morale factor during these difficult financial times when there has been little or no salary movement for these employees.

I realize the purpose of this proposed legislation is not to provide a morale benefit for state employees but, rather, to ultimately save the State of Alaska money. We have now completed our review of the past Retirement Incentive Program. During that program, 104 employees exercised their option to retire. Of these 104 employees, 49 were members of the Teachers' Retirement System and 55 were members of the Public Employees' Retirement System.

In addressing the cost savings as a function of the Teachers' Retirement System, we conclude as follows. Three of the 49 positions were left vacant and then deleted from the University's budget during budget reductions. Over a five year period (following closure of the window for the program), had all 49 employees remained employed, it would have cost the University \$20,040,341. The replacement costs over this same period of time

Senator Jim Duncan
March 14, 1989
Page 2

will actually cost the University \$16,767,874. Additionally, we have deducted \$1,571,262 from the savings as this was the amount the University was required to pay into the retirement system to cover its actuarial costs. Thus, we will have a net savings to the state (over a five year period) of \$1,701,205 .

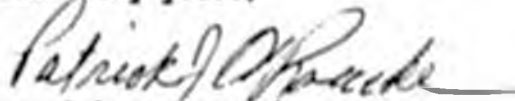
A similar pattern is shown under the Public Employees' Retirement System. Had all 55 employees remained for another five years, it would have cost the University \$13,132,743. The replacement costs for the retirees total \$10,310,685 over that same five year period. We again deducted the amount the University was required to pay to the retirement system which amounted to \$1,378,528. Thus, in the PERS, we count \$1,143,530 as the net savings over a five year period.

In total, for the University of Alaska Fairbanks, we calculate that over a five year period of time, the program will have saved the University approximately \$2,844,735.

These savings have not yet materialized because we are still in the third year of our payments to the various retirement systems. Additionally, replacement employees have not yet been at UAF a period of five years. Thus, there has been some short-term pain to UAF as we have tried to cover our required payments to TRS and PERS. However, although we had to absorb these unbudgeted costs through other temporary reductions, the picture appears clear in the long term. There is a definite savings over a five year period of approximately \$2.8 or roughly \$27,353 per retiree. Clearly, from a financial standpoint, the state benefits in the long term from such a program although, as I said, it has been difficult to cover the short-term costs.

I am hopeful that SB73 will pass this session of the legislature. I imagine there may be detractors, but it cannot be on the basis that there are not long term savings. Clearly, there are.

Sincerely yours,


Patrick J. O'Rourke, Chancellor
University of Alaska Fairbanks

PJO'R/clb



Parlam

ANCHORAGE SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 196614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

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Sharon Richards

CONSULTANTS

William Coats, Ph.D.

March 17, 1989

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

Dear Senator Duncan:

Just a note to indicate that we have reviewed the changes in SB 73 prepared by the State Affairs Committee. We strongly support the change which provides to District employees the opportunity to act this year for appointment to retirement after July 1.

We believe there is cost justification for another Retirement Incentive Plan at the present time. Almost thirty (30) secondary teachers are listed as surplus at the present time and may be subject to lay off next fall if circumstances justifying their retention do not arise. Four Notices of Non-Retention were issued to tenured teachers this week, some of whom have more than five years of experience with us. Moreover, since almost one-third of District teachers are placed at the top of the current salary schedule, replacing those teachers with junior employees would result in cost savings.

Thank you for your continued good work in behalf of public education; if I can be of further help, please let me know.

Sincerely,

Leland C. Wilson
Executive Director, Employee Relations

cc William Coats
Guy Bellville
Mike Malone

LW:3

JUNEAU SCHOOL DISTRICT BOARD OF EDUCATION

RESOLUTION #5-89

A RESOLUTION OF THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU SUPPORTING SENATE BILL 73 OFFERING A RETIREMENT INCENTIVE PROGRAM FOR 1990.

Whereas, many Juneau School District employees participated in the Retirement Incentive Program (RIP) in 1986-87; and

Whereas, the Juneau School District realized a significant savings in salaries because of early retirements; and

Whereas, the economy of the State of Alaska appears to be changing with the decline of certain opportunities for revenues; and

Whereas, adjustments need to be made to reconcile the declining revenues and continued expenses; and

Whereas, personnel costs are the largest item in the budget of the Juneau School District; and

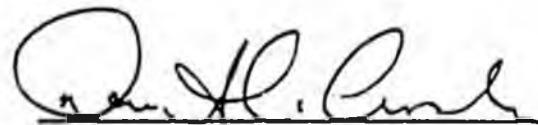
Whereas, a reinstatement of the RIP will allow a cost savings to Juneau School District;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the Board of Education of the City and Borough of Juneau supports the passage of Senate Bill 73 offering a Retirement Incentive Program for 1990.

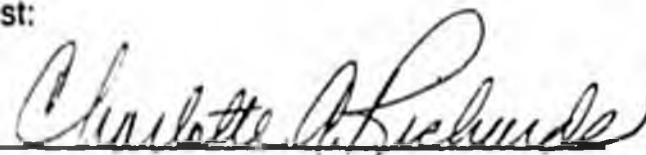
2. Effective date. This resolution shall be effective immediately upon adoption.

Adopted this 7th day of February, 1989.



David Crosby, President

Attest:



Charlotte Richards, Clerk