

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6618 SENATE STATE AFFAIRS

1222



ALASKA CRAFTSMAN HOME PROGRAM

March 23, 1989

Senator Mike Szymanski
P.O. Box V
Juneau, Alaska 99811

Dear Senator Szymanski:

The Alaska Craftsman Home Program supports Senate Bill 72, licensing and establishing an education level for contractors. Many of the problems we see over and over again in Alaska are due to failure to understand basic building science, and the dynamics of energy and moisture flow through walls, roofs and foundations.

Requiring some level of education for contractors will not only assure the public but will help protect the State of Alaska to avoid continuation of the current situation in which the State owns thousands of buildings which do not meet any standard or codes.

Often the best laid plans and work of builders go foul due simply to a lack of knowledge and not necessarily reflective of a lack of integrity. The Alaska Craftsman Home Program sees itself as a vehicle in providing education to contractors.

Sincerely,

Harvey Bowers
Program Manager

Cooperative Extension Service
2221 E. Northern Lights Blvd.
Anchorage, Alaska 99508-4143
(907) 279-5582

Cooperative Extension Service
University of Alaska
Fairbanks, Alaska 99775-5200
(907) 474-7201

Energy Library
949 E. 36th Ave., Suite 403
Anchorage, Alaska 99508
(907) 563-1955 ext. 457



**ALASKA STATE
HOMEBUILDERS ASSOCIATION**

RECEIVED APR 4 1989

RE: Committee Substitute for Sponsor
Substitute for SB 72 specifically
for contractors' licensing

April 3, 1989

The Honorable Mike Szymanski
Senator, State of Alaska
P O Box V
Juneau, AK 99811

Dear Senator Szymanski:

The Alaska State Homebuilders Association, through its affiliated local chapters across the State, has spent many hours over several years discussing the issue of licensing for residential contractors. It is not a simple issue, it has many parts to it, and for any licensing to be effective and accomplish its goal of regulation, it must be an integrated package that addresses all of those parts. The current bill before the legislature that concerns licensing for residential contractors has received a great deal of review and input from those most affected by it - the contractors - and Committee Substitute for Sponsor Substitute for SB 72 has the full support of the Alaska State Homebuilders Association. It is our hope that this bill will be passed during the current legislative session.

Thank you for the support you have given to this issue and to this particular bill.

Sincerely,

Larry Taylor

Larry Taylor
President



Collateral references. — Recovery business license or permit to make contract. 74 ALR3d 637.
 back of money paid to unlicensed person
 required by law to have occupation or

Sec. 08.18.160. [Repealed, § 1 ch 100 SLA 1968.]

Article 4. General Provisions.

Section
 161. Exemptions
 171. Definitions

Sec. 08.18.161. Exemptions. This chapter does not apply to:

- (1) an authorized representative of the United States government, the State of Alaska, or a political subdivision or agency of the state;
- (2) an officer of a court when acting within the scope of office;
- (3) a public utility operating under the regulations of the public service commission in construction, maintenance or development work incidental to its own business;
- (4) a construction, repair or operation incidental to the discovering or producing of petroleum or gas, or the drilling, testing, abandoning or other operation of a petroleum or gas well or a surface or underground mine or mineral deposit when performed by an owner or lessee;
- (5) the sale or installation of finished products, materials or articles of merchandise which are not actually fabricated into and do not become a permanent, fixed part of a structure;
- (6) construction, alteration, or repair of personal property;
- (7) construction, alteration, or repair carried on within the boundaries of a site under legal jurisdiction of the federal government;
- (8) a person who only furnished materials, supplies or equipment without fabricating them into, or consuming them in the performance of, the work of the contractor;
- (9) work on one project under one or more contracts, the aggregate contract price of which for labor and materials and all other items is less than \$10,000, this work being considered as of a casual, minor, or inconsequential nature; this exemption does not apply when the work is only a part of a larger or major operation, whether undertaken by the same or a different contractor, or when the work is divided into contracts of amounts less than \$10,000 for the purpose of evasion of this chapter or otherwise; this exemption does not apply to a person who advertises or puts out a sign or card or other device which might indicate to the public that the person is a contractor, or that the person is qualified to engage in the contracting business; a contractor who performs work priced at \$2,500 or more, under this exemption, shall nevertheless keep in force public liability and property damage

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2259 (File Nos.
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 3.18.011. Jones
 2916 (File No.
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 Land Co.,
 Nos. S-711,

 v. Senco
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 r, Inc. v.
 F.2d 590

insurance with coverage in at least the amounts set out in AS 08.18.101;

(10) an owner who contracts for a project with a registered contractor;

(11) a person working on that person's own property, whether occupied by the person or not, and a person working on that person's own residence, whether owned by the person or not;

(12) an owner or tenant of commercial property who uses the owner's or tenant's own employees to do maintenance, repair and alteration work upon that property;

(13) an owner who acts as the owner's own contractor and in doing so hires workers on an hourly basis, hires subcontractors, purchases materials and as such, sees to the paying for all labor, subcontractors and materials; in this case, the owner shall be limited to construction of one home, duplex, triplex, four-plex, or one commercial building per year;

(14) a person performing construction work incidental to farming, dairying, agriculture, horticulture, stock or poultry raising, mining, logging, fishing, clearing or other work upon the land in rural districts for fire prevention purposes, or access road building, unless the person is a licensee. (§ 2 ch 100 SLA 1968; am § 1 ch 51 SLA 1976; am §§ 2, 3 ch 108 SLA 1982)

Opinions of attorney general. — Public utilities are clearly exempt both from construction contractor registration under AS 08.18 and from electrical administrator licensing under AS 08.40, regardless of

whether they are bidding against others who are not public utilities for work on projects which are not part of the utility distribution system. June 6, 1984 Op. Att'y Gen.

NOTES TO DECISIONS

Material and equipment excluded from operation of AS 08.18.071 and AS 08.18.081. — Paragraph (5) of this section, which makes the chapter inapplicable to materials and equipment not incorporated or consumed in the construction of a structure, operates to exclude such material and equipment from the operation of AS 08.18.071 and AS 08.18.081. Balboa Ins. Co. v. Senco Alaska, Inc., Sup. Ct. Op. No. 1468 (File No. 3076), 567 P.2d 295 (1977).

Paragraph (5) bars the claim of an equipment supplier against a construction contractor's registration bond when the equipment has not been fabricated into a structure, but rather has become part of the contractor's capital equipment. Balboa Ins. Co. v. Senco Alaska, Inc., Sup. Ct. Op. No. 1468 (File No. 3076), 567 P.2d 295 (1977).

Subcontractor's work did not come within literal language of paragraph

(7) where its work was not carried on totally "within" federal boundaries. Lost Vaile, Timber, Inc. v. Power City Constr., Inc., 809 F.2d 590 (9th Cir. 1987).

Paragraph (8) interpreted. — Paragraph (8) of this section exists in substantially identical form in statutes in California and Washington, and has been interpreted there to exempt from registration one who prefabricates but does not install materials which become a part of real property. The supreme court of Alaska finds this interpretation persuasive. Industrial Power & Lighting Corp. v. Western Modular Corp., Sup. Ct. Op. No. 2259 (File Nos. 4163, 4176), 623 P.2d 291 (1981).

Contract to purchase prefabricated modular homes. — A contract to purchase prefabricated modular homes was, from the standpoint of the purchaser, a contract for which registration was re-

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Alaska State Legislature

Senator Mike Szymanski

While in Session:
P.O. Box V
State Capitol, Room 11
Juneau, Alaska 99811
(907) 465-4978/4979
FAX (907) 465-2652

During Interim:
3111 C Street, Suite 510
Anchorage, Alaska 99503
(907) 561-7617

165 E. Parks Highway
Legislative Information Office
Wasilla, Alaska 99687
(907) 376-MIKE

TO: Senator Pat Pourchot
Chair
Senate State Affairs Committee

FROM: *Mike Szymanski*
Senator Mike Szymanski

DATE: April 10, 1989

SUBJECT: Request for Hearing on CS SSSB72 (SL&C),
Registration/Endorsement of Contractors

I respectfully request a hearing be scheduled on CS SSSB72 (SL&C), an Act relating to registration and endorsements for contractors; prohibiting the use of state money in relation to certain residential work unless the work is performed by a general contractor who has a residential contractor endorsement.

In response to the numerous inquiries regarding Senate Bill 72, the construction contractor bond amount, a working group made up of representatives from the Alaska Homebuilders Association, Associated General Contractors, Division of Occupational Licensing, Department of Community and Regional Affairs, Alaska Craftsman Home Program, Alaska Housing Finance Corporation, and Alaska Mortgage Bankers Association worked diligently to create the Sponsor Substitute.

To address the concerns of the Senate Labor and Commerce Committee, the Department of Labor and the Department of Commerce and Economic Development, a Committee Substitute to the Sponsor Substitute passed the Senate Labor and Commerce Committee today.

Senate District E

Mat-Su • So. Anchorage • Bird/Indian • Girdwood • Whittier • Nikiski • Cooper Landing • Hope • Seward • Cordova • Valdez

Senator Pat Pourchot
April 10, 1989
Page Two

CS SSSB72 (SL&C) concerns a new category of contractor - the residential contractor. The residential contractor is a person who has a certificate as a general contractor; receives an endorsement on that certificate after passing a written or practical exam which tests competence in arctic structural and thermal construction techniques ^{and} completes a ~~postsecondary~~ course in arctic engineering; and undertakes the construction of residential structures or alterations of privately-owned residential structures of one to four units. In addition, the state may not grant or loan money or purchase a loan unless under the oversight of a residential contractor with an endorsement. Certain exemptions do apply to the money, i.e., construction, alteration or repair of personal property.

Attached are the following documents:

CS SSSB72 (SL&C)
Fiscal Note, Dept. of Labor
Fiscal Note, Dept. of Commerce & Economic Development
Letter, Kenai Peninsula Builders Association, April 6, 1989
Letter, Associated General Contractors of Alaska, April 10, 1989
Letter, Alaska Homebuilders Association, April 3, 1989
Letter, Alaska Housing Finance Corporation, March 24, 1989
Letter, Alaska Craftsman Home Program, March 23, 1989
Letter, Alaska Mortgage Bankers Association, March 13, 1989

MS:cbr

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSSB 72 (L&C)

PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: " An Act relating to BRU: Labor Standards & Safety
registration...of contractors;"
 Sponsor: Szymanski Components: Wage & Hour
 Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director Phone: 264-2452
 Division: Labor Standards & Safety Date: 4/3/89

Approved by Commissioner: Jim Sampson Date: 4/3/89
 Agency: Department of Labor

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

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Farris, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: April 26 Committee Memo

DATE: April 25, 1989

On Wednesday, April 26 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SJR 46, Supporting the establishment of a Joint Commission on the Status of Alaska Natives by Congress

SJR 46 would support the establishment of a Joint Commission on the Status of Alaska Natives and commit the state to actively participate on the commission. The commission would be charged with conducting a comprehensive review of federal and state policies affecting Alaska Natives and the current health, social, and economic status of Alaska Natives.

The resolution that would establish the Commission is pending introduction in the U.S. Senate. The effort stems from the recently published AFN Report on the Status of Alaska Natives.

SSSB 72, An Act relating to registration and licensing of contractors; prohibiting the use of state money for certain residential work unless the work is performed by a licensed residential contractor

SB 72 would require that contractors who construct or alter privately-owned residential structures of one to four units have a residential endorsement on their license. To receive the endorsement, the contractor would need to pass a written or practical exam which tests competence in arctic construction techniques, and complete the Alaska Craftsman Home program or a postsecondary course in arctic engineering or its equivalent.

The Labor and Commerce C.S. clarified that the residential requirement would be an endorsement to the general contractor's license rather than a separate license, allowed participation in programs equivalent to the Alaska Craftsman Home program, and allowed the exemptions in current statute for small projects and owner-built projects.

Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling

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

907-465-3712

Senate State Affairs Committee

April 14, 1989

SSSB 72 (L&C) RESIDENTIAL CONTRACTOR ENDORSEMENTS

INTENT

To improve the quality of homes built in Alaska.

IN BRIEF

Establishes a new category of contractor, the residential contractor. Only contractors with the residential endorsement would be allowed to construct or alter privately-owned residential structures of one to four units. (Construction or alteration of ~~personal property~~ *your own home* would be exempt.)

Qualifications:

Have a certificate as a general contractor.

Pass a written or practical exam which tests competence in arctic structural and thermal construction techniques.

Complete the Alaska Craftsman Home program or a postsecondary course in arctic engineering *or its equivalent*.

Pay fees (to be set by regulation -- DCED proposes \$75/yr).

Grandfather clause: No exam required if apply for endorsement by January 1, 1990 and have been an active general contractor in the state for 3 of the 5 years preceding application.

SUPPORTERS

Alaska State Homebuilders Association

Alaska Craftsman Home Program

Alaska Mortgage Bankers Association

Associated General Contractors

A.H.F.C.

Kenai Peninsula Builders Association

Kenai Peninsula Board of Realtors

Department of Community and Regional Affairs

CORRECTION

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

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

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The Labor and Commerce C.S. Clarified that the residential requirement would be an endorsement to the general contractor's license rather than a separate license, allowed participation in programs equivalent to the Alaska Craftsman Home program, and allowed the exemptions in current statute for small projects and owner-built projects.

Committee Memo
April 26, 1989
Page 2

SB 157. An Act relating to imposition of a civil fine for violation of a statute, regulation, or ordinance related to alcoholic beverages

SB 157 would authorize the Alcoholic Beverage Control Board to assess civil fines against liquor licensees who violate liquor laws. The fine would be in addition to license suspension or revocation, and would follow the suspension/revocation hearing required under current statute. The amount of the fine would be determined by the Board.

The bill would also provide the Board with program receipt authority. Fees and fines would be separately accounted for and could be appropriated by the legislature to fund the Board's operation.

SB 192. An Act relating to legislators' eligibility for long-term per diem

SB 192, which would limit eligibility for long term per diem during the interim to days spent attending meetings of a legislative committee or subcommittee, was heard by the State Affairs Committee on April 10. No action was taken pending action by the Legislative Council on a revised per diem policy.

The Council policy, adopted April 24, is attached. It provides that to qualify for interim per diem a legislator must attend a meeting for a legislative or public purpose, or spend at least four hours of that day on legislative and constituent business.

Also attached is a fiscal note for SB 192, indicating savings of \$161,700. Fiscal impact of the new Council policy has not yet been determined.

CSHB 93(Jud). An Act relating to a duty of the director of the division of elections and to voter registration by the Department of Public Safety

HB 93 would require that the Division of Elections provide voter registration forms to the Division of Motor Vehicles, and that DMV advise persons registering their vehicles or applying for drivers' licenses that they may also register to vote.

According to the Division of Elections, most motor vehicle registration outlets currently provide voter registration services. Elections provides training to DMV personnel; DMV forwards completed voter registration forms to Elections.

In addition, SJR 38. Proposing an amendment to the Constitution of the State of Alaska relating to terms of legislators, will be before the committee. Due to time constraints, the bill was not heard on April 24 as scheduled.

Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Falks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling

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

907-465-3712

Senate State Affairs Committee

April 14, 1989

SSSB 72 (L&C) RESIDENTIAL CONTRACTOR ENDORSEMENTS

INTENT

To improve the quality of homes built in Alaska.

IN BRIEF

Establishes a new category of contractor, the residential contractor. Only contractors with the residential endorsement would be allowed to construct or alter privately-owned residential structures of one to four units. (Construction or alteration of ~~personal property~~ would be exempt.)

Qualifications: *you own home*

Have a certificate as a general contractor.

Pass a written or practical exam which tests competence in arctic structural and thermal construction techniques.

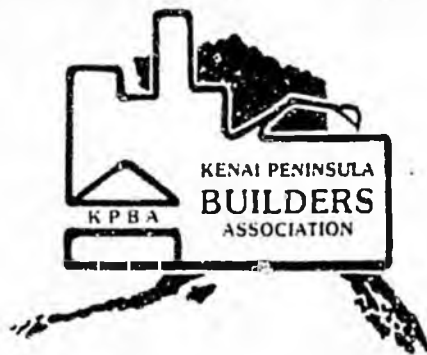
Complete the Alaska Craftsman Home program or a postsecondary course in arctic engineering *or its equivalent*

Pay fees (to be set by regulation -- DCED proposes \$75/yr).

Grandfather clause: No exam required if apply for endorsement by January 1, 1990 and have been an active general contractor in the state for 3 of the 5 years preceding application.

SUPPORTERS

Alaska State Homebuilders Association
Alaska Craftsman Home Program
Alaska Mortgage Bankers Association
Associated General Contractors
A.H.F.C.
Kenai Peninsula Builders Association
Kenai Peninsula Board of Realtors
Department of Community and Regional Affairs



April 6, 1989

Senator Mike Szymanski
P.O. Box "Y"
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Senator Szymanski:

The Kenai Peninsula Builders Association supports the Sponsor Substitute for Senate Bill 72. We would like to thank you for listening to our concerns regarding the the original bill, and appreciate your effort in working with members of our industry to create positive legislation in the rewritten bill.

Your bill addresses the serious problem of poor quality construction, an area of great concern to the competent members of the building industry, in a practical and positive way. The requirement for builder education and competency exams in Arctic and thermal construction techniques is certainly a progressive move. Our association supports the Alaska Craftsman Home Program and feels that many of the "mistakes" we've seen in the past will be eliminated through education. Requiring Alaska Housing Finance Corporation to only loan or grant state money for houses built by licensed residential contractors will help ensure compliance across the state.

The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandatory building inspections as an Underwriting Guideline for any AHFC loan. A five step inspection system would include Plans Approval; Footing, Foundation and Framing Inspection; Insulation Inspection; Electrical and Plumbing Inspection; Final Inspection.

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

Shelby E. Johnson, President

SEJ/pav

cc: Senator Paul Fischer
Senator Jay Karttula
Representative C. E. Swackhammer
Representative Mike Navarre
Representative Jim Zawacki
Representative Pat Pourchot

Alaska State Home Builders Association
Interior Builders Association of Fairbanks
B. I. A. of Anchorage
Home Builders Association of Juneau
Mat-Su Home Builders Association
Kenai Peninsula Board of Realtors

Box 1753 • Kenai, Alaska 99611 • (907) 776-5719

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ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

February 21, 1989

Shelby E. Johnson, President
Kenai Peninsula Builders Association
Box 1753
Kenai, Alaska 99611

Dear Shelby:

Thank you for contacting me in regard to SB 72, which would raise the bond for general, specialty, and mechanical contractors.

I spoke to Senator Szymanski, the bill sponsor, about your concerns. As I think you know, he will not be requesting a hearing on the bill. He has set up a working group to develop an alternative means of improving the quality of construction in the state. The group, which consists of construction contractors, builders, realtors, insurers, and the State Division of Licensing is considering a variety of proposals including your suggestions of state enforcement of building inspections and more stringent licensing requirements.

SB 72 is currently in the Senate Labor and Commerce Committee. It is my understanding that the bill will not be considered in its current form. The working group will likely develop a revised bill which, if approved by the Labor and Commerce Committee, would come to the State Affairs Committee for consideration. I assure you that I will keep your views in mind as work on this issue progresses, and will notify you of any hearings that might be scheduled in State Affairs.

Thanks again, Shelby, for sharing your views.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", written over a large, faint circular stamp.

Senator Pat Pourchot
Chairman

PP/ss



February 10, 1989

Representative Pat Pouchot
P.O. Box V
Juneau, Alaska 99811

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then st aff*

*Szyman 4978 (Carolyn)
Eliason 4916*

Dear Representative Pouchot:

The Kenai Peninsula Builders Association strongly opposes Senate Bill 72, which would raise the bond from \$10,000 to \$50,000 for General Contractors, and from \$5,000 to \$50,000 for Specialty and Mechanical Contractors. The passing of this legislation will not solve the problem of poor quality construction and it would most certainly force the majority of contractors out of business. We are asking for your help in our fight to stop this bill, and for your support of the implementation of State Mandated Building Inspections and the requirement of builder education as a prerequisite for contractor licensing, as outlined in the enclosed letter to Senator Mike Szymanski. Any increase of the bond requirement would have a devastating effect on the small construction contractors on the Kenai Peninsula who are struggling to survive in the present economic environment.

Sincerely,

THE KENAI PENINSULA BUILDERS ASSOCIATION

Shelby Johnson
Shelby E. Johnson, President

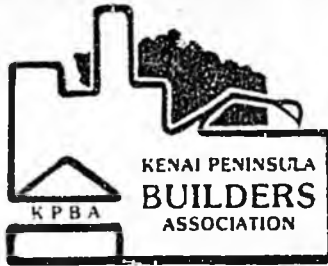
SEJ/pav

*Not requesting a hearing.
Instead - working group*

*construction contractors
homebuilders
realtors
Div License
insurers
Subcontractors*

*(looking at
alternatives,
- more enforcement
of bldg inspection
stiffer licensing
req.
- maybe small
increase in bond*

*Introduced to address ^{consumer} complaints.
Shoddy construction - Bond hasn't been enough to
satisfy ~~needed~~ repair.*



February 10, 1989

Senator Mike Szymanski
P.O. Box "V"
Juneau, Alaska 99811

RE: SENATE BILL 72

Dear Senator Szymanski:

The Kenai Peninsula Builders Association strongly opposes Senate Bill 72, and will not support any attempt to increase Construction Contractor bonds.

We are encouraged that you have addressed the serious problem of poor quality construction, it is an area of great concern to the competent members of the building industry as well. However, increased bonding can not resolve this situation, and will undoubtedly force the majority of responsible contractors out of business.

The only way to guarantee quality construction and protect the consumer, as well as reputable Construction Contractors, is to implement a state-wide building inspection system and to require builder education as a prerequisite for contractor licensing.

The following measures have been outlined by the Kenai Peninsula Builders Association Board of Directors, and are respectfully submitted for your consideration.

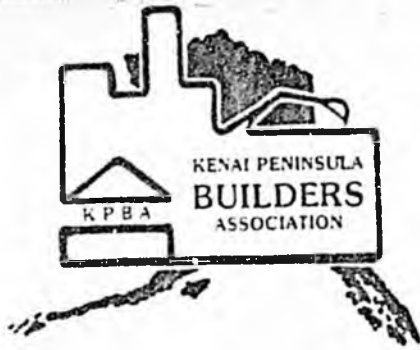
A. MANDATED BUILDING INSPECTIONS / ENFORCEMENT

1.) Implementation of state mandated building inspections for construction in populated areas. A five-step system would consist of:

1. Plans Approval
2. Footing, Foundation, and Framing Inspection
3. Insulation Inspection
4. Electrical and Plumbing Inspection
5. Final Inspection

The contractor would be charged a reasonable fee for each required inspection.

2.) Enforcement to be provided by lenders, namely Alaska Housing Finance Corporation, who would require inspection documentation as an Underwriting Guideline for all loans.



B. BUILDER EDUCATION / LICENSING REQUIREMENT

1.) Contractors would be required to show a Certificate of Completion, issued by the Alaska Craftsman Home Program, upon completion of an ACHP workshop to become licensed. The Alaska Craftsman Home Program provides an exceptional educational program to train builders in all phases of the construction of high quality, energy-efficient homes. This program is already in place across the state.

Professionals in the building trades and the Home Builders Associations throughout Alaska are willing and able to provide technical assistance to you and your staff, and want the opportunity to have an input on this important issue which effects the livelihood of so many reputable Construction Contractors. Quality construction of well built, energy-efficient homes is a priority of all who are legitimately involved in the building industry.

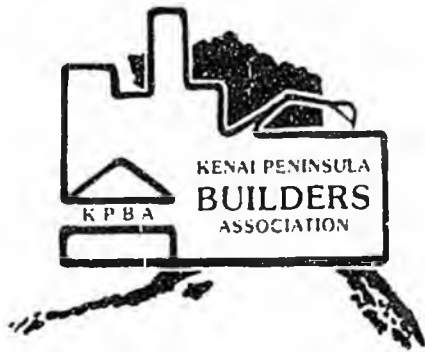
Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

Shelby E. Johnson, President

SEJ/pav

cc: Governor Steve Cowper
Senator Paul Fischer
Senator Jay Kerttula
Senator Jan Faiks
Senator Dick Eliason
Representative C. E. Swackhammer
Representative Mike Navarre
Representative Jim Zawacki
Representative Pat Pourchot
Alaska State Home Builders Association
Interior Builders Association of Fairbanks
B. I. A. of Anchorage
Home Builders Association of Juneau
Mat-Su Home Builders Association



RECEIVED APR 11 1989

April 6, 1989

Representative Pat Pouchot
P.O. Box "V"
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Representative Pouchot:

The Kenai Peninsula Builders Association would like to thank you for addressing our concerns regarding the the original Senate Bill 72. Our association will support the rewritten Sponsor Substitute for Senate Bill 72, and appreciate the legislative effort to create positive legislation regarding the serious problem of poor quality construction in the rewritten bill.

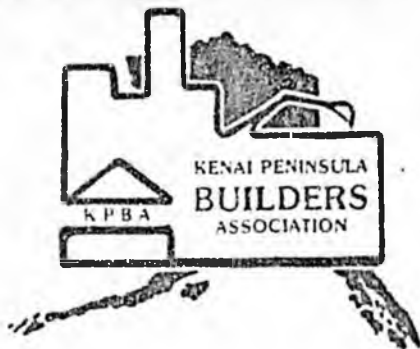
The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandastory building inspections as an Underwriting Guideline for any AHFC loan. A five step inspection system would include Plans Approval, Footing, Foundation and Framing Inspection; Insulation Inspection; Electrical and Plumbing Inspection; Final Inspection.

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

Shelby E. Johnson, President

SEJ/pav



April 6, 1989

Senator Mike Szymanski
P.O. Box "Y"
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Senator Szymanski:

The Kenai Peninsula Builders Association supports the Sponsor Substitute for Senate Bill 72. We would like to thank you for listening to our concerns regarding the original bill, and appreciate your effort in working with members of our industry to create positive legislation in the rewritten bill.

Your bill addresses the serious problem of poor quality construction, an area of great concern to the competent members of the building industry, in a practical and positive way. The requirement for builder education and competency exams in Arctic and thermal construction techniques is certainly a progressive move. Our association supports the Alaska Craftsman Home Program and feels that many of the "mistakes" we've seen in the past will be eliminated through education. Requiring Alaska Housing Finance Corporation to only loan or grant state money for houses built by licensed residential contractors will help ensure compliance across the state.

The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandatory building inspections as an Underwriting Guideline for any AHFC loan. A five step inspection system would include Plans Approval; Footing, Foundation and Framing Inspection; Insulation Inspection; Electrical and Plumbing Inspection; Final Inspection.

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

Shelby E. Johnson, President

SEJ/pav

cc: Senator Paul Fischer
Senator Jay Kerttula
Representative C. E. Swackhammer
Representative Mike Naverre
Representative Jim Zawacki
Representative Pat Pouchot

Alaska State Home Builders Association
Interior Builders Association of Fairbanks
B. I. A. of Anchorage
Home Builders Association of Juneau
Mat-Su Home Builders Association
Kenai Peninsula Board of Realtors

Box 1753 • Kenai, Alaska 99611 • (907) 776-5719

SB72POOP.TXT
4/26/89

SB 72 REGISTRATION AND LICENSING OF CONTRACTORS

TO TESTIFY

SEN. SZYMANSKI, SPONSOR (CAROLYN) *Ratov*

✓ GREGG JONES, HOMEBUILDERS ASSOCIATION _____

JIM PLASMAN, COMMUNITY & REGIONAL AFFAIRS _____

SOMEBODY FROM OCCUPATIONAL LICENSING WILL BE PRESENT

OTHERS (SEE WITNESS LIST)

Jenny Strickler

F.Y.I.

AL MAY OFFER SOME AMENDMENTS. CONCERNS:

1. THE BILL REFERENCES THE ALASKA CRAFTSMAN HOME PROGRAM -- NOT EVERYONE THINKS THE PROGRAM IS RESPECTABLE
2. THIS TYPE OF CONSTRUCTION WILL INCREASE HOME PRICES, PLACING THEM EVEN MORE OUT OF REACH FOR THE AVERAGE BUSH DWELLER
3. THE REQUIRED EDUCATIONAL PROGRAM MAY NOT BE EASILY ACCESSIBLE TO PERSONS IN THE BUSH
4. HOW THE BILL WILL IMPACT THE NATIVE HOUSING ASSOCIATIONS AND FORCE ACCOUNTING

FEEES WILL BE SET BY REGULATION. OCCUPATIONAL LICENSING'S FISCAL NOTE IS BASED ON \$75/YEAR.

BILL CONTAINS GRANDFATHER CLAUSE: NO EXAM REQUIRED IF APPLY FOR ENDORSEMENT BY JANUARY 1, 1990 AND HAVE BEEN AN ACTIVE CONTRACTOR IN ALASKA FOR 3 OF THE 5 YEARS PRECEDING APPLICATION.

GROUP THAT WORKED ON BJLL:

ALASKA STATE HOMEBUILDERS ASSOCIATION
ALASKA CRAFTSMAN HOME PROGRAM
ALASKA MORTGAGE BANKERS ASSOCIATION
A.G.C.
A.H.F.C.
KENAI PENINSULA BUILDERS ASSOCIATION
KENAI PENINSULA BOARD OF REALTORS
DEPT. C&RA

S B

73

~~temp~~
SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 73

SPONSOR Duncan

BILL TITLE Retirement Incentive Program -
PERS/TRS

DATE REFERRED 1-9-89

HEARING SCHEDULED 3-1-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Roxanne 4766

INTERESTED PARTIES CONTACTED

✓ Dean Gottheimer, DOA 2200 Sally Smith, ^{testify} Bob Stallaker 4460
✓ NEA, Bob ^{or Cooksey} Manners 586-3090
^{testify} ✓ ASEA, Buddy ^{Bill Ray} Mappin 463-4949 Michelle Castaneda
^{testify} ✓ APEA, Bruce Ludwig 586-2334
^{attended} Univ, Suzanne Trjck 278-5433
✓ Randy Walker, ~~DOA~~ Leg Audit -3830
✓ Steve McPhetres, Sch Admin 586-9702
✓ Scott Burger, AML 586-1325
Jetta Whittaker, OMB
Terry Guma, Legal

OTHER

LBOA audit 2/24/89 - released

mail

SB73mail

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

HES
FINANCE

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 3-7-89

1/9/89

Mr. President:

STATE AFFAIRS Committee considered SB 73

relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; efd.

and recommended:

replace with CS SB 73 (ST AFF) same title
[] attached amendment(s) and [] new title

[] _____ letter of intent adopted

do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

FISCAL NOTE(S) attached [] zero
[] appropriation no FN attached

fiscal impact
[] Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Twin Kelly
Joe Adams
Jan Fick

Pat Lausche do pass
Chairman signature and recommendation

[] Committee backup attached

adopted

*+ p. 5, l. 7+21 } window dates
- p. 6, l. 1 & 11 }
+ OMB reporting requirement*

SEN. POURCHOT
MARCH 6, 1989

SB 73 RETIREMENT INCENTIVE PROGRAM
CHANGES IN STATE AFFAIRS C.S.

page 1, line 27

Requires that cost savings be shown within 3 years rather than 5. This coincides with the requirement that RIP costs be paid within 3 years.

page 4, line 14

Revised windows.

page 4, line 16

Prohibits assistant commissioners from participating in the program. Original SB 73 prohibited only commissioners and deputy commissioners.

page 5, lines 7, 17-18, 27

Revised windows.

page 6, lines 1, 8, 11

Revised windows.

page 6, lines 15-16

Allows credit for previous employment with a political subdivision before the political subdivision began participation in PERS or TRS. Original SB 73 allowed credit only for previous employment with a municipality.

page 6, line 27

OMB report requirements -- see amendment #1.

page 8, lines 8-11

Ensures that the repeal of the program will not interfere with processing of any timely filed RIP applications.

page 8, line 16

Repeals the program July 1, 1991 because the committee substitute provides for RIP as temporary law rather than as an amendment to statute.

page 8, line 17

Immediate effective date to accommodate the July 1, 1989 application window for teachers and University employees.

March 6, 1989

adopted

AMENDMENT #1
BY DUNCAN

TO: CSSB 73 (St Aff), Relating to retirement incentive programs

page 7, lines 26-29

Delete:

[THE OFFICE OF MANAGEMENT AND BUDGET SHALL REPORT TO THE LEGISLATURE IN JANUARY 1991 ON THE EFFECT OF THE RETIREMENT INCENTIVE PROGRAM ON STATE OPERATION AND PERSONAL SERVICES COSTS.]

Insert:

The Office of Management and Budget shall submit to the legislature annual reports beginning on January 15, 1991 through January 15, 1993 and a final report on January 15, 1994 on the retirement incentive program. Each report shall provide the information necessary for the legislature to evaluate the effectiveness of the program in achieving its objectives. The report should include information on the designated organizational units under the retirement incentive plans including the cost of the retirement incentive program per participant, the cost to the state, the cost to the employee, the annual budgeted amount by agency for the retirement incentive, and the projected or actual net savings over the three year period.

CHANGES IN STATE AFFAIRS CS: p.1, line 27

p.4, line 14

p.4, line 16

p.5, line 7

p.5, lines 17-18

p.5, line 27

p.6, lines 1, 8, 11, 15-16

p.7, line 27

p.8, lines 8-11, 16, 17

BY THE STATE AFFAIRS COMMITTEE

6-0287H

Cramer

3/6/89

Original sponsors: Duncan and Kerrettula

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 73 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to retirement incentive programs for
7 the public employees' retirement system and the
8 teachers' retirement system; and providing for an
9 effective date."

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

11 * Section 1. PURPOSE. Since it may be necessary for state agencies and
12 other employers who participate in the state retirement systems to reduce
13 their personal services costs because of declining state revenue, reimple-
14 mentation of the retirement incentive program established by ch. 26, SLA
15 1986, as amended by ch. 76, SLA 1988, encouraging employees to retire
16 voluntarily, will reduce the hardship of layoffs. This program is intended
17 to realize sufficient economies to offset the cost of administration and
18 benefits to state agencies and other employers resulting from the award of
19 retirement credits and to result in a net reduction in personal services
20 costs to the state or other employers during a period of declining revenue.

21 * Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a
22 retirement incentive plan under secs. 3 - 6 of this Act, as appropriate, to
23 designate organizational units of employees eligible to participate in the
24 retirement incentive program.

25 (b) The organizational units of a plan must be selected so that
26 implementation of the plan results in a savings to the employer in personal
27 services costs within three years after the commencement of the plan. The
28 designation may include only representatives from job classifications whose
29 inclusion contributes to the overall cost savings.

1 (c) A member is eligible to participate in the retirement incentive
2 program only if the member is vested, is employed in a position in a des-
3 ignated organizational unit, and will be qualified to retire under AS 14.-
4 25.110 or AS 39.35.370 after receipt of the retirement incentive. To
5 participate, a member shall apply on a form provided by the administrator.

6 (d) A participating employer shall prepare and file the retirement
7 incentive plan with the administrator. The administrator shall approve the
8 plan if it meets the requirements of this section. For state employees
9 other than university employees, the administrator may approve a designated
10 organizational unit only if the Office of Management and Budget certifies
11 that the unit's participation in the plan meets the requirements of (b) of
12 this section. The administrator shall approve the plan if it meets the
13 requirements of this section. The plan must

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

16 (2) include a reimbursement agreement that

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

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

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

29 (B) provides that contributions from the employer under

1 this section take priority over other obligations of the employer to
2 the maximum extent permitted by law.

3 (e) A member of the teachers' retirement system who participates in
4 the retirement incentive program is indebted to the system. The amount of
5 indebtedness is equal to 21 percent of the member's actual compensation for
6 the school year, or the calculated school year compensation for a member
7 who works less than the entire school year, for the school year in which
8 the member terminates employment to participate in the program. An out-
9 standing indebtedness at the time a participant is appointed to retirement
10 will require an actuarial adjustment to the benefits payable.

11 (f) A member of the public employees' retirement system who partici-
12 pates in the retirement incentive program is indebted to the system. The
amount of indebtedness is equal to 22-1/2 percent for a peace officer or
fireman, and 20-1/4 percent for other members, of the member's actual
15 annual compensation, or the calculated annual compensation for a member who
16 works fewer than 12 months, for the year in which the member terminates
17 employment to participate in the program. An outstanding indebtedness at
18 the time a participant is appointed to retirement will require an actuarial
19 adjustment to the benefits payable.

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

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

25 (2) to meet the age required for early retirement under AS 14.-
26 25.110 or AS 39.35.370, as appropriate;

27 (3) to reduce the actuarial adjustment required for early re-
28 tirement under AS 14.25.110 or AS 39.35.370, as appropriate;

29 (4) as years of credited service for calculating retirement

1 benefits.

2 (h) Except as provided in sec. 7 of this Act, in the determination of
3 whether a member will qualify to retire under this section, credited ser-
4 vice may include only,

5 (1) for members of the teachers' retirement system, service
6 credit for employment rendered to an employer, territorial service under
7 AS 14.25.105, and Alaska BIA service under AS 14.25.107;

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

10 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
11 A state agency is authorized to adopt a retirement incentive plan for its
12 employees. A plan adopted under this section shall permit a designated
13 employee to apply to the retirement incentive program under sec. 2 of this
14 Act only from October 1, 1989, through March 31, 1990. ^{Jan 1, 1990 - March 31, 1990}

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

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

20 (1) has been continuously employed by the state since January 1,
21 1989;

22 (2) was laid off from state employment on or after January 1,
23 1989;

24 (3) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 January 1, 1989, in which the position normally was filled;

27 (4) has a job sharing agreement with a state agency in which two
28 or more employees share a single position identified by a single position
29 control number and in which the employee choosing to participate was

1 continuously employed by the agency during all of the time since January 1,
2 1989, in which the employee normally worked under the job sharing agree-
3 ment; or

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

5 (d) Under a plan adopted under this section, the administrator may
6 not accept the application of an employee unless the employee will be
7 appointed to retirement on or before May 1, 1990. Oct 31

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

10 * Sec. 4. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
11 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a
12 political subdivision of the state or a public organization that has elect-
13 ed to participate in the public employees' retirement system under AS 39.-
14 35.550 - 39.35.650 is authorized to adopt a retirement incentive plan for
15 its employees under sec. 2 of this Act. A plan adopted under this section
16 shall permit designated employees to apply to the retirement incentive
17 program under sec. 2 of this Act from July 1, 1990 - Sept. 30, 1990
18 October 1, 1989, through March 31,
19 1990.

20 (b) Under a plan adopted under this section, the administrator may
21 not accept the application of an employee unless the employee will be
22 appointed to retirement on or before Oct 31, 1990.

23 * Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR THE EMPLOYEES OF
24 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of
25 Alaska is authorized to adopt a retirement incentive plan for its employ-
26 ees. A plan adopted under this section shall permit designated employees
27 to apply to the retirement incentive program under sec. 2 of this Act from
28 May 1, 1990 - July 31, 1990
29 July 1, 1989, through December 31, 1989.

(b) Under a plan adopted under this section, the administrator may
not accept the application of an employee unless the employee will be

appointed to retirement on or before ^[September 1, 1990] ~~August 1, 1990.~~ July 31

* Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers' retirement system who is not otherwise covered by sec. 3 or 5 of this Act is authorized to adopt a retirement incentive plan for its employees under sec. 2 of this Act. A plan adopted under this section shall permit designated employees to apply to the retirement incentive program under sec. 2 of this Act only from ^[March 1, 1990 - May 31, 1990] July 1, 1989, through December 31, 1989.

(b) Under a plan adopted under this section, the administrator may not accept the application of an employee unless the employee will be appointed to retirement on or before ^[July 1, 1990] ~~August 1, 1990.~~ July 31

* Sec. 7. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT. Notwithstanding other provisions of law, a vested member who is a state employee and is participating in the retirement incentive program may receive credit for employment with a ^[municipality] political subdivision or public organization before the ^[municipality] political subdivision or organization became an employer under the system for purposes of determining eligibility for retirement under AS 14.25.110 or AS 39.35.370, as appropriate. The member may not receive credit for those years under this subsection for purposes of determining benefits. In order for a state employee to receive credit under this subsection, the employee's participation in the program must contribute to the overall cost savings of the agency.

* Sec. 8. RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency owed by an employer other than the state under an agreement entered under sec. 2(d)(2) of this Act, the Department of Administration may

- (1) bring an action against the employer; or
- (2) direct that the amount of the delinquency or a lesser amount be withheld from any money payable to the employer by a state department or agency and that the amount withheld be credited to the delinquency.

1 * Sec. 9. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
 2 tirement incentive program is reemployed as a member of the public em-
 3 ployees' retirement system under AS 39.35 or the teachers' retirement
 4 system under AS 14.25 after appointment to retirement under the program,
 5 the participant loses the incentive credit received under sec. 2(g) of this
 6 Act and is indebted to the system. The amount of the indebtedness is equal
 7 to 110 percent of the amount the participant received as a result of par-
 8 ticipation in the program to which the participant was not otherwise enti-
 9 tled, including the cost of health insurance. The participant is entitled
 10 to a credit to be applied against the reemployment indebtedness in the
 11 amount the participant has paid under sec. 2(e) or (f) of this Act. Inter-
 12 est accrues on the indebtedness at the rate established by regulation from
 13 the date of reemployment until the member is appointed to retirement and
 14 accepts an actuarial adjustment to the member's future benefits or until
 15 the amount is paid in full.

16 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
 17 nizational unit for participation in the retirement incentive program, the
 18 executive head of a state agency shall describe in detail the expected
 19 effect of the program on the agency's personal services cost and operation.
 20 This report shall be filed with the Office of Management and Budget. For
 21 each employee who will receive credit for employment under sec. 7 of this
 22 Act, the agency head shall establish to the satisfaction of the office that
 23 the proposed participation contributes to the overall agency cost savings.
 24 The agency shall report as required by the Office of Management and Budget
 25 on the cost of each member's participation and the effect on the agency's
 26 personal services cost and operation. ^{see amendment #1}
 27 ~~The Office of Management and Budget~~
 28 ~~shall report to the legislature in January 1991 on the effect of the re-~~
 29 ~~tirement incentive program on state operation and personal services costs.~~
 28 [each year]

* Sec. 11. PROGRAM CHANGES. An employee does not have a vested or

1 contractual right to any benefit under this Act until an agreement is
 2 executed with the administrator that permits the benefits to be offered to
 3 an organizational unit of which the employee is a member. The legislature
 4 reserves the right to change any aspect of the incentive program as it
 5 relates to members of organizational units for which participation agree-
 6 ments are executed by the administrator after the effective date of the
 7 changes.

8 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
 9 2 - 7 of this Act and who has submitted a timely application for participa-
 10 tion in the retirement incentive program may be considered for participa-
 11 tion in the program notwithstanding sec. 14 of this Act.

12 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.220 apply
 13 to this Act for members of the teachers' retirement system. The defini-
 14 tions set out in AS 39.35.680 apply to this Act for members of the public
 15 employees' retirement system.

16 * Sec. 14. Sections 1 - 7 of this Act are repealed July 1, 1991.

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

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Original sponsors: Duncan and Kerttula

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 73 (State Affairs) *final*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to retirement incentive programs for
7 the public employees' retirement system and the
8 teachers' retirement system; and providing for an
9 effective date."

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

11 * Section 1. PURPOSE. Since it may be necessary for state agencies and
12 other employers who participate in the state retirement systems to reduce
13 their personal services costs because of declining state revenue, reimple-
14 mentation of the retirement incentive program established by ch. 26, SLA
15 1986, as amended by ch. 76, SLA 1988, encouraging employees to retire
16 voluntarily, will reduce the hardship of layoffs. This program is intended
17 to realize sufficient economies to offset the cost of administration and
18 benefits to state agencies and other employers resulting from the award of
19 retirement credits and to result in a net reduction in personal services
20 costs to the state or other employers during a period of declining revenue.

21 * Sec. 2. RETIREMENT INCENTIVE PROGRAM. (a) An employer may adopt a
22 retirement incentive plan under secs. 3 - 6 of this Act, as appropriate, to
23 designate organizational units of employees eligible to participate in the
24 retirement incentive program.

25 (b) The organizational units of a plan must be selected so that
26 implementation of the plan results in a savings to the employer in personal
27 services costs within three years after the commencement of the plan. The
28 designation may include only representatives from job classifications whose
29 inclusion contributes to the overall cost savings.

1 (c) A member is eligible to participate in the retirement incentive
2 program only if the member is vested, is employed in a position in a des-
3 ignated organizational unit, and will be qualified to retire under AS 14.-
4 25.110 or AS 39.35.370 after receipt of the retirement incentive. To
5 participate, a member shall apply on a form provided by the administrator.

6 (d) A participating employer shall prepare and file the retirement
7 incentive plan with the administrator. The administrator shall approve the
8 plan if it meets the requirements of this section. For state employees
9 other than university employees, the administrator may approve a designated
10 organizational unit only if the Office of Management and Budget certifies
11 that the unit's participation in the plan meets the requirements of (b) of
12 this section. The administrator shall approve the plan if it meets the
13 requirements of this section. The plan must

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

16 (2) include a reimbursement agreement that

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

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

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

29 (B) provides that contributions from the employer under

1 this section take priority over other obligations of the employer to
2 the maximum extent permitted by law.

3 (e) A member of the teachers' retirement system who participates in
4 the retirement incentive program is indebted to the system. The amount of
5 indebtedness is equal to 21 percent of the member's actual compensation for
6 the school year, or the calculated school year compensation for a member
7 who works less than the entire school year, for the school year in which
8 the member terminates employment to participate in the program. An out-
9 standing indebtedness at the time a participant is appointed to retirement
10 will require an actuarial adjustment to the benefits payable.

11 (f) A member of the public employees' retirement system who partici-
12 pates in the retirement incentive program is indebted to the system. The
13 amount of indebtedness is equal to 22-1/2 percent for a peace officer or
14 fireman, and 20-1/4 percent for other members, of the member's actual
15 annual compensation, or the calculated annual compensation for a member who
16 works fewer than 12 months, for the year in which the member terminates
17 employment to participate in the program. An outstanding indebtedness at
18 the time a participant is appointed to retirement will require an actuarial
19 adjustment to the benefits payable.

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

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24 normal retirement under AS 14.25.110 or AS 39.35.370, as appropriate;

25 (2) to meet the age required for early retirement under AS 14.-
26 25.110 or AS 39.35.370, as appropriate;

27 (3) to reduce the actuarial adjustment required for early re-
28 tirement under AS 14.25.110 or AS 39.35.370, as appropriate;

29 (4) as years of credited service for calculating retirement

1 benefits.

2 (h) Except as provided in sec. 7 of this Act, in the determination of
3 whether a member will qualify to retire under this section, credited ser-
4 vice may include only,

5 (1) for members of the teachers' retirement system, service
6 credit for employment rendered to an employer, territorial service under
7 AS 14.25.105, and Alaska BIA service under AS 14.25.107;

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

10 * Sec. 3. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
11 A state agency is authorized to adopt a retirement incentive plan for its
12 employees. A plan adopted under this section shall permit a designated
13 employee to apply to the retirement incentive program under sec. 2 of this
14 Act only from October 1, 1989, through March 31, 1990.

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

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

20 (1) has been continuously employed by the state since January 1,
21 1989;

22 (2) was laid off from state employment on or after January 1,
23 1989;

24 (3) is a permanent seasonal employee continuously employed by
25 the state in the permanent seasonal position during all of the time since
26 January 1, 1989, in which the position normally was filled;

27 (4) has a job sharing agreement with a state agency in which two
28 or more employees share a single position identified by a single position
29 control number and in which the employee choosing to participate was

1 continuously employed by the agency during all of the time since January 1,
2 1989, in which the employee normally worked under the job sharing agree-
3 ment; or

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

5 (d) Under a plan adopted under this section, the administrator may
6 not accept the application of an employee unless the employee will be
7 appointed to retirement on or before October 31, 1990.

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

10 * Sec. 4. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
11 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a
12 political subdivision of the state or a public organization that has elect-
13 ed to participate in the public employees' retirement system under AS 39.-
14 35.550 - 39.35.650 is authorized to adopt a retirement incentive plan for
15 its employees under sec. 2 of this Act. A plan adopted under this section
16 shall permit designated employees to apply to the retirement incentive
17 program under sec. 2 of this Act from October 1, 1989, through March 31,
18 1990.

19 (b) Under a plan adopted under this section, the administrator may
20 not accept the application of an employee unless the employee will be
21 appointed to retirement on or before October 31, 1990.

22 * Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR THE EMPLOYEES OF
23 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of
24 Alaska is authorized to adopt a retirement incentive plan for its employ-
25 ees. A plan adopted under this section shall permit designated employees
26 to apply to the retirement incentive program under sec. 2 of this Act from
27 July 1, 1989, through December 31, 1989.

28 (b) Under a plan adopted under this section, the administrator may
29 not accept the application of an employee unless the employee will be

1 appointed to retirement on or before July 31, 1990.

2 * Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
3 THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers'
4 retirement system who is not otherwise covered by secs. 3 or 5 of this Act
5 is authorized to adopt a retirement incentive plan for its employees under
6 sec. 2 of this Act. A plan adopted under this section shall permit des-
7 ignated employees to apply to the retirement incentive program under sec. 2
8 of this Act only from July 1, 1989, through December 31, 1989.

9 (b) Under a plan adopted under this section, the administrator may
10 not accept the application of an employee unless the employee will be
11 appointed to retirement on or before July 31, 1990.

12 * Sec. 7. POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION EMPLOYMENT.
13 Notwithstanding other provisions of law, a vested member who is a state
14 employee and is participating in the retirement incentive program may
15 receive credit for employment with a political subdivision or public orga-
16 nization before the political subdivision or organization became an em-
17 ployer under the system for purposes of determining eligibility for retire-
18 ment under AS 14.25.110 or AS 39.35.370, as appropriate. The member may
19 not receive credit for those years under this subsection for purposes of
20 determining benefits. In order for a state employee to receive credit
21 under this subsection, the employee's participation in the program must
22 contribute to the overall cost savings of the agency.

23 * Sec. 8. RECOVERY OF EMPLOYER DELINQUENCIES. To recover a delinquency
24 owed by an employer other than the state under an agreement entered under
25 sec. 2(d)(2) of this Act, the Department of Administration may

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

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

1 * Sec. 9. UNDEBTEDNESS ON REEMPLOYMENT. If a participant in the re-
2 tirement incentive program is reemployed as a member of the public em-
3 ployees' retirement system under AS 39.35 or the teachers' retirement
4 system under AS 14.25 after appointment to retirement under the program,
5 the participant loses the incentive credit received under sec. 2(g) of this
6 Act and is indebted to the system. The amount of the indebtedness is equal
7 to 110 percent of the amount the participant received as a result of par-
8 ticipation in the program to which the participant was not otherwise enti-
9 tled, including the cost of health insurance. The participant is entitled
10 to a credit to be applied against the reemployment indebtedness in the
11 amount the participant has paid under sec. 2(e) or (f) of this Act. Inter-
12 est accrues on the indebtedness at the rate established by regulation from
13 the date of reemployment until the member is appointed to retirement and
14 accepts an actuarial adjustment to the member's future benefits or until
15 the amount is paid in full.

16 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
17 nizational unit for participation in the retirement incentive program, the
18 executive head of a state agency shall describe in detail the expected
19 effect of the program on the agency's personal services cost and operation.
20 This report shall be filed with the Office of Management and Budget. For
21 each employee who will receive credit for employment under sec. 7 of this
22 Act, the agency head shall establish to the satisfaction of the office that
23 the proposed participation contributes to the overall agency cost savings.
24 The agency shall report as required by the Office of Management and Budget
25 on the cost of each member's participation and the effect on the agency's
26 personal services cost and operation. The Office of Management and Budget
27 shall submit to the legislature annual reports on the retirement incentive
28 program beginning on January 15, 1991, and continuing through January 15,
29 1993, and shall submit a final report on January 15, 1994. Each report

1 shall provide the information necessary for the legislature to evaluate the
2 effectiveness of the program in achieving its objectives. The report
3 should include information on the designated organizational units under the
4 retirement incentive plans including the cost of the retirement incentive
5 program per participant, the cost to the state, the cost to the employee,
6 the annual budgeted amount by agency for the retirement incentive, and the
7 projected or actual net savings over the three-year period.

8 * Sec. 11. PROGRAM CHANGES. An employee does not have a vested or
9 contractual right to any benefit under this Act until an agreement is
10 executed with the administrator that permits the benefits to be offered to
11 an organizational unit of which the employee is a member. The legislature
12 reserves the right to change any aspect of the incentive program as it
13 relates to members of organizational units for which participation agree-
14 ments are executed by the administrator after the effective date of the
15 changes.

16 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
17 2 - 7 of this Act and who has submitted a timely application for participa-
18 tion in the retirement incentive program may be considered for participa-
19 tion in the program notwithstanding sec. 14 of this Act.

20 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.226 apply
21 to this Act for members of the teachers' retirement system. The defini-
22 tions set out in AS 39.35.680 apply to this Act for members of the public
23 employees' retirement system.

24 * Sec. 14. Sections 1 - 7 of this Act are repealed July 1, 1991.

25 * Sec. 15. This Act takes effect immediately under AS 01.10.070(c).
26
27
28
29

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	0	204.8	228.1	0	0	0
TRAVEL	0	2.1	3.5	0	0	0
CONTRACTUAL	0	40.3	3.8	0	0	0
SUPPLIES	0	1.7	1.7	0	0	0
EQUIPMENT	0	81.1	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	330.0	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	330.0	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	0	330.0	237.1	0	0	0
TOTAL	0	330.0	237.1	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See pages 2-9 for detailed discussion of increase in operations cost for the division.

THIS BILL WILL NOT RESULT IN AN INCREASE IN STATE OR POLITICAL SUBDIVISION FY 90 PERSONAL SERVICES COSTS.

Prepared By: R. L. Statnalsen
Sally Smith, Director
 Division: Retirement and Benefits

Phone: 465-4470

Date: 1/25/89

Approved by Commissioner: John M. Andrews
 Agency: Department of Administration

Date: 1/30/89

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

Senate Bill 73
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration
 January 20, 1989

Analysis: This bill would permanently place a retirement incentive provision in statute for the Public Employees' (PERS) and Teachers' Retirement Systems (TRS) such that the legislature could turn it on or off as they deem necessary by establishing window periods of opportunity. 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 policeman, fireman, 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:

Personnel services costs:

FY 90

1 Retirement Specialist I (8 mo.)	\$ 19.7	
8 Retirement Tech. I/II (8 mo.)	148.0	
2 Accounting Clerk III (4 mo.)	16.4	
2 Clerk II (6 mo.)	20.7	
Total FY 90		\$204.8

FY 91

1 Retirement Specialist 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 90

2 trips to ANCH/FBKS	2.1
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FY 91

2 trips to ANCH/FBKS	
1 trip to Kenai	
1 trip to Ketchikan	3.5

Contractual:

FY 90

RSA to the Division of Finance for 2 Accounting Clerk III for 5 months to provide service and salary verifications.	\$20.5	
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.	1.4	
Long distance call expense based upon experience from the previous RIP.	<u>2.4</u>	
Total FY 90 Contractual		40.3

FY 91

Telephone service for 9 phones.	1.4	
Long distance calls	<u>2.4</u>	
Total FY 91 Contractual		3.8

Supplies:

FY 90

(13 employees x \$200/yr x .66)	1.7	
---------------------------------	-----	--

FY 91

(13 employees x \$200/yr x .66)	1.7	
---------------------------------	-----	--

Equipment:

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 years, we determined that with our current printer needs, purchasing would be more cost effective.

FY 90

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 \$ 567.1

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

Senate Bill 73
Analysis of Fiscal Implications to the Retirement Funds
Prepared by Division of Retirement & Benefits
Department of Administration
January 19, 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	Barg. Unit GGU								
Time Status FT Nonpermanent	Staff Months 4.0 each = 8.0	Location AWA		Election District 4								
Type of Expenditure		Justification										
Amount		<p>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
2 personal computers	\$10,000											
2 microfiche viewers	1,600											
2 calculators	276											
	\$11,876											
1	2				3							
Salary	14,680											
Benefits	1,708											
Premium Pay												
Other												
Total Personal Services		16,388										
Travel												
Contractual (Computer Hook-up fees)		3,280										
Commodities		264										
Equipment		11,876										
Other												
Total Cost		31,808										
Funding Source for Total Cost												
Federal Receipts	1002											
G. F. Match	1003											
General Fund	1004											
GF Program Receipts	1005											
Other	PERS 1029	19,085										
	TRS 1034	12,723										

4/6K2/012301-9/1&2

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 6 of 9
 Revised Date

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. Unit GGU
Time Status FT Nonpermanent	Staff Months 6.0 each = 12.0	Location AWA		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	18,540			
Benefits	12,156			
Premium Pay				
Other				
Total Personal Services		20,696		
Travel				
Contractual				
Commodities		261		
Equipment				
Other		20,960		
Total Cost				
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	12,576		
	TRS 1034	8,384		

Justification
 These two Clerk II positions are required in the Microfiche Center for the day-to-day file/recordkeeping duties for these new retirees. Duties include: sanitizing and purging files, creating new microfiche files for these retirees from paper documents, creating duplicate microfiche files when requested for the use of division personnel, and filing and refiling all documents.

 Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.

4/5K2/012301 0/384

**Request For
New Position**

Agency Administration
 DRU 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	Barg. Unit GGU
Time Status FT Nonpermanent	Staff Months 8.0 each = 64.0	Location AWA		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	132,608			
Benefits	15,424			
Premium Pay				
Other				
Total Personal Services		148,032		
Travel				
Contractual (Computer Hook-up fees)		13,120		
Commodities		1,056		
Equipment		45,904		
Other				
Total Cost		208,112		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	124,867		
	TRS 1034	83,245		

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
BRU 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	Barg. Unit	GGU
Time Status		Staff Months		Location		Election District			
FT Nonpermanent		8.0		AWA		4			
Type of Expenditure				Amount		Justification			
						During the almost two years of managing the first .			
1				2		RIP, PERS retirements increased 109%, TRS			
				3		retirements increased by 151%, projections increased			
Salary				17,640		by 235%, correspondence increased by 126%, telephone			
Benefits				2,052		calls increased by 134% and office visits increased			
Premium Pay						by 147%.			
Other						The Retirement Specialist will train and direct the			
Total Personal Services				19,692		daily activities of the eight additional retirement			
Travel						technicians. They will also be responsible for			
Contractual (Computer Hook-up fees)				1,640		maintaining a listing of all employees who elect to			
Commodities				732		participate in the RIP and a listing of all			
Equipment				5,138		employees who are eligible to retire under the RIP.			
Other						They will also be required to prepare data necessary			
Total Cost				26,602		to calculate actual cost billing information to			
Funding Source for Total Cost						participating employers.			
Federal Receipts 1002						Equipment needs are as follows:			
G. F. Match 1003						1 personal computer \$5,000			
General Fund 1004						1 calculator 138			
GF Program Receipts 1005						\$5,138			
Other PERS 1029				15,961		Please refer to page 3 for detailed equipment			
Other TRS 1034				10,641		justification.			

4/6K2/012301-9/7&8

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 9 of 9
 Revised Date

FY 90

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act Relating to Retirement
 Incentive Programs f/Public Employees
 Retirement System and the Teacher's
 Retirement System; and Providing for an
 Effective Date."

Agency Affected: University of Alaska
 BRU: SPS, UAF, UAA, UAS

Components: _____

Sponsor: Duncan/Kerttula

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
---------	--	--	--	--	--	--

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

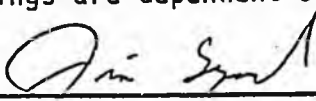
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

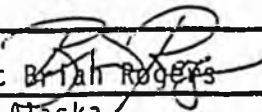
FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

It is a requirement of the bill that employers will only participate if this is a cost-cutting measure. By definition, the program can only save money and not cost money. Savings are dependent on volume and mix, and are not currently measureable.

Prepared by: Jim Lynch 
 Division: Statewide Finance

Phone: 474-6556
 Date: 2/21/89

Approved by Commissioner: Vice President Brian Rogers 
 Agency: University of Alaska

Date: 2/21/89

Distribution (by preparer):

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

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	40.3	3.8	0	0	0
SUPPLIES	.3	2.6	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	365.2	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	142.2	337.3	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	365.2	237.1	0	0	0
TOTAL	142.2	365.2	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.

Prepared By: Sally Smith, Director *Sally Smith* Phone: 465-4470
 Division: Retirement and Benefits Date: _____
 Approved by Commissioner: John M. Andrews *JM* Date: 3/10/89
 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 (SA)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration
 March 7, 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 policeman, fireman, 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.)	<u>37.0</u>		
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.)	<u>34.5</u>		
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.)	<u>27.6</u>		
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.	\$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		40.3	

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

		<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
EQUIPEMENT				
FY 89				
11 Personal Computers	55.0			
8 Microfiche viewers	6.4			
11 Calculators	1.7			
1 Computer Output Printer	<u>18.0</u>			
Total Equipment		<u>81.1</u>		
Total Bill Cost By Fiscal Year		<u>\$142.2</u>	<u>\$365.2</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 (SA)
Analysis of Financial Implications on the Retirement Systems
Prepared by Division of Retirement & Benefits
Department of Administration
March 7, 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	Barg. Unit	GGU
Time Status	FT Nonpermanent	Staff Months	8.0 each = 16.0	Location	AWA		Election District	4	
Type of Expenditure				Amount		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. The equipment needs are as follows: 2 personal computers \$10,000 2 microfiche viewers 1,600 2 calculators 276 \$11,876 Please refer to page 3 for justification.			
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							
Funding Source for Total Cost									
Federal Receipts		1002							
G. F. Match		1003							
General Fund		1004							
GF Program Receipts		1005							
Other		PERS 1029		29,076					
		IRS 1034		19,384					

4/6K2/012301-9/1&2

**Request For
New Position**

Agency Administration
BRU Retirement and Benefits
Component Retirement and Benefits

Page 6 of 9
Revised Date _____

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. Unit GGU
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA	Election District 4	
Type of Expenditure		Amount		
1	2	3		
Salary	30,900			
Benefits	3,593			
Premium Pay				
Other				
Total Personal Services		34,493		
Travel				
Contractual				
Commodities		440		
Equipment				
Other				
Total Cost		34,933		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
GF Program Receipts	1005			
Other	PERS 1029	20,960		
	TRS 1034	13,973		
Justification These two Clerk II positions are required in the Microfiche Center for the day-to-day file/recordkeeping duties for these new retirees. Duties include: sanitizing and purging files, creating new microfiche files for these retirees from paper documents, creating duplicate microfiche files when requested for the use of division personnel, and filing and refiling all documents. Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.				

4/6K2/012301-9/3&4

**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	Barg. Unit GGU																																																																
Time Status FT Nonpermanent	Staff Months 12.0 each = 96.0	Location AWA	Election District 4																																																																	
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>Amount</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>198,912</td> <td rowspan="4"></td> </tr> <tr> <td>Benefits</td> <td>23,136</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td colspan="2">Total Personal Services</td> <td>222,048</td> </tr> <tr> <td colspan="3">Travel</td> </tr> <tr> <td>Contractual (Computer Hook-up fees)</td> <td></td> <td>13,120</td> </tr> <tr> <td>Commodities</td> <td></td> <td>1,584</td> </tr> <tr> <td>Equipment</td> <td></td> <td>45,904</td> </tr> <tr> <td>Other</td> <td></td> <td></td> </tr> <tr> <td colspan="2">Total Cost</td> <td>282,656</td> </tr> <tr> <td colspan="3">Funding Source for Total Cost</td> </tr> <tr> <td>Federal Receipts</td> <td>1002</td> <td></td> </tr> <tr> <td>G. F. Match</td> <td>1003</td> <td></td> </tr> <tr> <td>General Fund</td> <td>1004</td> <td></td> </tr> <tr> <td>GF Program Receipts</td> <td>1005</td> <td></td> </tr> <tr> <td>Other</td> <td>PERS 1029</td> <td>169,594</td> </tr> <tr> <td></td> <td>TRS 1034</td> <td>113,062</td> </tr> </tbody> </table>		Type of Expenditure	Amount	1	2	3	Salary	198,912		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	<p>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%.</p> <p>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.</p> <p>Equipment needs are as follows:</p> <table> <tr> <td>8 personal computers</td> <td>\$40,000</td> </tr> <tr> <td>6 microfiche viewers</td> <td>4,800</td> </tr> <tr> <td>8 calculators</td> <td>1,104</td> </tr> <tr> <td></td> <td><u>\$45,904</u></td> </tr> </table> <p>Please refer to page 3 for detailed justification.</p>			8 personal computers	\$40,000	6 microfiche viewers	4,800	8 calculators	1,104		<u>\$45,904</u>
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4/6K2/012301-9/5&6

**Request For
New Position**

Agency Administration
BRU 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	Barg. Unit	GGU						
Time Status		Staff Months		Location		Election District									
FT Nonpermanent		12.0		AWA		4									
				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:											
				<table> <tr> <td>1 personal computer</td> <td>\$5,000</td> </tr> <tr> <td>1 calculator</td> <td>138</td> </tr> <tr> <td></td> <td><u>\$5,138</u></td> </tr> </table>						1 personal computer	\$5,000	1 calculator	138		<u>\$5,138</u>
1 personal computer	\$5,000														
1 calculator	138														
	<u>\$5,138</u>														
				Please refer to page 3 for detailed equipment justification.											
Type of Expenditure				Amount											
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 1029		22,229											
		TRS 1034		14,819											

4/6K2/012301-9/7&8

**Request For
New Position**

Agency Administration
 BRU Retirement and Benefits
 Component Retirement and Benefits

Page 9 of 9
 Revised Date

FY 90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to a retirement incentive program.
Sponsor: Duncan
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits

Components: Retirement and Benefits

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	2.6	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, Director 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.)	<u>37.0</u>		
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.)	<u>34.5</u>		
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.)	<u>27.6</u>		
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.	^{36⁵} \$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

CORRECTION

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to a retirement incentive program.

Agency Affected: Administration
BRU: Retirement and Benefits

Sponsor: Duncan
Requestor: _____

Components: Retirement and Benefits

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	2.6	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:

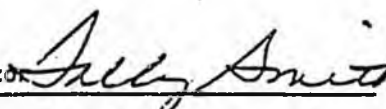
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	9	13	13	0	0	0

ANALYSIS: (Attach a separate page if necessary)

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

See Attached.

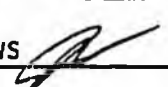
Prepared By: Sally Smith, Director
Division: Retirement and Benefits



Phone: 465-4470

Date: 31 Mar 89

Approved by Commissioner: John M. Andrews
Agency: Department of Administration



Date: 3/31/89

Distribution (by preparer):

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

Total FY 90 (Fh CS)

Retire & Benefits	349.2	13 PPT
DOA Finance	46.9	2 PPT
	<hr/>	<hr/>
	396.1	15 part time positions

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.

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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.)	<u>34.5</u>		
Total FY 90		\$318.8	
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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		
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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		
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(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>	<u> </u>	<u> </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	Barg. Unit	GGU								
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G. F. Match		1003															
General Fund		1004															
GF Program Receipts		1005															
Other PERS		1029		29,076													
TRS		1034		19,384													
				<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 border="0"> <tr> <td>2 personal computers</td> <td>\$10,000</td> </tr> <tr> <td>2 microfiche viewers</td> <td>1,600</td> </tr> <tr> <td>2 calculators</td> <td>276</td> </tr> <tr> <td></td> <td><u>\$11,876</u></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		<u>\$11,876</u>
2 personal computers	\$10,000																
2 microfiche viewers	1,600																
2 calculators	276																
	<u>\$11,876</u>																

4/6K2/012301-9/182

**Request For
New Position**

Agency Administration
DRU Retirement and Benefits
Component Retirement and Benefits

Page 6 of 9
Revised Date _____

FY 90

Position Title Clerk II		No. of Positions 2	Range/Step 7A	Barg. Unit GGU																																																												
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA		Election District 4																																																												
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>Amount</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td></td> <td>30,900</td> <td></td> <td></td> </tr> <tr> <td>Benefits</td> <td></td> <td>3,593</td> <td></td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td></td> <td></td> <td>34,493</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td></td> <td>440</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> <td></td> <td></td> <td>34,933</td> </tr> </tbody> </table>		Type of Expenditure	1	2	Amount	3	Salary		30,900			Benefits		3,593			Premium Pay					Other					Total Personal Services				34,493	Travel					Contractual					Commodities				440	Equipment					Other					Total Cost				34,933	Justification These two Clerk II positions are required in the Microfiche Center for the day-to-day file/recordkeeping duties for these new retirees. Duties include: sanitizing and purging files, creating new microfiche files for these retirees from paper documents, creating duplicate microfiche files when requested for the use of division personnel, and filing and refiling all documents.		
Type of Expenditure	1	2	Amount	3																																																												
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Total Cost				34,933																																																												
Funding Source for Total Cost		Many calculations affecting members' retirement accounts depend on the files being accurate and up-to-date. The Microfiche Center is currently backlogged.																																																														
Federal Receipts	1002																																																															
G F Match	1003																																																															
General Fund	1004																																																															
GF Program Receipts	1005																																																															
Other	PERS 1029		20,960																																																													
	TRS 1034		13,973																																																													

4/6K2/012301-9/384

**Request For
New Position**

Agency Administration

ORU 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	Barg. Unit	GGU		
Vine Status		Staff Months		Location		Election District					
FT Nonpermanent		12.0 each = 96.0		AWA		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 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 \$45,904							
1		2								3	
Salary		198,912									
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
 \$45,904

Please refer to page 3 for detailed justification.

4/6K2/012301-9/586

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

Page 8 of 9
 Revised Date _____

FY 90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to RIP
In PERS and TRS.
Sponsor: Duncan and Kerttula
Requestor: _____

Agency Affected: Department of Administration
BRU: Finance
Components: Retirement and Benefits

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
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 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
Division: Finance

Keith Busch

Phone: 465-2246

Date: 3/24/89

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 3/24/89

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

RECEIVED
MAR 28 1989

FISCAL NOTE

REQUEST:

Revision Date: March 23, 1989
Title: An Act relating to a retirement incentive program.
Sponsor: Duncan
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

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	40.3	3.8	0	0	0
SUPPLIES	.3	2.6	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	365.2	237.1	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	142.2	365.2	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	365.2	237.1	0	0	0
TOTAL	142.2	365.2	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, Director *Sally Smith*
Division: Retirement and Benefits

Phone: 465-4470

Date: 3/23/89

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 3/23/89

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

RECEIVED
MAR 28 1989

Committee Substitute for Senate Bill 73 (HESS)
 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.)	<u>37.0</u>		
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.)	<u>34.5</u>		
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.)	<u>27.6</u>		
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.	\$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		40.3	
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