

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6619 SENATE STATE AFFAIRS

1073

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	<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 (HESS)
Analysis of Financial Implications on the Retirement Svstems
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																										
Type Status FT Nonpermanent	Staff Months 8.0 each = 16.0	Location AWA		Election District 4																										
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2</td> </tr> <tr> <td>Salary</td> <td>29,360</td> </tr> <tr> <td>Benefits</td> <td>3,416</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td>32,776</td> </tr> <tr> <td>Travel</td> <td></td> </tr> <tr> <td>Contractual (Computer Hook-up fees)</td> <td>3,280</td> </tr> <tr> <td>Commodities</td> <td>528</td> </tr> <tr> <td>Equipment</td> <td>11,876</td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>Total Cost</td> <td>48,460</td> </tr> </tbody> </table>		Type of Expenditure	Amount	1	2	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	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.		
Type of Expenditure	Amount																													
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		Please refer to page 3 for justification.																												

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	Range/Step 7A	Org. Unit GGU
Time Status FT Nonpermanent	Staff Months 10.0 each = 20.0	Location AWA		Election District 4
Type of Expenditure		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.		
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		

4/6K2/012301-9/384

Request For
New Position

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

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 Revised Date

FY 90

Position Title		Retirement and Benefits Technician		No. of Positions	8	Range/Step	12A	Barg. Unit	GGU								
Type Status	Staff Months			Location	AWA		Election District	4									
FT Nonpermanent		12.0 each = 96.0															
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: <table style="margin-left: 40px;"> <tr> <td>8 personal computers</td> <td style="text-align: right;">\$40,000</td> </tr> <tr> <td>6 microfiche viewers</td> <td style="text-align: right;">4,800</td> </tr> <tr> <td>8 calculators</td> <td style="text-align: right;">1,104</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$45,904</td> </tr> </table> Please refer to page 3 for detailed justification.				8 personal computers	\$40,000	6 microfiche viewers	4,800	8 calculators	1,104		\$45,904
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Funding Source for Total Cost																	
Federal Receipts	1002																
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General Fund	1004																
GF Program Receipts	1005																
Other	PERS 1029		169,594														
	TRS 1034		113,062														

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

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)

		<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		Staff Months		Location		Election District					
FT Nonpermanent		8.0 each = 16.0		AWA		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.							
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Salary		29,360									
Benefits		3,416									
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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							
TRS 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			
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4/6K2/012301-9/384

**Request For
New Position**

Agency Administration
 DRU Retirement and Benefits
 Component Retirement and Benefits

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 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																																		
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4/6K2/912301-9/5&6

**Request For
New Position**

Agency Administration
DRU Retirement and Benefits
Component Retirement and Benefits

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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			
Type of Expenditure				Amount		Justification During the almost two years of managing the first RIP, PERS retirements increased 109%, TRS retirements increased by 151%, projections increased by 235%, correspondence increased by 126%, telephone calls increased by 134% and office visits increased by 147%. The Retirement Specialist will train and direct the daily activities of the eight additional retirement technicians. They will also be responsible for maintaining a listing of all employees who elect to participate in the RIP and a listing of all employees who are eligible to retire under the RIP. They will also be required to prepare data necessary to calculate actual cost billing information to participating employers. Equipment needs are as follows: 1 personal computer \$5,000 1 calculator 138 \$5,138 Please refer to page 3 for detailed equipment justification.			
1		2		3					
Salary		26,460							
Benefits		3,078							
Premium Pay									
Other									
Total Personal Services				29,538					
Travel									
Contractual (Computer Hook-up fees)				1,640					
Commodities				732					
Equipment				5,138					
Other									
Total Cost				37,048					
Funding Source for Total Cost									
Federal Receipts		1002							
G. F. Match		1003							
General Fund		1004							
GF Program Receipts		1005							
Other PERS		1029		22,229					
TRS		1034		14,819					

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

**Request For
New Position**

Agency Administration

DRU Retirement and Benefits

Component Retirement and Benefits

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Revised Date

FY 90

FISCAL NOTE

REQUEST:

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	46.9	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	46.9	0	0	0	0
CAPITAL	0	0	0	0	0	0
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 *Keith Busch* Phone: 465-2246
 Division: Finance Date: _____
 Approved by Commissioner: John M. Andrews *JM Andrews* Date: 3/17/89
 Agency: Department of Administration

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 73 (SA)

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

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

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

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. J. Statuelsen Phone: 465-4470
Sally Smith, Director Date: 1/25/89
 Division: Retirement and Benefits

Approved by Commissioner: John M. Andrews Date: 1/30/89
 Agency: Department of Administration

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

January 9, 1989

SENATE JOURNAL

p. 28

SB 73

SENATE BILL NO. 73 by Senators Duncan and Kerttula, entitled:

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

was read the first time and referred to the State Affairs Committee, the Health, Education and Social Services Committee and the Finance Committee.

February 27, 1989

SENATE JOURNAL

p. 532

SB 73

Senator Duncan, in a memorandum to President Kelly, enclosed the following Budget and Audit Report which references the savings to the State by the Retirement Incentive Program in SENATE BILL NO. 73 by Senator Duncan, entitled: (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date):

A REPORT ON THE DEPARTMENT OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM, RETIRE-
MENT INCENTIVE PROGRAM, May 16, 1986 -
October 1, 1987

Copies of these reports are on file in the Office of the Secretary of the Senate.

March 7, 1989

SENATE JOURNAL

p. 662

SB 73

The State Affairs Committee considered SENATE BILL NO. 73 (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) and a majority of the committee recommended it be replaced with

SB 73 cont'd

CS FOR SENATE BILL NO. 73 (State Affairs)

and do pass. The report was signed by Senator Pourchot, Chair, and concurred in by Senators Kelly, Adams and Faiks.

Fiscal note for SENATE BILL NO. 73 published today from Department of Administration. Fiscal note for the committee substitute forthcoming.

SENATE BILL NO. 73 was referred to the Health, Education and Social Services Committee.

March 14, 1989

SENATE JOURNAL

p. 772

SB 73

Fiscal note for Committee Substitute for Senate Bill No. 73 (SA) (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) published today from Department of Administration.

March 22, 1989

SENATE JOURNAL

p. 897

SB 73

Fiscal note for Committee Substitute of Senate Bill No. 73 (State Affairs) (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) published today from Department of Administration.

SB 73

The Health, Education and Social Services Committee considered SENATE BILL NO. 73 (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) and a majority of the committee recommended it be replaced with

CS FOR SENATE BILL NO. 73 (HESS)

SB 73 cont'd

and do pass. The report was signed by Senator Fischer, Chair, and concurred in by Senators Kelly, Jones and Duncan.

Fiscal note for the committee substitute forthcoming.

SENATE BILL NO. 73 was referred to the Finance Committee.

March 28, 1989

SENATE JOURNAL

p. 949

SB 73

Fiscal note for Committee Substitute for Senate Bill No. 73 (HESS) (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) published today from Department of Administration.

March 31, 1989

SENATE JOURNAL

p. 999

SB 73

The Finance Committee considered SENATE BILL NO. 73 (An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system; and providing for an effective date) and recommended it be replaced with

CS FOR SENATE BILL NO. 73 (Finance)

and a majority of the committee reported it back without recommendation and a Letter of Intent. The report was signed by Senator Uehling, Co-Chair, and concurred in by Senators Frank, Pearce, Fischer and Zharoff. Senator Duncan signed "do pass."

Senator Zharoff moved and asked unanimous consent that his recommendation be changed from "no recommendation" to "do pass." Without objection, it was so ordered.

Letter of Intent
for
CS FOR SENATE BILL NO. 73 (Finance)

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

/s/
Senator Rick Uehling
Co-Chair

Fiscal note and zero fiscal note for the committee
substitute published today from Department of
Administration.

SENATE BILL NO. 73 was referred to the Rules Committee.

SB 73 RETIREMENT INCENTIVE PROGRAM

NOTIFIED

SENATOR DUNCAN, SPONSOR (ROXANNE)
 BOB STALNAKER, DIV. RETIREMENT AND BENEFITS
 BOE MANNERS, N.E.A.
 RANDY WELKER, LEGISLATIVE AUDIT

Commissioner John
 Andrews
 Sally Smith

F.Y.I.

FY 89 R.I.P. BUDGET BRU's (GF ONLY):	DOT	509.2
<i>were these funds interagency</i>	DOA	135.5
<i>transfers or direct</i>	DHSS	178.9
<i>appropriations?</i>	DMVA	7.0
	DPS	27.3

C.S. WILL BE AVAILABLE BY TIME OF HEARING. LANGUAGE ON O.M.B. ANALYSIS AND REPORT WILL BE A SEPARATE AMENDMENT -- DUNCAN IS MEETING WITH ALISON ELGEE MONDAY A.M. TO FINALIZE IT.

OUR FACT SHEET NOTES THE \$14 MILLION STATE SAVINGS IS A BLEND OF STATE AND OTHER FUNDS. THE R.I.P. COST MAY ALSO BE A BLEND -- REMEMBER FEDS. PAID SOME OF DEPT. LABOR'S SHARE; D.O.T. WAS PURSUING FEDERAL REIMBURSEMENT TOO.

O.M.B. INSTRUCTIONS FOR ORIGINAL R.I.P.:

MUST SHOW SAVINGS WITHIN JOB CLASSIFICATION (BASED ON STATE CLASSIFICATION OUTLINE) WITHIN DESIGNATED ORGANIZATIONAL UNITS (COULD BE SECTION, DIVISION, OR ENTIRE AGENCY, OR BUDGET COMPONENT OR B.R.U.).

"O.M.B. FEELS THAT SHOWING SAVINGS IS EQUIVALENT TO IDENTIFYING FUNDS NEEDED TO PAY THE COST OF THE PROGRAM."

SO MUCH FOR FAIKS' CONCEPT OF SELECTIVE PARTICIPATION: "WITHIN A JOB CLASSIFICATION AND DESIGNATED UNIT EITHER ALL THOSE INDIVIDUALS MUST BE ABLE TO PARTICIPATE OR NONE CAN."

TO ACHIEVE SAVINGS, A POSITION MAY BE HELD VACANT EVEN THOUGH IT WAS NOT LAST FILLED BY SOMEONE R.I.P.ing.

IN CALCULATING SAVINGS, AGENCY MAY ASSUME MERIT INCREASES AND LONGEVITY STEPS WILL BE AWARDED. IF DO, MUST ALSO ASSUME FOR REPLACEMENT POSITION.

AGENCIES MAY USE LAPSING PERSONAL SERVICES FUNDS TO PAY R.I.P COSTS. LAPSING FUNDS MAY BE ENCUMBERED EVEN IN COMPONENTS IN WHICH NOBODY HAS R.I.P.

DETAILED FORMS SHOWING SAVINGS BY P.C.N. WERE TO BE FILLED OUT. NOTE: SB 73 REQUIRES THAT AGENCIES REPORT ON THE COST OF EACH EMPLOYEE'S PARTICIPATION AND ITS EFFECT ON THE AGENCY'S PERSONAL SERVICES COST. ORIGINAL R.I.P. REQUIRED THIS TOO.

SB 73 RETIREMENT INCENTIVE PROGRAM ✓

TO TESTIFY

SEN. DUNCAN, SPONSOR (ROXANNE)

SALLY SMITH, DEPT. ADMINISTRATION, DIV. RETIREMENT & BENEFITS

BOB MANNERS, N.E.A. (POSSIBLY BOB COOKSEY)

BUDDY MAUPIN OR MICHELLE CASTANEDO, A.S.E.A.

BRUCE LUDWIG, A.P.E.A.

SUZANNE TRYCK, UNIVERSITY OF ALASKA

*Auditor ✓*F.Y.I.

DUNCAN MAY INTRODUCE AMENDMENT TO BEGIN R.I.P. THIS YEAR FOR TEACHERS (RATHER THAN 1990). WE'VE RECEIVED LOTS OF P.O.M.s REQUESTING THIS. LOTS OF INTEREST, TOO, IN EXTENDING THE WINDOW BEYOND 3 MONTHS (ORIGINAL R.I.P. WAS ONE YEAR).

ABOUT THE AUDIT:

COMPARED BY P.C.N. NUMBER THE ANNUAL POSITION COST BEFORE AND AFTER R.I.P. THE DIFFERENCE WAS THEN MULTIPLIED BY 3, SINCE RETIREMENT WAS ALLOWED 3 YEARS EARLY AND EMPLOYERS HAD 3 YEARS TO REIMBURSE THE SYSTEM. THIS DOESN'T TAKE INTO CONSIDERATION THAT SOME PEOPLE WERE WITHIN 1 OR 2 YEARS OF RETIREMENT RATHER THAN 3.

AUDIT DIDN'T CONSIDER THAT WITHOUT R.I.P. THE POSITION MIGHT HAVE BEEN LAID OFF, IN WHICH CASE THERE WOULD HAVE BEEN NO R.I.P. COSTS EITHER.

ALSO, IF POSITION WAS VACANT AT TIME OF AUDIT, AUDIT ASSUMES IT WILL BE HELD VACANT FOR THE FULL 3 YEARS.

SAVINGS WERE GENERALLY BECAUSE POSITION WAS REPLACED WITH A LOWER SALARIED EMPLOYEE, THE POSITION WAS RECLASSIFIED TO A LOWER PAY RANGE, OR POSITION WAS LEFT VACANT.

ALL STATE AGENCIES EXCEPT CORRECTIONS AND C&RA SAVED MONEY.

CONCERNS:


PROGRAM IS OPTIONAL, WHICH MEANS SOME AGENCIES/SCHOOL DISTRICTS/ORGANIZATIONAL UNITS PARTICIPATE AND SOME DON'T. CONCERN LAST TIME (ESP. WITH UNIV) THAT THERE WAS FAVORITISM, DISCRIMINATION.

SEASONAL STATE EMPLOYEES, LIKE ALL STATE EMPLOYEES, MUST RETIRE BY MAY 1. ADF&G CONCERNED THAT THIS WILL DISRUPT THEIR FIELD SEASON, WHICH RUNS UNTIL MID-OCTOBER.

MUNICIPALITY OF ANCHORAGE OPPOSED. LETTER IN PACKET INDICATES UP-FRONT COSTS WOULD BE \$4 MILLION. REMEMBER M.O.A. DOESN'T HAVE TO PARTICIPATE EVEN IF SB 73 IS ENACTED.

→ + see letter from Anch school district — don't want to have to demonstrate cost savings

how? /



Audit assumes that every RIP participant retired 3 yrs. early. Is this the case, or were some only 1 or 2 yrs. from retirement? If so, audit compares 1 or 2 yrs. of RIP costs per person with 3 yrs. of savings!

How much is provision that anyone who hit out to be hired under contract by the state?

CORRECTION

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

220

Audit assumes that every RIP participant retired 3 yrs. early. Is this the case, or were some only 1 or 2 yrs. from retirement? If so, audit compares 1 or 2 yrs. of RIP costs per PEN with 3 yrs. of savings!

How about a provision that anyone who RIPs can't be hired under contract by the state?

HIGHLIGHTS OF SB 73, RETIREMENT INCENTIVE PROGRAM

Authorized for state agencies, political subdivisions (school districts, municipalities), university. Participation is optional.

(page i, line 24)

Participation allowed only if will result in personal services savings within 5 years. Report of estimated savings must be filed with OMB; OMB must submit to legislature each January.

(page 1, line 29; page 5, line 5; page 5, line 12)

To be eligible, individual must be within 3 years of retirement. Credit can be applied either to age or years of service.

TRS: age 55 with 8 years of service OR
20 years of service

PERS: age 60 with 5 years of service OR
20 years of service if fireman or peace officer,
30 years of service otherwise

(page 3, line 11)

To be eligible, employee must have been continuously employed since January 1, 1989 (or employed for the season) OR laid off on or after January 1, 1989.

(page 10, line 7)

Commissioners and deputy commissioners cannot participate.

(page 10, line 3)

Employee must pay into the system for the 3 years at the time of retirement (a specified percentage of the final year's salary). Employer must reimburse the system within 3 years; DOA is empowered to address delinquencies.

(page 2, line 18; page 3, line 4; page 4, line 7)

Participating employers bear the administrative cost of the program.

(page 2, line 27)

Application periods:

State	Jan, Feb, Mar 1990	(must retire by 5/1/90)
School Dist	Mar, Apr, May 1990	(must retire by 7/1/90)
University	May, Jun, Jul 1990	(must retire by 9/1/90)
Municipal	Jul, Aug, Sep 1990	(must retire by 11/1/90)

(page 10, line 2; page 11, line 10; page 11, line 20; page 12, line 6)

Effective date January 1, 1990

(page 12, line 12)

Sen. Pourchot
March 3, 1989

CSSB 73 -- RETIREMENT INCENTIVE PROGRAM -- MORE INFORMATION

Differences Between SB 73 and Original RIP

CSSB 73 requires that savings to the employer be demonstrated within 3 years; original RIP didn't specify when savings must occur

CSSB 73 applies to permanent seasonal employees and job sharing arrangements; original RIP did not

CSSB 73 disallows participation by commissioners, deputy commissioners, and assistant commissioners; original RIP did not

The employee share of the RIP costs (a percentage of a year's salary) has increased because the contribution rate has changed:

	CSSB 73	Original
TRS	21%	21%
Peace officers/firemen	22.5%	15%
Other PERS	20.25%	12.75%

Application periods vary:

	<u>Original RIP</u>		<u>CSSB 73</u>	
	Appl. Windows	Retire	Appl. Windows	Retire
Teach	5/1/86-6/30/87	10/1/87	7/1/89-12/31/89	8/1/90
Univ	10/1/86-9/30/87	1/1/88	7/1/89-12/31/89	8/1/90
State	5/1/86-6/30/87	10/1/87	10/1/89- 3/31/90	11/1/90
Muni	1/1/87-12/1/87	4/1/88	10/1/89- 3/31/90	11/1/90

Some Figures

Average RIP cost is approximately 65% of an employee's annual salary

Ex: Salary	\$ 50,000
RIP Cost	\$ 32,000
Employee Share (21%)	\$ 11,000
Employer Share	\$ 21,000

A Range 20F earns \$50,952; a Range 20A earns \$42,984.
Replacing a Range 20F with a Range 20A would result in a savings within three years.

Average annual PERS benefit per retiree (6/30/88)	\$ 11,300
Average annual TRS benefit per retiree (6/30/88)	\$ 21,240

About the Audit

It should be noted that the \$14.4 million shown as state savings is a combination of state and other funds. The state's share of personal services costs is generally 70-75%, in this case approximately \$10.5 million.

RIP reinstated!

Application only during Jan, Feb, March 1990;
must be state employee since at least Jan. 1, 1989, must
be within 3 yrs. of retirement; must retire by May 1, 1990.
etc

1 IN THE SENATE

BY DUNCAN AND KERTTULA

2 SENATE BILL NO. 73

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. AS 14.25 is amended by adding a new section to read:

22 Sec. 14.25.128. RETIREMENT INCENTIVE PROGRAM. (a) If a retire-
23 ment incentive application period is authorized by law, an employer
24 may adopt a retirement incentive plan to designate organizational
25 units of employees eligible to participate in the retirement incentive
26 program.

27 (b) The organizational units of a plan must be selected so that
28 implementation of the plan results in a savings to the employer in
29 personal services costs within five years after the commencement of

Teachers
Retirement
System



now

TEACHERS
basically
age 55, 8 yrs service
or
Based on 20 yrs. service
of service 13 yrs

1 the plan. The designation may include only representatives from job
2 classifications whose retirement contributes to the overall cost
savings.

(c) A member is eligible to participate in the retirement incen-
5 tive program only if the member is vested, is employed in a position
in a designated organizational unit, and will be qualified to retire
under AS 14.25.110 after receipt of the retirement incentive. To
participate, a member shall apply on a form provided by the adminis-
trator.

(d) A participating employer shall prepare and file the re-
10 tirement incentive plan with the administrator. The administrator
11 shall approve the plan if it meets the requirements of this section.
12 The plan must

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

(2) include a reimbursement agreement that

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

(i) the equivalent of the difference
22 between the benefits the participant receives after the
addition of the retirement incentive under this section and
the amount the participant would have received without the
incentive, less the amount the participant has paid on the
26 indebtedness determined under (e) of this section; and

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

(B) provides that contributions from the employer

(RIP benefits - amt. participant would have rec'd w/out RIP) - participant's share

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

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

11 (f) A participant in the retirement incentive program receives a
12 credit of three years. The three years must be applied in the follow-
13 ing order until exhausted:

14 (1) to meet the age or service required for eligibility for
15 normal retirement under AS 14.25.110;

16 (2) to meet the age required for early retirement under
17 AS 14.25.110;

18 (3) to reduce the actuarial adjustment required for early
19 retirement under AS 14.25.110;

20 (4) as years of credited service for calculating retirement
21 benefits.

22 (g) Except as provided in (h) of this section, in the determina-
23 tion of whether a member will qualify to retire under this section,
24 credited service may include only service credit for employment ren-
25 dered to an employer, territorial service under AS 14.25.105, and
26 Alaska BIA service under AS 14.25.107.

27 (h) Notwithstanding other provisions of law, a vested member who
28 is a state employee and is participating in the retirement incentive
29 program may receive credit for municipal employment before the

1 municipality became an employer under the system for purposes of
2 determining eligibility for retirement under AS 14.25.110. The member
3 may not receive credit for those years under this subsection for
4 purposes of determining benefits. In order for a state employee to
5 receive credit under this subsection, the employee's participation in
6 the program must contribute to the overall cost savings of the agency.

7 (i) To recover a delinquency owed by an employer other than the
8 state under an agreement entered under (d)(2) of this section, the
9 Department of Administration may

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

11 (2) direct that the amount of the delinquency or a lesser
12 amount be withheld from any money payable to the employer by a state
13 department or agency and that the amount withheld be credited to the
14 delinquency.

15 (j) If a participant in the retirement incentive program is
16 reemployed as a member of the Public Employees' Retirement System
17 under AS 39.35 or the Teachers' Retirement System under this chapter
18 after appointment to retirement under the program, the participant
19 loses the incentive credit received under (f) of this section and is
20 indebted to the system. The amount of the indebtedness is equal to
21 110 percent of the amount the participant received as a result of
22 participation in the program to which the participant was not other-
23 wise entitled, including the cost of health insurance. The partici-
24 pant is entitled to a credit to be applied against the reemployment
25 indebtedness in the amount the participant has paid under (e) of this
26 section. Interest accrues on the indebtedness at the rate established
27 by regulation from the date of reemployment until the member is ap-
28 pointed to retirement and accepts an actuarial adjustment to the
29 member's future benefits or until the amount is paid in full.

1 (k) When designating an organizational unit for participation in
2 the retirement incentive program, the executive head of a state agency
3 shall describe in detail the expected effect of the program on the
4 agency's personal services cost and operation. This report shall be
5 filed with the Office of Management and Budget. For each employee who
6 will receive credit for municipal employment under (h) of this sec-
7 tion, the agency head shall establish to the satisfaction of the
8 office that the proposed participation contributes to the overall
9 agency cost savings. The agency shall report as required by the
10 Office of Management and Budget on the cost of each member's partici-
11 pation and the effect on the agency's personal services cost and
12 operation. The Office of Management and Budget shall report to the
13 legislature in January each year on the effect of the retirement
14 incentive program on state operation and personal services costs.

15 (1) An employee does not have a vested or contractual right to
16 any benefit under this section until an agreement is executed with the
17 administrator that permits the benefits to be offered to an organiza-
18 tional unit of which the employee is a member. The legislature re-
19 serves the right to change any aspect of the incentive program as it
20 relates to members of organizational units for which participation
21 agreements are executed by the administrator after the effective date
22 of the changes.

23 P.E.R.S.* Sec. 3. AS 39.35 is amended by adding a new section to read:

24 Sec. 39.35.375. RETIREMENT INCENTIVE PROGRAM. (a) If a retire-
25 ment incentive application period is authorized by law, an employer
26 may adopt a retirement incentive plan to designate organizational
27 units of employees eligible to participate in the retirement incentive
28 program. The organizational units must be selected so that implemen-
29 tation of the plan results in a savings to the employer in personal

Page 60 45 yrs service
- 20 yrs fireman
- 30 yrs
Based on all yrs. of service

1 services costs within five years after the commencement of the plan.
2 The designation may include only representatives from job classifica-
3 tions whose retirement contributes to the overall cost savings.

4 (b) A member is eligible to participate in the retirement incen-
5 tive program only if the member is vested, is employed in a position
6 in a designated organizational unit, and will be qualified to retire
7 under AS 39.35.370 after receipt of the retirement incentive. To
8 participate a member shall apply on a form provided by the administra-
9 tor.

10 (c) A participating employer shall prepare and file the re-
11 tirement incentive plan with the administrator. For state employees
12 other than university employees, the administrator may approve a
13 designated organizational unit only if the Office of Management and
14 Budget certifies that the unit's participation in the plan meets the
15 requirements of (a) of this section. The administrator shall approve
16 the plan if it meets the requirements of this section. The plan must

17 (1) identify organizational units and employees eligible to
18 participate in the program;

19 (2) include a reimbursement agreement that
20 (A) requires the employer, for each employee who is
21 retired under the plan, to reimburse the system within three
22 years after the end of the fiscal year in which the employee is
23 appointed to retirement in an amount equal to

24 (i) the actuarial equivalent of the difference
25 between the benefits the participant receives after the
26 addition of the retirement incentive under this section and
27 the amount the participant would have received without the
28 incentive, less the amount the participant has paid on the
29 indebtedness determined under (d) of this section; and

??

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

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

6 (d) A member who participates in the retirement incentive pro-
7 gram is indebted to the system. The amount of indebtedness is equal
8 to 22-1/2 percent for a peace officer or fireman, and 20-1/4 percent
9 for other members, of the member's actual annual compensation, or the
10 calculated annual compensation for a member who works fewer than 12
11 months, for the year in which the member terminates employment to
12 participate in the program. An outstanding indebtedness at the time a
13 participant is appointed to retirement will require an actuarial
14 adjustment to the benefits payable.

15 (e) A participant in the retirement incentive program receives a
16 credit of three years. The three years must be applied in the follow-
17 ing order until exhausted:

18 (1) to meet the age or service required for eligibility for
19 normal retirement under AS 39.35.370;

20 (2) to meet the age required for early retirement under
21 AS 39.35.370;

22 (3) to reduce the actuarial adjustment required for early
23 retirement under AS 39.35.370;

24 (4) as years of credited service for calculating retirement
25 benefits.

26 (f) Except as provided in (g) of this section, in the determina-
27 tion of whether a member will qualify to retire under this section,
28 credited service may include only service credit for employment ren-
29 dered to an employer.

1 (g) Notwithstanding other provision of law, a vested member who
2 is a state employee and is participating in the retirement incentive
3 program may receive credit for municipal employment before the munici-
4 pality became an employer under the system for purposes of determining
5 eligibility for retirement under AS 39.35.370. The member may not
6 receive credit for those years under this subsection for purposes of
7 determining benefits. In order for an employee to receive credit
8 under this subsection, the employee's participation in the program
9 must contribute to the overall cost savings of the agency.

10 (h) To recover a delinquency owed by an employer other than the
11 state under an agreement entered under (c)(2) of this section, the
12 Department of Administration may

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

18 (i) If a participant in the retirement incentive program is
19 reemployed as a member of the Public Employees' Retirement System
20 under this chapter or the Teachers' Retirement System under AS 14.25
21 after appointment to retirement under the program, the participant
22 loses the incentive credit received under (e) of this section and is
23 indebted to the system. The amount of the indebtedness is equal to
24 110 percent of the amount the participant received as a result of
25 participation in the program to which the participant was not other-
26 wise entitled, including the cost of health insurance. The partici-
27 pant is entitled to a credit to be applied against the reemployment
28 indebtedness in the amount the participant has paid under (d) of this
29 section. Interest accrues on the indebtedness at the rate established

1 by regulation from the date of reemployment until the member is ap-
2 pointed to retirement and accepts an actuarial adjustment to the
3 member's future benefits or until the amount is paid in full.

4 (j) When designating an organizational unit for participation in
5 the retirement incentive program, the executive head of a state agency
6 shall describe in detail the expected effect of the program on the
7 agency's personal services cost and operation. This report shall be
8 filed with the Office of Management and Budget. For each employee who
9 will receive credit for municipal employment under (g) of this sec-
10 tion, the agency head shall establish to the satisfaction of the
11 office that the proposed participation contributes to the overall
12 agency cost savings. A state agency that is participating in the
13 retirement incentive program shall report as required by the Office of
14 Management and Budget on the cost of each member's participation and
15 the effect on the agency's personal services cost and operation. The
16 Office of Management and Budget shall report to the legislature in
17 January each year on the effect of the retirement incentive program on
18 state operation and personal services costs.

19 (k) An employee does not have a vested or contractual right to
20 any benefit under this section until an agreement is executed with the
21 administrator that permits the benefits to be offered to an organiza-
22 tional unit of which the employee is a member. The legislature re-
23 serves the right to change any aspect of the incentive program as it
24 relates to members of organizational units for which participation
25 agreements are executed by the administrator after the effective date
26 of the changes.

27 * Sec. 4. AUTHORIZATION FOR STATE EMPLOYEE RETIREMENT INCENTIVE. (a)
28 A state agency is authorized to adopt a retirement incentive plan for its
29 employees. A plan adopted under this section shall permit a designated

*Teachers
/ emp by
state*

1 employee to apply to the retirement incentive program under AS 14.25.128 or
2 AS 39.35.375 only during January, February, and March 1990.

3 (b) The plan may not permit an employee who is the commissioner or a
4 deputy commissioner of a state department to participate.

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

7 (1) has been continuously employed by the state since January 1,
8 1989;

9 (2) was laid off from state employment on or after January 1,
10 1989;

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

14 (4) has a job sharing agreement with a state agency in which two
15 or more employees share a single position identified by a single position
16 control number and in which the employee choosing to participate was con-
17 tinuously employed by the agency during all of the time since January 1,
18 1989, in which the employee normally worked under the job sharing agree-
19 ment; or

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

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

24 (e) In this section,

25 (1) "administrator" has the meaning given

26 (A) in AS 14.25.220 when the section is applied to the
27 teachers' retirement system;

28 (B) in AS 39.35.680 *person appt. by commissioner* when the section is applied to the
29 public employees' retirement system;

1 (2) "state agency" does not include the University of Alaska or
2 an entity covered by sec. 5 of this Act.

3 * Sec. 5. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN
4 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (a) The governing body of a
5 political subdivision of the state or a public organization that has elect-
6 ed to participate in the public employees' retirement system under AS 39.-
7 35.550 - 39.35.650 is authorized to adopt a retirement incentive plan for
8 its employees under AS 39.35.375. A plan adopted under this section shall
9 permit designated employees to apply to the retirement incentive program
10 under AS 39.35.375 only during July, August, and September 1990.

11 (b) Under a plan adopted under this section, the administrator may
12 not accept the application of an employee unless the employee will be
13 appointed to retirement on or before November 1, 1990. In this subsection,
14 "administrator" has the meaning given in AS 39.35.680.

15 * Sec. 6. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR THE EMPLOYEES OF
16 THE UNIVERSITY OF ALASKA. (a) The Board of Regents of the University of
17 Alaska is authorized to adopt a retirement incentive plan for its employ-
18 ees. A plan adopted under this section shall permit designated employees
19 to apply to the retirement incentive program under AS 14.25.128 or AS 39.-
20 35.375 only during May, June, and July 1990.

21 (b) Under a plan adopted under this section, the administrator may
22 not accept the application of an employee unless the employee will be
23 appointed to retirement on or before September 1, 1990.

24 (c) In this section, "administrator" has the meaning given

25 (1) in AS 14.25.220 when the section is applied to the teachers'
26 retirement system;

27 (2) in AS 39.35.680 when the section is applied to the public
28 employees' retirement system.

29 * Sec. 7. AUTHORIZATION FOR RETIREMENT INCENTIVE FOR OTHER EMPLOYEES IN

7 teachers not employed by state

1 THE TEACHERS' RETIREMENT SYSTEM. (a) An employer under the teachers'
2 retirement system who is not otherwise covered by secs. 4 or 6 of this Act
3 is authorized to adopt a retirement incentive plan for its employees under
4 AS 14.25.128. A plan adopted under this section shall permit designated
5 employees to apply to the retirement incentive program under AS 14.25.128
6 only during March, April, and May 1990.

7 (b) Under a plan adopted under this section, the administrator may
8 not accept the application of an employee unless the employee will be
9 appointed to retirement on or before July 1, 1990.

10 (c) In this subsection, "administrator" and "employer" have the
11 meanings given in AS 14.25.220.

12 * Sec. 8. This Act takes effect January 1, 1990.

Rec'd after bill out of committee.

FISCAL NOTE

REQUEST:

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared By: Keith Busch, Director *Keith Busch* Phone: 465-2240
Division: Finance Date: _____

Approved by Commissioner: John M. Andrews *JM Andrews* Date: 3/7/89
Agency: Department of Administration

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

Cost Finance Div.
60.0 of budget for 1st time -
Div Retirement had to pay them!

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 0073a

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

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

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

State Affairs, HESS,
+ Finance CS's.

Changes are marked
on each - each
improved the bill.

Finance CS looks
good.

Offered: 3/7/89
Referred: Health, Education and
Social Services and Finance

6-0287H

Original sponsors: Duncan and Kerttula

→ show savings in 3 yrs. (was 5)
- extend window periods into 1989
- prohibit assistant commissioners
- require OMB to report

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

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

Changes from
original bill
are marked.
Primarily;

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 ⁵ 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:

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 ^{1/1/90 - 3/31/90} 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, ^{7/1/90 - 9/30/90} 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, ^{5/1/90 - 7/31/90} 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

9/1/90

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.
3/1/90 - 5/31/90

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.
7/1/90

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 [muni.] subdivision or public orga-
16 nization before the political [muni.] 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. 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. 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

added

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.

added

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.

added

20 * Sec. 13. DEFINITIONS. The definitions set out in AS 14.25.220 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).

added

Original sponsors: Duncan and Kerttula

1 IN THE SENATE

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 73 (HESS)

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~~ ^{oops - no change from St Aff} 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:

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 September 30, 1989, through March 31, 1990. *we had 10/1/89 - HESS version is better. Recommended by DV. Retirement*

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 November 1, 1990. *we had 10/31/90*

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 adcpt 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 September 30, 1989, through March 31,
18 1990. *we had 10/1/89*

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 November 1, 1990. *we had 10/31/90*

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 June 30, 1989, through December 31, 1989. *we had 7/1/89*

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 August 1, 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 June 30, 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 August 1, 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. REEMPLOYMENT INDEBTEDNESS AND REEMPLOYMENT PROHIBITION. (a)
2 If a participant in the retirement incentive program is reemployed as a
3 member of the public employees' retirement system under AS 39.35 or the
4 teachers' retirement system under AS 14.25 after appointment to retirement
5 under the program, the participant loses the incentive credit received
6 under sec. 2(g) of this Act and is indebted to the system. The amount of
7 the indebtedness is equal to 110 percent of the amount the participant
8 received as a result of participation in the program to which the partici-
9 pant was not otherwise entitled, including the cost of health insurance.
10 The participant is entitled to a credit to be applied against the reemploy-
11 ment indebtedness in the amount the participant has paid under sec. 2(e) or
12 (f) of this Act. Interest accrues on the indebtedness at the rate estab-
13 lished by regulation from the date of reemployment until the member is ap-
14 pointed to retirement and accepts an actuarial adjustment to the member's
15 future benefits or until the amount is paid in full.

16 (b) For one year after the date on which an employee who participated
17 in the program retired, the participant may not be employed by or enter
18 into a contract for personal services with a state department or agency.

19 * Sec. 10. OFFICE OF MANAGEMENT AND BUDGET. When designating an orga-
20 nizational unit for participation in the retirement incentive program, the
21 executive head of a state agency shall describe in detail the expected
22 effect of the program on the agency's personal services cost and operation.
23 This report shall be filed with the office of management and budget. For
24 each employee who will receive credit for employment under sec. 7 of this
25 Act, the agency head shall establish to the satisfaction of the office that
26 the proposed participation contributes to the overall agency cost savings.
27 The agency shall report as required by the office of management and budget
28 on the cost of each member's participation and the effect on the agency's
29 personal services cost and operation. The office of management and budget

added

1 shall submit to the legislature annual reports on the retirement incentive
2 program beginning on January 15, 1991, and continuing through January 15,
3 1993, and shall submit a final report on January 15, 1994. Each report
4 shall provide the information necessary for the legislature to evaluate the
5 effectiveness of the program in achieving its objectives. The report
6 should include information on the designated organizational units under the
7 retirement incentive plans including the cost of the retirement incentive
8 program per participant, the cost to the state, the cost to the employee,
9 the annual budgeted amount by agency for the retirement incentive, and the
10 projected or actual net savings over the three-year period.

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

19 * Sec. 12. TIMELY APPLICATION. A member who is eligible under secs.
20 2 - 7 of this Act and who has submitted a timely application for participa-
21 tion in the retirement incentive program may be considered for participa-
22 tion in the program notwithstanding sec. 14 of this Act.

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

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

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

Alaska State Legislature

573INT.TXT

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

not adopted

LETTER OF INTENT
CSSB 73 (St Aff)

AN ACT RELATING TO RETIREMENT INCENTIVE PROGRAMS FOR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM

It is the intent of the legislature that State reimbursement of the retirement system required under SB 73 be accomplished within existing appropriations for personal services.

As stated in the purpose section of SB 73, the retirement incentive program is intended to realize sufficient economies to offset the cost of administration and benefits to state agencies resulting from the award of retirement credits. It is the intent of the legislature that cost savings achieved through the filling of retired positions at lower pay ranges or through holding retired positions vacant be used to pay the State's debt to the retirement system.

Alaska State Legislature



SENATOR JIM DUNCAN

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

(907) 465-4766

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

M E M O R A N D U M

February 8, 1989

TO: Senator Pat Pourchot

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 73, an act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system

I would like to provide you with information on the Retirement Incentive Program since I know that many of you are receiving calls and letters from your constituents in support of the program. I provide the following background information for your use in answering their questions and yours.

The original Retirement Incentive Program was established in 1986 "to reduce the hardship of layoffs and was intended to result in a net reduction in personal services costs to the state or other employer during periods of declining revenue." The program, running from 1986 to late 1987, allowed an incentive credit of three years to employees in the Public Employees' Retirement System and the Teachers' Retirement System. During that window period, a total of 2,346 public employees including teachers, state employees, university, and municipal employees took advantage of the Retirement Incentive Program.

Senate Bill 73, which I introduced this year, re-establishes the Retirement Incentive Program and will allow three month application periods in 1990 for state employees, teachers, municipal employees, and University of Alaska employees. Those periods are summarized in the following table:

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
State	January- February ^{MARCH} , 1990	May 1, 1990
Teachers	March-May, 1990	July 1, 1990
University	May-July, 1990	September 1, 1990
Municipal	July-September, 1990	November 1, 1990

Retirement Incentive Program
February 8, 1989
Page 2

There has been a great deal of interest expressed by school districts and teachers in beginning the window period for teachers this year and extending it for a longer period of time. Also, many individuals have asked that the window periods be longer and span more than one fiscal year in order to spread the impact of retirements over a wider period. I would like to know your feelings on these suggestions. I expect that changes will be made in the window periods during the committee hearings.

Under the bill, the three year credit can be added to service years or age depending on the individual's requirements for retirement in the following order:

1. to meet the age or service required for eligibility for normal retirement; or
2. to meet the age required for early retirement; or
3. to reduce the actuarial adjustment required for early retirement; or
4. as years of credited service for calculating retirement benefits if the person is already eligible to retire.

Under the program, if the employer elects to participate, long term employees are provided an incentive to retire, but the decision on whether or not each employee chooses to participate in the program is entirely at that employee's option.

A report issued by the Department of Administration in January of 1988 projected the savings of the last Retirement Incentive Program for state employees to be \$19.7 million over a five year period. The Division of Legislative Audit is currently conducting an audit which traces each position vacated as the result of the RIP to determine the actual savings accruing to state government from the last incentive program. This report should be available soon after the next Legislative Budget and Audit Meeting.

The Division of Retirement and Benefits is currently in the process of gathering information from school districts and municipalities about the savings which they realized from the last incentive program. The preliminary report indicates the savings, especially to school districts, was substantial. For example:

Employer	Savings over a Five Year Period (in thousands)
Copper River School District	\$670.5
Yukon Koyukuk School District	414.6
Alaska Gateway School District	129.7
City of Wrangell	186.5
Kodiak Island School District	527.8
Lower Kuskokwim School District	2,220.8
North Slope School District	1,315.5
Dillingham City Schools	773.9
City of Ketchikan	1,214.9
Valdez City Schools	1,630.3
Fairbanks School District	2,579.1
Haines School District	1,013.5
Kenai Peninsula Borough	639.4
Juneau School District	1,290.0
Municipality of Juneau	1,140.0

Not all districts have reported in, Anchorage and the Northwest Artic Schools are working on their reports and should have them to the Division of Retirement and Benefits within a week. I have attached a copy of the latest version of the report from the Division of Retirement and Benefits and will be provide you with updates as additional school districts and municipalities report in.

I know that many of you are concerned, as I am, about possible abuses which might have occurred in the last Retirement Incentive Program. For this reason, Senate Bill 73 explicitly states in Section 4 (b), that "the plan may not permit an employee who is the commissioner or a deputy commissioner of a state department to participate."

Another indirect benefit of the Retirement Incentive Program is that compensation dollars are retained in our economy which would otherwise have been lost if employees were laid off. Many employees who are laid off move out of state to find work, whereas around 70 percent of retirees in both the Public Employees and Teachers' Retirement systems choose to remain in Alaska after retirement. Thus, we retain the salaries of the lower level employees who are not laid off and we retain 70 percent of the retirement compensation which is paid out as the result of the Retirement Incentive Program. We estimate that for state employees alone the net cash gain to our economy of the original incentive program was almost \$30 million.

Retirement Incentive Program
February 8, 1989
Page 4

I have asked that SB 73 be scheduled in the Senate State Affairs Committee as soon as possible after the audit becomes available. I have been awaiting completion of the two studies underway on the financial impact of the last incentive program, because I believe that you should have that information before you as the bill is considered.

If you or your staff have questions on Senate Bill 73, please contact Roxanne Stewart of my staff at 465-4766.

Attachment

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 January 30, 1989

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	800.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	1	2,854.7	1,904.9	279.3	670.5
City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
Bristol Bay School District	1	1	273.8	186.7	50.3	36.8
City of Wrangell	1	0	220.0	0.0	33.5	186.5
Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
City of Palmer	4	3	1,024.1	715.3	101.0	207.8
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided

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

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$100's)	COST TO RE-FILL POS. (over 5 yrs) (\$100's)	RIP COST (\$100's)	SAVINGS or (COST) FOR 5 YRS (\$100's)
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,643.0	5,600.5	727.0	1,315.5
City of Soldotna	2	1	482.8	212.7	47.8	222.3
Dillingham City Schools	6	2	1,231.7	180.0	277.8	773.9
City of Ketchikan	11	8	4,093.0	2,358.6	519.5	1,214.9
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Kenai Peninsula Borough	14	7	3,234.0	2,270.4	324.2	639.4
Juneau School District	42	40	3,750.0	1,449.0	1,010.6	1,290.4
Lake and Penin. School District	2	2	675.0	600.0	53.6	21.4
City/Borough Juneau	13	9	3,574.1	2,134.8	298.9	1,140.4

Alaska State Legislature



SENATOR JIM DUNCAN

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

(907) 465-4766

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

M E M O R A N D U M

February 24, 1989

TO: Senator Pat Pourchot

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 73, an act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system

Attached is a copy of the Legislative audit on the Retirement Incentive Program which I mentioned in my previous memo to you on Senate Bill 73, the Retirement Incentive Program. I provide this information for your and your staff's use in considering and in answering constituent questions on SB 73.

The total savings to the state over a three year period, according to the audit, amounted to \$14,448,520; however, the methodology used in calculating the savings was very conservative. For instance, if a position other than the position retired was held vacant in order to achieve a savings, the cost savings not directly associated with the retired position was not included in the audit report. Also, the audit figures only represent salaries for retired positions and do not include the savings in benefits associated with the positions. I roughly estimate the savings in benefit costs directly related to positions which were eliminated as the result of the Retirement Incentive Program to be \$2.2 million.

I will be providing you with an updated copy of the Division of Retirement and Benefits' report on savings to municipalities and school districts early next week.

For your information, Senate Bill 73 is scheduled for a hearing in the Senate State Affairs Committee on Wednesday, March 1, at 1:30 PM.

If you or your staff have questions on Senate Bill 73, please contact Roxanne Stewart of my staff at 465-4766.

Attachment

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

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

STEVE COWPER, GOVERNOR

March 1, 1989

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

Dear Senator Duncan:

Re: Senate Bill 73

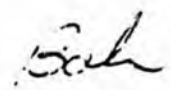
The additional information requested in your letter of February 21, 1989 is enclosed. We have updated a copy of Table 1 from the Retirement Incentive Program status report dated January 15, 1988. A current status report on our 1988 RIP survey is also enclosed.

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

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

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

Sincerely,


Robert F. Stalnaker
Deputy Director

RFS/cam/1
Enclosures
cc: Dean Gottehrer
Special Assistant to the Commissioner

Sally Smith, Director
Division of Retirement and Benefits

Previous RETIREMENT INCENTIVE PROGRAM
 STATUS REPORT
 February 27, 1989

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

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 February 28, 1989

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	800.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	10	2,854.7	1,904.9	279.3	670.5
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
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Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,643.0	5,600.5	727.0	1,315.5
Dillingham City Schools	6	2	1,231.7	180.0	277.8	773.9

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

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Juneau School District	42	40	3,750.0	1,449.0	1,010.6	1,290.4
Lake and Penin. School District	2	2	675.0	600.0	53.6	21.4
Kenai Pen. School District	67	67	16,285.6	11,767.7	1,586.3	2,931.6
Southwest Regional School	4	4	666.5	527.7	91.0	47.8
Anchorage School District	373	368	81,249.1	59,225.1	8,580.7	13,473.2
Nenana City School District	7	7	1,611.1	1,209.2	173.7	228.2
Northwest Arct Bor Sch Dist	31	30	5,562.6	4,046.3	763.2	753.0
TOTAL SAVINGS						31,137.4

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

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

PROVIDED BY SENATOR JIM DUNCAN 3/1/89

PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIREMENT
INCENTIVE PROGRAM AUDIT

SUMMARY OF SCHEDULE OF RIP COST SAVINGS, PAGES 9-11

TOTAL POSITIONS MATCHED WITH FY 89 PAYROLL FILE:

731 POSITIONS	
SALARY OF RIP RETIREES	\$30,147,783
SALARY OF CURRENT OCCUPANTS	<u>26,847,437</u>
SAVINGS/LOSS	\$ 3,300,346

TOTAL POSITIONS NOT BUDGETED IN FY 89 PACS FILE:

158 POSITIONS	
SALARY OF RIP RETIREES	\$7,378,704
SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$7,378,704

TOTAL POSITIONS BUDGETED IN PACS FILE BUT CURRENTLY UNFILLED:

83 POSITIONS	
SALARY OF RIP RETIREES	\$3,265,215
SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$3,265,215

As of 3/17/87
Senate Advisory

EXEMPT EMPLOYEES RETIRED UNDER RIP

CHART 2

Agency	Commissioner	Deputy Commissioner	Director	Other	TOTAL
Governor				5	5
Revenue				1	1
Education			1		1
DOT		1	3		4
Corrections			1		1
TRA	1				1
Public Safety	1		3		4
Leg. Affairs				4	4
Leg. Audit				1	1
Fish & Game			1	2	3
DNR			3		3
Commerce				4	4
DEC			1		1
Admin			3	1	4
DESS				1	1
TOTALS	2	1	16	19	38

Alaska State Legislature

Sandra

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

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: SB 73, Retirement Incentive Program
Additional Information

DATE: March 1, 1989

Please find attached additional information for today's hearing on SB 73:

A proposal by the bill sponsor to extend the application period for the retirement incentive program.

A summary of the number and class of retirees under the previous program.

An updated survey of political subdivisions who participated in the previous program.

A summary of state savings under the previous program by category (unfilled positions, positions filled at lower pay ranges).

The number of exempt employees who retired under the previous program.

A sectional analysis of SB 73.

Comments from a variety of organizations and political subdivisions.

2/28/89

SENATOR JIM DUNCAN

CURRENT WINDOW PERIODS IN SB 73 - THE RETIREMENT INCENTIVE

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
State	January-March, 1990	May 1, 1990
Teachers	March-May, 1990	July 1, 1990
University	May-July, 1990	September 1, 1990
Municipal	July-September, 1990	November 1, 1990

PROPOSED WINDOW PERIODS IN SB 73 - THE RETIREMENT INCENTIVE

<u>Employee Type</u>	<u>Application Period</u>	<u>Employee must Retire on or before</u>
Teachers	July 1, 1989-June 30, 1990	August 1, 1990
University	" "	" "
State	Oct. 1, 1989-Sept. 30, 1990	Nov. 1, 1990
Municipal	" "	" "

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

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

- P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460
- 701 EAST TUDOR ROAD, SUITE 240
ANCHORAGE, ALASKA 99503-7445
PHONE: (907) 563-5885

STEVE COWPER, GOVERNOR

March 1, 1989

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

Dear Senator ~~Duncan~~ ^{Duncarr}:

Re: Senate Bill 73

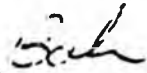
The additional information requested in your letter of February 21, 1989 is enclosed. We have updated a copy of Table 1 from the Retirement Incentive Program status report dated January 15, 1988. A current status report on our 1988 RIP survey is also enclosed.

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

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

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

Sincerely,


Robert F. Stalnaker
Deputy Director

RFS/cam/1
Enclosures
cc: Dean Gottehrer
Special Assistant to the Commissioner

Sally Smith, Director
Division of Retirement and Benefits

Previous RETIREMENT INCENTIVE PROGRAM
 STATUS REPORT
 February 27, 1989

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

DIVISION OF RETIREMENT AND BENEFITS
 RETIREMENT INCENTIVE PROGRAM (RIP)
 SUMMARY RESULTS OF POLITICAL SUBDIVISION SURVEY
 February 28, 1989

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
S.E. Resource center	3	0	800.0	0.0	83.0	717.0
Unalaska City School District	1	1	322.5	165.8	34.1	122.6
Copper River School District	11	10	2,854.7	1,904.9	279.3	670.5
Galena City School District	1	1	264.6	198.0	60.0	6.6
Petersburg Public Schools	2	2	437.5	338.6	55.1	43.8
Yukon Koyukuk School District	5	4	2,006.5	1,414.4	177.0	414.6
Alaska Gateway School District	4	4	1,055.5	745.0	180.8	129.7
Bristol Bay School District	1	1	273.8	186.7	50.3	36.8
Kodiak Island School District	17	16	4,487.7	3,380.0	579.9	527.8
Delta/Greely School District	2	2	700.9	644.0	96.4	(- 39.6)
Yukon Flats School District	5	4	Not Provided	Not Provided	128.5	Not Provided
L. Kuskokwim School District	31	26	7,535.6	4,637.6	677.2	2,220.8
North Slope School District	28	23	7,543.0	5,600.5	727.0	1,315.5
Dillingham City Schools	6	2	1,231.7	180.0	277.8	773.9

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

EMPLOYER	NUMBER RETIREED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
Wrangell Public School	2	2	455.5	330.6	43.7	81.2
Valdez City Schools	10	3	2,519.1	604.4	284.4	1,630.3
Adak Region School District	3	3	817.1	611.6	111.4	94.1
Fairbanks School District	71	71	17,998.0	13,592.1	1,826.8	2,579.1
Haines School District	5	1	1,529.6	384.8	131.3	1,013.5
Cordova Public Schools	1	1	185.3	112.4	19.3	53.6
Juneau School District	42	40	3,750.0	1,449.0	1,010.6	1,290.4
Lake and Penin. School District	2	2	675.0	600.0	53.6	21.4
Kenai Pen. School District	67	67	16,285.6	11,767.7	1,586.3	2,931.6
Southwest Regional School	4	4	666.5	527.7	91.0	47.8
Anchorage School District	373	368	81,249.1	59,225.1	8,580.7	13,473.2
Nenana City School District	7	7	1,611.1	1,209.2	173.7	228.2
Northwest Arct Bor Sch Dist	31	30	5,562.6	4,046.3	763.2	753.0
TOTAL SAVINGS						31,137.4

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

EMPLOYER	NUMBER RETIRED	POS. REFILLED	COST OF POSITIONS FOR 5 YRS (\$1000's)	COST TO RE- FILL POS. (over 5 yrs (\$1000's)	RIP COST (\$1000's)	SAVINGS or (COST) FOR 5 YRS (\$1000's)
City of Skagway	1	1	18.8	Not Provided	Not Provided	0.0
City of Wrangell	1	0	220.0	0.0	33.5	186.5
City of Palmer	4	3	1,024.1	715.3	101.0	207.8
City of Soldotna	2	1	482.8	212.7	47.8	222.3
City of Ketchikan	11	8	4,093.0	2,358.6	519.5	1,214.9
Kenai Peninsula Borough	14	7	3,234.0	2,270.4	324.2	639.4
City/Borough Juneau	13	9	3,574.1	2,134.8	298.9	1,140.4
City of Valdez	7	4	2,676.3	1,241.1	289.6	1,145.5
TOTAL SAVINGS						4,756.8

PROVIDED BY SENATOR JIM DUNCAN 3/1/89

PUBLIC EMPLOYEES' RETIREMENT SYSTEM RETIREMENT
INCENTIVE PROGRAM AUDIT

SUMMARY OF SCHEDULE OF RIP COST SAVINGS, PAGES 9-11

TOTAL POSITIONS MATCHED WITH FY 89 PAYROLL FILE:

731 POSITIONS	
SALARY OF RIP RETIREES	\$30,147,783
SALARY OF CURRENT OCCUPANTS	<u>26,847,437</u>
SAVINGS/LOSS	\$ 3,300,346

TOTAL POSITIONS NOT BUDGETED IN FY 89 PACS FILE:

158 POSITIONS	
SALARY OF RIP RETIREES	\$7,378,704
SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$7,378,704

TOTAL POSITIONS BUDGETED IN PACS FILE BUT CURRENTLY UNFILLED:

83 POSITIONS	
SALARY OF RIP RETIREES	\$3,265,215
SALARY OF CURRENT OCCUPANTS	<u>0</u>
SAVINGS/LOSS	\$3,265,215

As of 3/17/87
Senate Advisory

EXEMPT EMPLOYEES RETIRED UNDER RIP

CHART 2

agency	Commissioner	Deputy Commissioner	Director	Other	TOTAL
*****	*****	*****	*****	*****	*****
overnor				5	5
evenue				1	1
ducation	1		1		1
OT		1	3		4
orrections			1		1
RA	1				1
ublic Safety	1		3		4
eg. Affairs				4	4
eg. Audit				1	1
ish & Game			1	2	3
NR			3		3
ommerce				4	4
EC			1		1
dmin			3	1	4
ESS				1	1
TOTALS	2	1	16	19	38

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 10, 1989

SUBJECT: Sectional analysis of SB 73
(Retirement incentive program)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *IBC*
Legislative Counsel

You have requested a sectional analysis of SB 73, establishing a retirement incentive program.

Section 1 states that the purpose of the program is to reduce the hardship of layoffs caused by declining state revenue.

Sec. 2 establishes a retirement incentive program under the Teachers' Retirement System (TRS). Under sec. 14.25.128(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of eligible employees. Subsection (b) limits the organizational units to units in which implementation of the plan will result in a savings in personal services within five years. Under sec. 14.25.128(c), employees who participate must be vested, in a designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 14.25.128(d) sets out the requirements that a retirement incentive plan must meet before the administrator of the division of retirement and benefits may approve the plan. Under paragraph (d)(2), the plan must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under sec. 14.25.128(e), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive.