

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6620 SENATE STATE AFFAIRS

1024

Under TRS, the contribution rate is seven percent. Under subsection (f), each participant receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 14.25.128(g), in determining whether an employee is eligible to retire, only service credit for an employer under the TRS definitions, for territorial service, and Alaska BIA service may be counted. This excludes outside service and military service. However, under subsection (h), certain state employees may receive credit for employment with a municipality before the municipality began to participate in TRS.

Sec. 14.25.128(i) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 14.25.128(j), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either the Public Employees' Retirement System (PERS) or by TRS.

Sec. 14.25.128(k) requires state agencies to report to the Office of Management and Budget (OMB) on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Sec. 14.25.128(l) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 3 - establishes the retirement incentive program for the PERS system. Sec. 39.35.375(a) includes the substance of sec. 14.25.128(a) and (b), enacted by sec. 2 of the bill. The following subsections of sec. 39.35.375 are therefore not lettered identically to those in Sec. 14.25.128, but otherwise there are few differences between the provisions for TRS and PERS.

Under sec. 39.35.375(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of employees eligible to participate in the retirement incentive program. By

implementing the plan in the unit, the employer must realize savings in personal services costs within five years. Under Sec. 39.35.375(b), employees must be vested, in a designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 39.35.375(c) 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 (c)(2), a plan for state employees must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under 39.35.375(d), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive. Under PERS, the contribution rate is 7-1/2 percent for peace officers and fire fighters and 6-3/4 percent for all other employees. Under subsection (e), each participating employee receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 39.35.375(f), in determining whether an employee is eligible to retire, only service credit for an employer under the PERS definition may be counted. This excludes military service and work that was not performed for the state, or a political subdivision or public organization participating in the retirement system at the time of the employment. However, under subsection (g), certain state employees may receive credit for employment with a municipality before the municipality began to participate in PERS.

Sec. 39.35.375(h) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 39.35.375(i), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either PERS or TRS.

Sec. 39.35.375(j) requires state agencies to report to the Office of Management and Budget on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Senator Jim Duncan
Page 4
January 10, 1989

Sec. 39.35.375(k) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 4 authorizes state agencies to adopt retirement incentive plans to be in operation during January, February, and March 1990. Participation is limited to employees who have been continuously employed since January 1, 1989 or who were laid off on or after that date. Commissioners and deputy commissioners are not eligible to participate. Employees who participate must be appointed to retirement by May 1, 1990.

Sec. 5 authorizes the governing body of a political subdivision or a public organization participating in PERS to implement a retirement incentive plan during July, August, and September 1990. A participating employee must be appointed to retirement by November 1, 1990.

Sec. 6 authorizes the Board of Regents to adopt a retirement incentive plan for the University of Alaska. Applications will be accepted only during May, June, and July 1990 and participants must be appointed to retirement on or before September 1, 1990.

Sec. 7 authorizes employers under TRS who are not covered by the authorization for the state or the university to adopt a retirement incentive plan, to permit applications during March, April, and May 1990. Participants must be appointed to retirement by July 1, 1990.

Sec. 8 is an effective date clause, setting January 1, 1990 as the effective date.

If I may be of further assistance, please advise.

TC:kb
wkk1/021



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

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

JUNEAU OFFICE

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

FAIRBANKS REGIONAL OFFICE

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

March 1, 1989

To: Senator Pat Pourchot, Chair
Members, Senate State Affairs Committee

Re: 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."

By virtue of endorsement by its Board of Directors NEA-Alaska supports SB 73 and encourages your support and expeditious attention to it.

In a time when government at every level in Alaska is faced with the probability of substantial funding cuts and the only alternative available to them is employee lay-offs it makes sense to encourage utilization of retirement incentive programs as a means of voluntary attrition before actually putting people out of work.

While employee lay-offs may save money on the "front end" there is usually an attendant dollar cost to government through unemployment, welfare, and other potential areas which cannot always be measured or accurately projected.

Early retirement incentive programs are a responsible alternative to the adverse effects on the economy of employee lay-offs and provide government with the opportunity to more effectively realign itself for the longer term.

Since participation in the retirement incentive program requires proof of savings government is protected against adverse fiscal consequences.

Savings are realized in terms of the probability of lower replacement costs, the potential option to not replace retiring employees effecting an even greater savings, and the longer term potential to more effectively realign the governmental entity in terms of its delivery of services.

It is the understanding of NEA-Alaska that data from the last RIP clearly shows a substantial savings for all of the

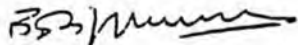
agencies and political sub-divisions. Relative to school districts it should be noted that not every school district participated in the program so the potential for savings is even greater than the current data shows.

We have two suggestions for consideration by the Committee. First we suggest that the "window" for eligibility in school districts be extended on the front end so that actual retirement under RIP could take place in either one of two school years. Such a change would facilitate planning relative to program and staffing needs.

The second suggestion focuses on the desirability of having consistent eligibility regulations from school district to school district. Variations in local eligibility regulations with the last RIP did not always maximize the potential for savings to the district.

Thank you for your consideration of our position and recommendations.

Respectfully submitted,



Bob Manners
Executive Secretary

cc: Senator Jim Duncan



ANCHORAGE
SCHOOL DISTRICT

4600 DeBarr Avenue
P.O. Box 195614
Anchorage, Alaska 99519-6614
AREA CODE [907] 333-9561

February 8, 1989

SCHOOL BOARD

William Frick
President

Betty Davis
Vice President
Past President
1985-86

Carol Stolpe
Clerk

Darryl Jordan
Treasurer

Betty Bruckman

Jean Buchanan
Past President
1983-84, 1986-87

Sharon Richards

SUPERINTENDENT

William Coats, Ph.D.

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

Dear Senator Duncan:

Your letter to the Superintendent of January 13 requesting comment on Senate Bill 73 which will offer a three-year retirement incentive to eligible School District employees has been referred to me for initial response since retirement issues fall within my area of responsibility. The Business Management Division is also heavily involved in developing a District position in this area.

We support the bill in concept administratively because its passage would help to reduce the incidence of layoffs which a deterioration in fiscal support to us might necessitate. Although no District can ignore the importance of senior employees to the maintenance of quality programs for students, we have supported voluntary participation in an incentive program for those employees who might otherwise continue to provide service to the District and community. With few exceptions, we regret the loss of senior employees who have entered into early retirement since 1986. Nonetheless, we believe that the RIP has served the public interest although its effect has not been uniformly positive.

We are reluctant to support the bill in its present form because we cannot ascertain the full extent of what, if any, savings the District will realize over the next five years. The primary benefit of the proposed retirement incentive is prevention of layoffs or at least reduction in layoffs. That benefit we support. It is, however, not clear to us from our experience since 1986 that significant reductions in personnel services costs are a direct result of our participation in the incentive program. We would therefore prefer a bill which does not require Districts to certify that genuine cost savings will result from participation in a new program. As an alternative, if districts were able to combine total participants from both retirement systems in computing actual savings and determining compliance with the program, we would be less hesitant about supporting the bill.

Please understand this is a preliminary administrative response to an issue which will be discussed by the School Board on February 13. My delay in responding to your letter, for which I apologize, stems from the fact that we have been feverishly attempting to respond to the various requests for confirmation that the first program worked the way it was expected to. As I indicated to your secretary yesterday, we hope to complete that effort this week or next.

If I can be of further help, please let me know.

Sincerely,

Leland C. Wilson
Executive Director, Employee Relations

cc William Coats
Guy Bellville

LW:ccs



RECEIVED JAN 11 1989

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

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

RESOLUTION TO ENACT THE RETIREMENT INCENTIVE PROGRAM (RIP)

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

RATIONAL:

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



Matanuska-Susitna Borough

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

BOROUGH MANAGER

January 24, 1989

RECEIVED JAN 30 1989

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

Dear Senator Duncan:

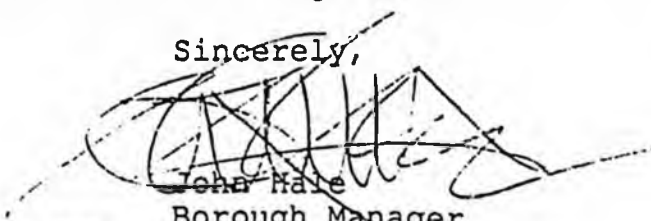
Thank you for the letter informing me of the introduction of your bill, Senate Bill 73 - Retirement Incentive Program.

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

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

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

Sincerely,


John Hale
Borough Manager

er

North Slope Borough School District



RECEIVED FEB 01 1989

Rayanne

January 31, 1989

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

RE: Senate Bill 73, Early Retirement

Dear Senator Duncan:

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

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

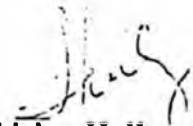
However, we respectfully request your consideration to increase the window period to 14 months, making the law effective May 1, 1989 through June 30, 1990. Passing the bill in its present form would discourage employees from retiring this year and instead may encourage them to wait until the following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

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

Senator Jim Duncan
January 31, 1989
Page Two—

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

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

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



Handwritten signature

SCHOOL DISTRICT REAA 16

P.O. Box 226, Tok, Alaska 99780
907 - 883-5151

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

January 30, 1989

Dear Senator Duncan,

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

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

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

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

Sincerely, -)

Spike Jorgensen
Spike Jorgensen
Superintendent of Schools

SJ/lin

"Where Teachers Are The Gateway To Learning"

Dot Lake
907 - 882-2663

Eagle
907 - 547-2210

Mentasta
907 - 291-2317

Northway
907 - 778-6301

Tok
907 - 883-5161

Tetlin



MT. VIEW ELEMENTARY SCHOOL

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

Rayan

February 3, 1989

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

Dear Senator Duncan:

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

Sincerely,

R. L. Boudreau
R. L. Boudreau
Principal

RB:mk

Sterling Elementary School

Kenai Peninsula Borough School District

Drawer 89 • STERLING, ALASKA 99672
Phone 262-4944

February 7, 1989

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

Dear Rep. Navarre:

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

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

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

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

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

Sincerely,



Vic Varick
Principal

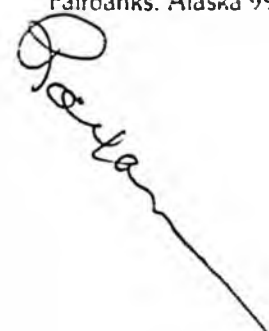
sg

Interior Public Employees Coalition

452-2023

2118 Cushman
Fairbanks, Alaska 99701

February 9, 1989



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

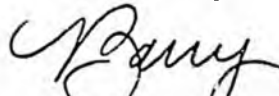
Dear Senator Duncan:

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

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

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

Sincerely,



Barry Haight
Chairman

Sponsored by: Meehan

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

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

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

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

WHEREAS, the 1986 Retirement Incentive Program has lapsed; and

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

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

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

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

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

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

THE CITY OF SEWARD, ALASKA


HARRY E. GIESELER, MAYOR

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

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

ATTEST:

APPROVED AS TO FORM:

PERKINS COIE, Attorneys for
the City of Seward, Alaska

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

Fred B. Arvidson
Fred B. Arvidson
City Attorney

(City Seal)

RECEIVED FEB 16 1989



RESOLUTION 89-2



HOUSTON, ALASKA
A BICENTENNIAL COMMUNITY

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

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

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

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

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

Marcella P. Padie
MAYOR

ATTEST:

Linda L. Padie
CITY CLERK/TREASURER



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

RECEIVED FEB 16 1989

Duncan

February 6, 1989

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

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

Dear Senator Duncan;

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

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

Sincerely,

Zonna Lie
City Clerk

cc: City Manager
File

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: March 6 Committee Meeting
DATE: March 4, 1989

On Monday, March 6 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

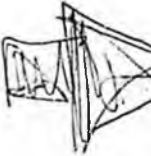
SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund.

SJR 18 would amend the Constitution to specify that income of the permanent fund be appropriated for dividends, to the fund principal, and for administrative costs of the fund. Any other use would require voter approval.

SB 69, An Act providing for an advisory vote on the use of the earnings reserve account.

SB 69 would provide for an advisory vote on distributing the balance in the earnings reserve account of the permanent fund as follows:

- 50% to the general fund
- 25% to the principal of the permanent fund
- 25% for a special dividend

 SB 73, An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system

A draft committee substitute is being prepared that would:

Place the program into temporary law rather than permanent statute.

Require that cost savings be demonstrated in 3 years rather than 5. Three years corresponds to the number of years the employer has to reimburse the retirement program.

Prohibit participation by assistant commissioners.

Require that OMB maintain statistics on the program.

Modify the application "windows".

A draft letter of intent that calls for the state's RIP costs to be paid from within existing appropriations is attached. Also attached are the OMB guidelines on implementation of the original RIP, a comparison of the original RIP to SB 73, and additional information on RIP costs.

SB 111, An Act relating to boating safety, boating accidents, and boat numbering.

SB 111 would require the Department of Public Safety to offer public education programs designed to reduce boating accidents, to maintain an accident reporting system, and to establish a boat registration program. The bill incorporates current law regarding safety equipment and enforcement, and expands current accident reporting requirements.

In the absence of a state boating program, the Coast Guard is responsible for the registration of vehicles. Approximately 30,000 boats are currently registered in Alaska. The registration fee is \$6 triennially, with all fees being deposited in the U.S. treasury. The department estimates an additional 20,000 boats would be registered under the state program. Fees would be set by regulation; the fiscal note proposes \$30 triennially.

Wallop-Breaux funds, generated through a federal tax on motorboat fuel sales, are available to all states with a federally approved boating safety program. Alaska's share of these funds would be \$250-310,000 annually. These funds must be matched dollar for dollar with state funds which would be raised through boat registration fees. The department estimates a total program cost of \$800,000.

According to the U.S. Coast Guard, Alaska's death rate from boating is 28 times the national average per 100,000 registered boats, and the highest rate in the U.S. Alaska is the only state in the union without a boating safety program.

Alaska State Legislature

not for packet



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100
(907) 465-4766

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

MEMORANDUM

FEBRUARY 2, 1989

TO: SENATOR PAT POURCHOT, CHAIR
SENATE STATE AFFAIRS COMMITTEE

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 REQUEST THAT YOU SCHEDULE SB 73, RE-ESTABLISHING THE RETIREMENT INCENTIVE PROGRAM FOR PUBLIC EMPLOYEES, FOR A HEARING DURING THE WEEK OF FEBRUARY 13, 1989. THE PROPOSED PROGRAM IS ESSENTIALLY THE SAME AS THE ORIGINAL RETIREMENT INCENTIVE PROGRAM EXCEPT THAT THE FRAMEWORK FOR THE INCENTIVE IS ESTABLISHED IN PERMANENT LAW, WITH LEGISLATION REQUIRED TO PROVIDE WINDOW PERIODS FOR PARTICIPATION.

THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN PROVIDE A THREE YEAR INCENTIVE TO ENCOURAGE LONG-TERM, HIGHLY PAID EMPLOYEES TO RETIRE FROM STATE GOVERNMENT, MUNICIPAL GOVERNMENT AND SCHOOL DISTRICTS. THE INTENT OF THE PROGRAM IS TO RETAIN EMPLOYEES AT THE LOWER END OF THE PAY SCALE WHO WOULD OTHERWISE BE LAID OFF BY RETIRING OTHERS. IN MANY CASES, POSITIONS CAN BE HELD VACANT OR REFILLED AT A LOWER LEVEL RESULTING IN PAYROLL SAVINGS TO THE EMPLOYER.

THE RETIREMENT INCENTIVE PROGRAM HAS THE ADDED ATTRACTION OF RETAINING RETIREMENT INCOME IN THE STATE OF ALASKA. MANY LOWER LEVEL EMPLOYEES IF LAID OFF WOULD LEAVE ALASKA TO SEEK WORK ELSEWHERE. THIS RESULTS IN AN ECONOMIC DOWNTURN SUCH AS OCCURRED A FEW YEARS AGO WHEN MANY HOMES STOOD VACANT AND BUSINESSES WERE FORCED TO CLOSE. BECAUSE ALMOST 70 PERCENT OF OUR RETIREES REMAIN IN ALASKA, WE RETAIN THE BENEFIT OF MUCH OF THE RETIREMENT COMPENSATION WHICH IS PAID OUT. THE NET EFFECT OF THESE FACTORS IS A GAIN IN COMPENSATION DOLLARS RETAINED IN ALASKA WHICH BENEFITS OUR ECONOMY.

I HAVE ATTACHED A COPY OF INFORMATION RECEIVED FROM THE DIVISION OF RETIREMENT AND BENEFITS CONCERNING THE SAVINGS WHICH

SENATOR PAT POURCHOT
FEBRUARY 2, 1989
PAGE 2

ACCRUED TO MUNICIPALITIES AND SCHOOL DISTRICTS FROM THE LAST WINDOW PERIOD OF THE RETIREMENT INCENTIVE PROGRAM. THIS IS PRELIMINARY INFORMATION SINCE ALL MUNICIPALITIES AND DISTRICTS HAVE NOT YET REPORTED THEIR SAVINGS. I WILL PROVIDE YOU UPDATES OF THIS SUMMARY AS THEY BECOME AVAILABLE.

CONCERNING THE SAVINGS OBTAINED BY STATE GOVERNMENT, LEGISLATIVE AUDIT IS CURRENTLY PERFORMING AN AUDIT OF THE RETIREMENT INCENTIVE PROGRAM WHICH WILL TRACK THE POSITIONS VACATED AS THE RESULT OF THE LAST RETIREMENT INCENTIVE WINDOW. I EXPECT TO HAVE THE RESULTS OF THIS AUDIT BY FEBRUARY 10, 1989. I HAVE ALSO REQUESTED A FISCAL NOTE FROM THE DIVISION OF RETIREMENT AND BENEFITS WHICH I SHOULD HAVE WITHIN THE WEEK.

*1
released
2-23-89*

BECAUSE I FEEL SO STRONGLY THAT THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN RESULT IN SUBSTANTIAL SAVINGS TO PUBLIC BUDGETS, I URGE YOU TO SCHEDULE SB 73 FOR A HEARING AS REQUESTED.

ATTACHMENT

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

RECEIVED JAN 26 1989

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

STEVE COWPER, GOVERNOR

January 24, 1989

Ms. Roxanne Stewart
Legislative Aide
Office of Senator Duncan
P.O. Box V
Juneau, AK 99811

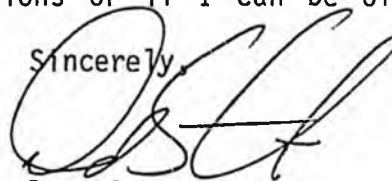
Dear Roxanne:

Enclosed are the summary results of the Retirement Incentive Program (RIP) survey that the division sent to all political subdivisions participating in the program. The summary represents 1/3 of the employers contacted. The others have not responded. The summary will be updated as additional survey forms are returned.

Of the 24 employers responding to the survey, seven stated that they did not want another RIP. Most of those in favor of another program expressed a preference for FY 90 and FY 91. Two employers suggested an extended period from 1989 through 1992. Copies of the employer responses are available upon request.

Please let me know if you have any questions or if I can be of other assistance.

Sincerely,



Dave Stout
Retirement Supervisor

SS/DS/plm/10
Enclosure
R&B 89-002

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	173.9
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

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
207 465 3600

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 10, 1989

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

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*
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.

Under TRS, the contribution rate is seven percent. Under subsection (f), each participant receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 14.25.128(g), in determining whether an employee is eligible to retire, only service credit for an employer under the TRS definitions, for territorial service, and Alaska BIA service may be counted. This excludes outside service and military service. However under subsection (h), certain state employees may receive credit for employment with a municipality before the municipality began to participate in TRS.

Sec. 14.25.128(i) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 14.25.128(j), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either the Public Employees' Retirement System (PERS) or by TRS.

Sec. 14.25.128(k) requires state agencies to report to the Office of Management and Budget (OMB) on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Sec. 14.25.128(l) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 3 establishes the retirement incentive program for the PERS system. Sec. 39.35.375(a) includes the substance of sec. 14.25.128(a) and (b), enacted by sec. 2 of the bill. The following subsections of sec. 39.35.375 are therefore not lettered identically to those in Sec. 14.25.128, but otherwise there are few differences between the provisions for TRS and PERS.

Under sec. 39.35.375(a), if a retirement incentive application period has been authorized by law, an employer may designate organizational units of employees eligible to participate in the retirement incentive program. By

implementing the plan in the unit, the employer must realize savings in personal services costs within five years. Under Sec. 39.35.375(b), employees must be vested, in an designated organizational unit, and eligible to retire after the retirement incentive is added to their service.

Sec. 39.35.375(c) 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 (c)(2), a plan for state employees must include an agreement that requires the employer to reimburse the retirement system for the costs of the incentive granted to each employee.

Under 39.35.375(d), employees who receive a retirement incentive must pay the amount they would have paid in retirement contributions for the three years of incentive. Under PERS, the contribution rate is 7-1/2 percent for peace officers and fire fighters and 6-3/4 percent for all other employees. Under subsection (e), each participating employee receives three years of credit to use to meet eligibility requirements for retirement or to increase the amount of benefits to which the employee is entitled.

Under sec. 39.35.375(f), in determining whether an employee is eligible to retire, only service credit for an employer under the PERS definition may be counted. This excludes military service and work that was not performed for the state, or a political subdivision or public organization participating in the retirement system at the time of the employment. However, under subsection (g), certain state employees may receive credit for employment with a municipality before the municipality began to participate in PERS.

Sec. 39.35.375(h) sets out remedies the state may use to collect the employer's share of the costs of the program.

Under sec. 39.35.375(i), a person who has retired under the retirement incentive program will be penalized if the person returns to work in any job that is covered by either PERS or TRS.

Sec. 39.35.375(j) requires state agencies to report to the Office of Management and Budget on the effect of the retirement incentive program on the agency's personal services cost and operation. OMB is required to report to the legislature in January each year on the effect of the program on state operations and personal services costs.

Senator Jim Duncan
Page 4
January 10, 1989

Sec. 39.35.375(k) makes clear that an employee does not have a right to receive a retirement incentive until the organizational unit in which the employee works has been designated and a participation agreement signed.

Sec. 4 authorizes state agencies to adopt retirement incentive plans to be in operation during January, February, and March 1990. Participation is limited to employees who have been continuously employed since January 1, 1989 or who were laid off on or after that date. Commissioners and deputy commissioners are not eligible to participate. Employees who participate must be appointed to retirement by May 1, 1990.

Sec. 5 authorizes the governing body of a political subdivision or a public organization participating in PERS to implement a retirement incentive plan during July, August, and September 1990. A participating employee must be appointed to retirement by November 1, 1990.

Sec. 6 authorizes the Board of Regents to adopt a retirement incentive plan for the University of Alaska. Applications will be accepted only during May, June, and July 1990 and participants must be appointed to retirement on or before September 1, 1990.

Sec. 7 authorizes employers under TRS who are not covered by the authorization for the state or the university to adopt a retirement incentive plan, to permit applications during March, April, and May 1990. Participants must be appointed to retirement by July 1, 1990.

Sec. 8 is an effective date clause, setting January 1, 1990 as the effective date.

If I may be of further assistance, please advise.

TC:kb
wkk1/021

Alaska State Legislature

Sen. Pat Pourchot, Chairman

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



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: March 1 Committee Hearing
DATE: February 27, 1989

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

SB 73, An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system.

SB 73 would reestablish the Retirement Incentive Program for public employees. The proposed program is essentially the same as the original RIP except that the program's framework is established in statute with participation periods provided by law.

The original RIP, in effect from 1986 to late 1987, allowed retirement three years early for members of the Public Employees Retirement System and the Teachers Retirement System. A total of 2,346 employees of the state, University, the public school system, and municipalities took advantage of RIP. An audit conducted by the Division of Legislative Audit (copy attached) indicates savings to the state over a three-year period of \$14,448,520. A survey of savings realized by political subdivisions that chose to participate in RIP is also attached.

SJR 30, Relating to location of a job corps center within the Matanuska-Susitna Borough

SJR 30 calls for the establishment of a Job Corps center within the Mat-Su Borough. Congress has appropriated funds for the development of six new centers throughout the country and the U.S. Department of Labor is accepting applications from the states. Alaska's application, submitted in December 1988, proposes use of the Goose Bay Correctional Center in Wasilla or Colony High School in Palmer.

March 1 Memo
Page 2

The Job Corps program was established by the federal government in 1964 to provide intensive educational and vocational training to economically disadvantaged youth. Alaska does not have a Job Corps center and Alaskans who participate must go out of state. The centers are federally funded.

RECEIVED JAN 11 1989

Stephen A. Norrell
5018 Knights Way
Anchorage, Alaska 99508

January 5, 1989

Hon. Jim Duncan
Alaska State Senate
P. O. Box V (Mail Stop 3100)
Juneau, Alaska 99811

Dear Senator Duncan:

I was pleased to notice your submission of SB 73, reestablishing early retirement incentives for State employees. In general, I strongly support the bill and am prepared to offer whatever assistance I can to assure its passage. Toward that end, allow me to offer some comments and suggestions which I believe will strengthen the bill and make it more attractive.

PURPOSE

While the cost-saving advantages of early retirement programs are relatively clear and easily understood, the positive effects of these programs on personnel turnover should not be ignored. Many organizations that rely on professional staff, including many state agencies and the University, profit significantly by continued infusion of new ideas and directions that would occur with a reasonable turn-over of their employees. I do not believe that an early retirement program will cause a "brain drain", but it would make it possible to turnover some professionals, freeing their positions for replacements.

APPLICATION "WINDOWS"

Retirement is a significant step that causes a high level of apprehension and anxiety in some employees. Wider "windows of opportunity" would allow both retirees and their employers more time to plan for this significant step. I suggest that you consider expanding the time allowed for the submission of applications. Also, I suggest allowing a window during 1989 (for those who are able to make that decision) as well as during 1990.

The timing of the "windows" may not coincide with the time during which vacant or new positions are traditionally filled. For example, Universities typically recruit during the Fall and Spring for positions that are to be filled by the beginning of the next academic year. In the case of Section 6 of your bill (relating to the University of Alaska), the application window would be more appropriately placed in December through April, with retirement on or before the beginning of the next academic year. By the way, I applaud your apparent desire to prevent retirement during the academic year.

Please let me know if I can do anything more to support this bill. Although I am writing this letter as a private individual, I will, in my position of President of the University of Alaska Anchorage Assembly, attempt to generate support for the legislation from that body.

Sincerely yours,

Stephen A. Norrell
Stephen A. Norrell

*Raymond
Baylor
Stallone
about
response*

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

1743 Morningtide
Anchorage, Alaska
January 9, 1989

*R. Williams
Dadul -
we review
a similar
Bill
Rep*

Dear Senator Duncan:

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

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

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

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

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

Sincerely,

John Murphy

**Municipality
of
Anchorage**



RECEIVED FEB 9 1989

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-4433
TOM FINK.
MAYOR

OFFICE OF THE MUNICIPAL MANAGER

January 31, 1989

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

Dear Senator Duncan:

You have asked for our input and support for SB 73 to reinstitute the former retirement incentive program for employees under the PERS and TRS. I won't speak to TRS as none of our employees are covered under that system.

With regard to applying this program to our PERS employees, we do not currently support its application to the Municipality of Anchorage. When this program was available previously, we spent a great deal of time analyzing our workforce demographics against anticipated position reductions and amortization costs to see if it would be beneficial to us. That analysis included extensive involvement of representatives from our bargaining groups and independent participation of a local consultant. The net result of that effort was the recognition that this program would not benefit the Municipality. To the contrary, it could cost us a substantial amount of additional money.

On its surface this concept sounds appealing and in certain cases, primarily where an employer has a horizontal workforce with interchangeable skills, it can be beneficial. For a diverse specialized workforce where the employer must downsize and remaining positions must be replaced to maintain services, it does not work effectively. Our costs, had we chosen to participate under the prior program with the Municipality accepting the up front amortization liabilities would most likely have been approximately four million dollars. With our current diminished revenues we believe it to be more in the public interest for us to spend four million dollars on direct service provision than to encourage our employees to retire.

Page Two
Jan 31, 1989
Subj: SB 73

In summation, although this legislation may benefit certain public employers, our analysis clearly indicates that the program would not benefit the Municipality at this time.

Very truly yours,



Ronald A. Garzini
Municipal Manager

NRK:tjw



Office of the City Clerk
832-5441

Incorporated November 17, 1921

Rafan

City of Nenana

State of Alaska

February 27, 1989

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

Dear Senator Duncan,

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

I would make two suggestions to the current bill:

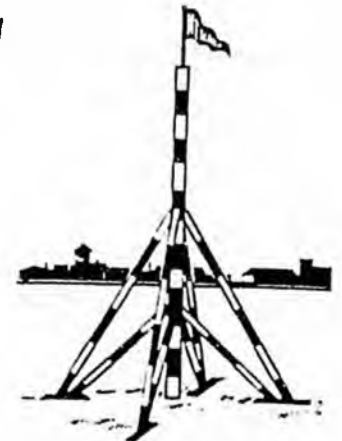
- 1) Open the window for teachers to include this school year as well as next year. Savings to Nenana would be up to \$50,000 this year if the teachers that would qualify took the program.
- 2) The only concern I have with the program is that last time some districts chose not to participate in the program even though it would have saved them money. It seems somewhat unfair to me that those staff members were not allowed to take part in the program. The only way I know that it could be done would be for the Retirement System to offer the program instead of the local districts with an increase in Retirement System contributions to cover the cost plus the retiring members cost paid back by themselves.

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

RECEIVED MAR 01 1989

RECEIVED

01 1989



Alaska State Legislature



SENATOR JIM DUNCAN

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

(907) 465-4766

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

MEMORANDUM

APRIL 4, 1989

TO: ALL SENATORS

FROM: SENATOR JIM DUNCAN

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

NY
5 W 12
C T 13
F+S 14+15
excused from the call of the Senate

THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN PROVIDE A THREE YEAR INCENTIVE TO ENCOURAGE LONG-TERM, HIGHLY PAID EMPLOYEES TO RETIRE FROM STATE, MUNICIPAL, UNIVERSITY, AND SCHOOL EMPLOYMENT. THE INTENT OF THE PROGRAM IS TO REDUCE PERSONAL SERVICES COSTS FOR PUBLIC EMPLOYERS. A BENEFIT OF THE PROGRAM IS THAT IT ENABLES EMPLOYERS TO RETAIN EMPLOYEES AT THE LOWER END OF THE PAY SCALE BY RETIRING OTHERS. IN MANY CASES, POSITIONS CAN BE DELETED, HELD VACANT, OR REFILLED AT A LOWER LEVEL RESULTING IN PAYROLL SAVINGS TO THE EMPLOYER.

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

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

THE RETIREMENT INCENTIVE PROGRAM HAS THE ADDED ATTRACTION OF RETAINING RETIREMENT INCOME IN THE STATE OF ALASKA. MANY LOWER LEVEL EMPLOYEES, IF LAID OFF, WOULD BE FORCED TO LEAVE ALASKA TO SEEK WORK ELSEWHERE. THIS RESULTS IN AN ECONOMIC DOWNTURN SUCH AS OCCURRED A FEW YEARS AGO WHEN MANY HOMES STOOD VACANT AND BUSINESSES WERE FORCED TO CLOSE. BECAUSE ALMOST 70 PERCENT OF

CORRECTION

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



Office of the City Clerk
832-5441

Incorporated November 17, 1921

Rayson

City of Nenana

State of Alaska

February 27, 1989

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P.O. Box V
Juneau, AK 99811

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I would make two suggestions to the current bill:

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RECEIVED MAR 01 1989

RECEIVED

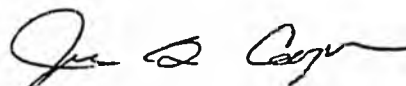
MAR 1989



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

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

Sincerely,

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

Joe B. Cooper, Mayor
City of Nenana

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100
(907) 465-4766

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

MEMORANDUM

APRIL 4, 1989

TO: ALL SENATORS

FROM: SENATOR JIM DUNCAN

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

excused from the call of the Senate
5 W 11
C T 13
F & S 14 & 15

THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN PROVIDE A THREE YEAR INCENTIVE TO ENCOURAGE LONG-TERM, HIGHLY PAID EMPLOYEES TO RETIRE FROM STATE, MUNICIPAL, UNIVERSITY, AND SCHOOL EMPLOYMENT. THE INTENT OF THE PROGRAM IS TO REDUCE PERSONAL SERVICES COSTS FOR PUBLIC EMPLOYERS. A BENEFIT OF THE PROGRAM IS THAT IT ENABLES EMPLOYERS TO RETAIN EMPLOYEES AT THE LOWER END OF THE PAY SCALE BY RETIRING OTHERS. IN MANY CASES, POSITIONS CAN BE DELETED, HELD VACANT, OR REFILLED AT A LOWER LEVEL RESULTING IN PAYROLL SAVINGS TO THE EMPLOYER.

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UNIVERSITY	" "	" "
STATE	SEPT. 30, 1989-MARCH 31, 1990	Nov. 1, 1990
MUNICIPAL	" "	" "

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RETIREMENT INCENTIVE PROGRAM
APRIL 4, 1989

OUR RETIREES REMAIN IN ALASKA, WE RETAIN THE BENEFIT OF MUCH OF THE RETIREMENT COMPENSATION WHICH IS PAID OUT. THE NET EFFECT OF THESE FACTORS IS A GAIN IN COMPENSATION DOLLARS IN OUR ECONOMY.

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

I FEEL STRONGLY THAT THE RETIREMENT INCENTIVE PROGRAM WILL ONCE AGAIN RESULT IN SUBSTANTIAL SAVINGS TO PUBLIC BUDGETS, AND I URGE YOU TO VOTE IN FAVOR OF CSSB 73 (FIN).

ATTACHMENTS

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

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

STEVE COWPER, GOVERNOR

March 10, 1989

RECEIVED MAR 13 1989

The Honorable Pat Pourchot
Alaska State Senator
P.O. Box V
Juneau, AK 99811

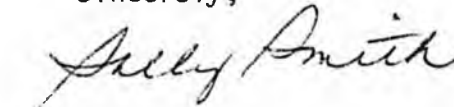
Dear Senator Pourchot:

You had asked Bob Stalnaker to provide a fact sheet on Senate Bill 73 specifically addressing the mechanics of eligibility during the window periods. The enclosed information was prepared for the previous Retirement Incentive Program (RIP). It is still accurate for CSSB 73 (SA).

Notwithstanding designation by their employers, members must be: 1) vested in their respective retirement systems and be at least age 47 upon their date of retirement; or 2) have at least 17 years of membership service if they are teachers, police officers or firefighters; or 3) have at least 27 years of service if they are not police officers or firefighters in the Public Employees' Retirement System.

I am hopeful this information and the enclosed fact sheet are helpful. Please let me know if I can help you further.

Sincerely,



Sally Smith
Director

SS/BC/plm/5
Enclosure
R & B 89-007
cc: Dean Gottehrer
Special Assistant to the Commissioner
Department of Administration

Hypothetical Example of How the Rule of Three Might Work

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

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

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

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

RULE OF THREE RETIREMENT ELIGIBILITY
AND INCENTIVES BY AGE

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

RETIREMENT ELIGIBILITY BY SERVICE

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

* peace officers and firemen service only.

Examples of Savings Under R.I.P.

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

Eligibles:

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

Option I: RIP all - leave all positions vacant.

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

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

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

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

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



Anchorage
EDUCATION
Association

Pam McCarl
President

Dave Schwantes
V.P. Communications

Rich Kronberg
V.P. Programs

Lucille Howitt
Secretary

Bob Wyatt
Treasurer

Representatives
at Large

Thais Thomas
Ed Viscardi
Alex Monterrosa
Kay Krause
Allan Phelps
Margo Bellamy

Region VI Directors

Loretta Christie
Leona Mounds
Peg Stout
Rich Kronberg
Pam Reynolds

1411 West 33rd Ave.
Anchorage, Ak 99503
(907) 274 - 0536

letters in
support

*Rosemary, please
make sure this
group is on your
list for the SB73
info.*

March 1, 1989

Senator Pat Pourchot
P.O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

I'm writing to inform you that the Anchorage Education Association Representative Council took a position in support of SB 73. Representative Council is composed of representatives from each school. There are about 125 in attendance.

We have also discussed this legislation with the Anchorage School District Administration and are pursuing ways that we can work together in supporting this legislation as well as other legislation on which we share the same perspective.

Your efforts to pass this out of committee are greatly appreciated.

Sincerely,

Pam McCarl
President

0301PM1/sw



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

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

JUNEAU OFFICE

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

FAIRBANKS REGIONAL OFFICE

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

March 1, 1989

To: Senator Pat Pourchot, Chair
Members, Senate State Affairs Committee

Re: 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."

By virtue of endorsement by its Board of Directors NEA-Alaska supports SB 73 and encourages your support and expeditious attention to it.

In a time when government at every level in Alaska is faced with the probability of substantial funding cuts and the only alternative available to them is employee lay-offs it makes sense to encourage utilization of retirement incentive programs as a means of voluntary attrition before actually putting people out of work.

While employee lay-offs may save money on the "front end" there is usually an attendant dollar cost to government through unemployment, welfare, and other potential areas which cannot always be measured or accurately projected.

Early retirement incentive programs are a responsible alternative to the adverse effects on the economy of employee lay-offs and provide government with the opportunity to more effectively realign itself for the longer term.

Since participation in the retirement incentive program requires proof of savings government is protected against adverse fiscal consequences.

Savings are realized in terms of the probability of lower replacement costs, the potential option to not replace retiring employees effecting an even greater savings, and the longer term potential to more effectively realign the governmental entity in terms of its delivery of services.

It is the understanding of NEA-Alaska that data from the last RIP clearly shows a substantial savings for all of the

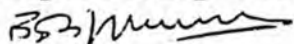
agencies and political sub-divisions. Relative to school districts it should be noted that not every school district participated in the program so the potential for savings is even greater than the current data shows.

We have two suggestions for consideration by the Committee. First we suggest that the "window" for eligibility in school districts be extended on the front end so that actual retirement under RIP could take place in either one of two school years. Such a change would facilitate planning relative to program and staffing needs.

The second suggestion focuses on the desirability of having consistent eligibility regulations from school district to school district. Variations in local eligibility regulations with the last RIP did not always maximize the potential for savings to the district.

Thank you for your consideration of our position and recommendations.

Respectfully submitted,



Bob Manners
Executive Secretary

cc: Senator Jim Duncan



ANCHORAGE SCHOOL DISTRICT

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

February 8, 1989

SCHOOL BOARD

William Frick
President

Betty Davis
Vice President
Past President
1985-86

Carol Stolpe
Clerk

Darryl Jordan
Treasurer

Betty Bruckman

Jean Buchanan
Past President
1983-84, 1986-87

Sharon Richards

SUPERINTENDENT

William Coats, Ph.D.

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

Dear Senator Duncan:

Your letter to the Superintendent of January 13 requesting comment on Senate Bill 73 which will offer a three-year retirement incentive to eligible School District employees has been referred to me for initial response since retirement issues fall within my area of responsibility. The Business Management Division is also heavily involved in developing a District position in this area.

We support the bill in concept administratively because its passage would help to reduce the incidence of layoffs which a deterioration in fiscal support to us might necessitate. Although no District can ignore the importance of senior employees to the maintenance of quality programs for students, we have supported voluntary participation in an incentive program for those employees who might otherwise continue to provide service to the District and community. With few exceptions, we regret the loss of senior employees who have entered into early retirement since 1986. Nonetheless, we believe that the RIP has served the public interest although its effect has not been uniformly positive.

We are reluctant to support the bill in its present form because we cannot ascertain the full extent of what, if any, savings the District will realize over the next five years. The primary benefit of the proposed retirement incentive is prevention of layoffs or at least reduction in layoffs. That benefit we support. It is, however, not clear to us from our experience since 1986 that significant reductions in personnel services costs are a direct result of our participation in the incentive program. We would therefore prefer a bill which does not require Districts to certify that genuine cost savings will result from participation in a new program. As an alternative, if districts were able to combine total participants from both retirement systems in computing actual savings and determining compliance with the program, we would be less hesitant about supporting the bill.

Please understand this is a preliminary administrative response to an issue which will be discussed by the School Board on February 13. My delay in responding to your letter, for which I apologize, stems from the fact that we have been feverishly attempting to respond to the various requests for confirmation that the first program worked the way it was expected to. As I indicated to your secretary yesterday, we hope to complete that effort this week or next.

If I can be of further help, please let me know.

Sincerely

Leland C. Wilson
Executive Director, Employee Relations

cc William Coats
Guy Bellville

LW:ccs



RECEIVED JAN 11 1989

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

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

RESOLUTION TO ENACT THE RETIREMENT INCENTIVE PROGRAM (RIP)

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

RATIONAL:

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



Matanuska-Susitna Borough

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

BOROUGH MANAGER

January 24, 1989

RECEIVED JAN 30 1989

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

Dear Senator Duncan:

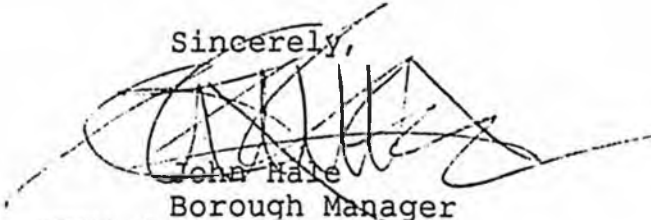
Thank you for the letter informing me of the introduction of your bill, Senate Bill 73 - Retirement Incentive Program.

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

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

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

Sincerely,


John Hale
Borough Manager

er

North Slope Borough School District



January 31, 1989

RECEIVED FEB 09 1989

Kayanne

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

RE: Senate Bill 73, Early Retirement

Dear Senator Duncan:

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

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


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

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

Senator Jim Duncan
January 31, 1989
Page Two—

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

Sincerely,



Shirley Holloway, Ed.D.
Superintendent

BI/ma

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



Raymond

Mentasta
Tetlin
Tok

Northway
Dot Lake
Eagle
Tanacross

SCHOOL DISTRICT REAA 16

P.O. Box 226, Tok, Alaska 99780
907 - 883-5151

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

January 30, 1989

Dear Senator Duncan,

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

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

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

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

Sincerely,

Spike Jorgensen
Spike Jorgensen
Superintendent of Schools

SJ/lm

“Where Teachers Are The Gateway To Learning”

Dot Lake
907 - 882-2663

Eagle
907 - 547-2210

Mentasta
907 - 291-2317

Northway
907 - 778-6301

Tok
907 - 883-5161

Tetlin



MT. VIEW ELEMENTARY SCHOOL

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

Payan

February 3, 1989

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

Dear Senator Duncan:

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

Sincerely,

R. L. Boudreau

R. L. Boudreau
Principal

RB:mk

Sterling Elementary School

Kenai Peninsula Borough School District

Drawer 89 • STERLING, ALASKA 99672
Phone 262-4944

February 7, 1989

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

Dear Rep. Navarre:

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

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

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

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

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

Sincerely,



Vic Varick
Principal

sg

Interior Public Employees Coalition

452-2023

2118 Cushman
Fairbanks, Alaska 99701

February 9, 1989



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


Dear Senator Duncan: 

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

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

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

Sincerely,



Barry Haight
Chairman

Sponsored by: Meehan

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

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

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

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

WHEREAS, the 1986 Retirement Incentive Program has lapsed; and

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

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

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

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

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

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

THE CITY OF SEWARD, ALASKA


HARRY E. GLISELER, MAYOR

CITY OF SEWARD, ALASKA
RESOLUTION NO. 89-011

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

ATTEST:

APPROVED AS TO FORM:

PERKINS COIE, Attorneys for
the City of Seward, Alaska

Linda S. Murphy
Linda S. Murphy, CMC/AAB/Jones
City Clerk

Fred B. Arvidson
Fred B. Arvidson
City Attorney

(City Seal)

1 RECEIVED FEB 16 1989



RESOLUTION 89-2



HOUSTON, ALASKA
A BICENTENNIAL COMMUNITY

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

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

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

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

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

Marcella P. Padie
MAYOR

ATTEST:

Linda L. Padie
CITY CLERK/TREASURER



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

RECEIVED FEB 16 1989

Duncan

February 6, 1989

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

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

Dear Senator Duncan;

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

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

Sincerely,

Zonna Lie
City Clerk

cc: City Manager
File

**PUBLIC
EMPLOYEES**



DON VALESKO
BUSINESS MANAGER

VALERIE K. BAFFONE
SECRETARY/TREASURER

HEADQUARTERS

2510 Arctic Blvd.
Anchorage, Alaska 99503

208 Wendell, Room 205
Fairbanks, Alaska 99701

710 W. 9th Street
Juneau, Alaska 99901



March 6, 1989

Senate State Affairs Committee
Senator Pat Pourchot, Chairman
Senator Jan Faiks, Vice Chairman

Dear Senator Pat Pourchot;

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

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

We urge your support of this legislation. Thank you.

Sincerely,

Don Rouleau, Business Representative
Local 71/Juneau

DR/tc

JUNEAU
(907) 586-6993

ANCHORAGE
(907) 276-7211

FAIRBANKS
(907) 452-5024

Carta 2.txt

ALASKA STATE LEGISLATURE



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

P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

May 7, 1989

Marilynn Scott
C.A.R.T.A.
P. O. Box 11-2827
Anchorage, AK 99511

Dear Marilynn:

Per your telephone conversation with my staff, please find enclosed a letter from the director of the State Division of Retirement and Benefits addressing the concerns you raised in regard to SB 73, the bill reauthorizing the Retirement Incentive Program. As you'll see, the director is confident that the TRS fund's actuarial soundness will not be affected by the program.

SB 73 continues to have a lot of both legislative and public support. The conference committee appointed to work out the differences between the House and Senate versions of the FY 90 operating budget began meeting earlier this week. Both sides are proposing rather significant reductions in all state agencies and reductions in school funding are also being discussed. I would say it is almost certain that personal services funding will be reduced and the Retirement Incentive Program is seen as a way of accommodating funding reductions without having to lay people off.

The bill passed the House yesterday by a vote of 38-1. It now goes to a conference committee that will resolve some minor differences between the House and Senate versions, and will then go to the Governor for signature into law.

Marilynn, thanks again for bringing CARTA's concerns to my attention. I hope you find the Retirement Division's explanation satisfactory.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a large, light-colored scribble or mark.

Senator Pat Pourchot
Chairman

cc: Vera Gazaway

CARTA

CARTAZ.TXT

RECEIVED APR 3 1989

Central Alaska Retired Teachers Association

Advocate for Retired and Pre-Retired Educators

PO Box 11-2827
Anchorage, AK 99511
Phone: 345-1698
March 28, 1989

Senator Pat Pourchot, Chairman
Senate State Affairs Committee
PO Box V
Juneau, AK 99811

DOA is preparing response:

- SB 73 doesn't affect soundness of system because all costs (including increasing cost of health insurance) are calculated and paid by the employer/employee

Dear Senator Pourchot:

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

at the time of R.I.P.

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

I gave Duncan copy of this letter. He has the DOA response too.

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

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

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

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

Sincerely,

Marilynn S. Scott, Ed.D., President

ASRTA & CARTA APPROVE RESOLUTION ON EARLY RETIREMENT

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

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

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

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

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

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

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

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

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

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

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

Health insurance cost increases are an issue generally
to all retirement funds,

All the costs are calculated & paid.



Central Alaska Retired Teachers Association

VOLUME III, Number 3

March 1989

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

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

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

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

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

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

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

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

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

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

(See related stories on page 2.)

MEETING SCHEDULE
Apr 8 Health insurance
May 13 Scholarship winners!
Sept 9 Program TBA

SENATOR STEVENS PROVIDES MEDICARE COST INFORMATION

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

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

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

AUCTION PROVES TO BE HIGHLY SUCCESSFUL EVENT

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

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

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

APRIL 8 MEETING TO DEAL WITH ASPECTS OF HEALTH INSURANCE

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

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

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

BRING RECYCLABLES IN APRIL

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

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

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

KEEPING IN TOUCH

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

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

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

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

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

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

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

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

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

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

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

LEGISLATION NEEDS CARTA HELP

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

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

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

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

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

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

ASRTA SPEAKER URGES : WRITE TO CONGRESSMEN

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

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

Pat - FYI -

Please note - Paragraph

3 -

I discussed this with Bob
Stalaker - Employers have
not finished making these
Contributions & the

Actuary when doing his report
did not take that into account.

He said before the report
is final he will bring it to
the attention of the actuary!

He is confident that actuarial
soundness will remain when
final employer cont. is made for

• Mairily ^{also Vera} Scott called ^{nom 4-4-89}
→ last RIP, didn't adequately estimate increased cost of health insurance, No provision in bill to go back to employer for increased pay-in to take care of this. ^{automatic post-retirement pension adjustment}

→ also concerned about quality of education if urging most experienced teachers to leave

→ TRS Bd. meeting today -
Mentt Olsen / Mutt Barker
get letter from actuary on FIN -
affect rate of contributions?

3

Start in Senate

H-refer only to Fin

HAD
\$80m

at par value } what does this mean?

deadline for reapprop.

4/12

statute on felons PFDs - authority
for state to spend. Intent lang.
\$1.6m

Legal Opinion

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

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

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

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

STEVE COWPER, GOVERNOR

April 4, 1989

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

Dear Jim:

You have asked:

1. Are the PERS and TRS funds fiscally stable? If not, has the Retirement Incentive Program caused fiscal instability?

Response: Although both the PERS and TRS funds are considered fiscally stable, the PERS funding ratio of assets to liabilities dropped from 99.6% for FY 87 to 93.0% for FY 88. The actuarial loss for PERS was \$178,121,000 in FY 88, with the RIP accounting for about \$34,000,000 or about 20% of that loss.

The TRS funding ratio of assets to liabilities dropped from 101.2% to 98.8%. The actuarial loss for TRS was \$75,074,000 with the RIP accounting for \$19,000,000 or about 25% of that loss.

We believe that these figures do not take into consideration the remaining employer contributions owed for the completion of the last RIP. Outstanding indebtednesses, when paid, should bring the funding ratios back up.

2. Are health care costs covered in the actuarial cost of the Retirement Incentive Program, and if so, how are they covered?

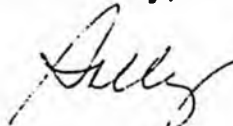
Senator Duncan
April 4, 1989
Page 2

Response: Health care costs are included in the formula for employer contributions and account for approximately one-third of those costs. According to the actuarial valuation for FY 88, increases in medical costs raised the employer contribution rate for PERS by 4.2% and for TRS by 3.12%. Some of this increase is attributable to retirements under the RIP since medical costs are greater for those under the age of 65. Once a retiree turns 65 he or she is covered by Medicare as the primary carrier.

A more direct answer to your question is, "yes, health care costs are covered" as they are for all retirees. Employer contributions are paid against future retirements. Under the RIP the employer contributes to the system the amount that would normally have been contributed for the years credited toward early retirement.

I am hopeful this adequately answers your questions.

Sincerely,



Sally Smith
Director

89 R&B 009

cc: Dean Gottehrer
Special Assistant

Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Falks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling

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

907-465-3712

Senate State Affairs Committee

March 13, 1989

Ms. Patricia Alexander
7243 Old Harbor Avenue
Anchorage, Alaska 99504

Dear Patricia:

I am happy to report that on March 6 the Senate State Affairs Committee, which I chair, approved SB 73. The bill would provide a three year retirement incentive for members of the public employees' retirement system and the teachers' retirement system.

Under the bill, the participation of school districts would be optional. Teachers in participating districts would be eligible for the retirement incentive if they are within three years of retirement and if their retirement would result in cost savings to the district. The three "incentive" years would first be used to allow individuals to meet either the service or age requirement (in most cases, 20 years or age 55). Once the service or age requirement is met, any remaining "incentive" years would be added to the individual's actual length of service and result in an increased benefit payment.

Each TRS member who participates would pay up-front their share of the cost to the retirement system, which amounts to 21% of the member's compensation for the school year in which he or she retires. The employer would pay the balance of the cost to the system.

The State Affairs Committee broadened the application period for teachers from three months to six months (July 1, 1989 through December 31, 1989) and provided for retirement to occur until July 31, 1990. To participate you would need to be eligible for the retirement incentive (i.e., within three years of retirement) by the July 31 date.

I would caution that the bill has a long way to move through the legislative process, and that the periods of application and eligibility may well be revised by other committees along the way. SB 73 now goes to the Senate Finance Committee for their review. I am hopeful that the bill will receive their quick approval. I am convinced that not only can the program save money, but it will ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a large, light-colored scribble or mark.

Senator Pat Pourchot
Chairman

SB 73
3/13/99

Record#	LN	FN	TITLE	STNO	ST	UNIT	CITY	ZIP	CONSTITUT	CATEGORY	DISTRICT	PRECINCT	REG	OWEN
1	Alexander	Patricia	Ms.	7243	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	N	x
2	Balensiefer	Tom	Mr. and Mrs.	1604	Nunaka Drive		Anchorage	99504	x	A4	13	149	N,N	x
3	Bethel	Joann	Ms.	277	South Klevin		Anchorage	99508	x	A4	13	146	N	x
4	Birdsall	Cary	Mr.	116	North Lane		Anchorage	99508	x	A4	13	147	D	x
5	Bradshaw	Era	Ms.	728	South Lane		Anchorage	99508	x	A4	13	145	U	x
6	Brewer	Andrew	Mr.	4625	Parsons Avenue		Anchorage	99508	x	A4	13	148	U	x
7	Curran	James	Mr.	4114	Reka Drive	2	Anchorage	99508	x	A4	13	144	D	x
8	Davis	Mary	Ms.	425	North Price	3	Anchorage	99508	x	A4	13	147	N	x
9	Elliott	Katherine	Ms.	6221	Winding Way		Anchorage	99504	x	A4	13	151	D	x
10	Finegan	Thomas	Mr. and Mrs.	1107	Ril Circle		Anchorage	99504	x	A4	13	151	H,U	x
11	Foster	Stephen	Mr. and Mrs.	501	Donna Drive		Anchorage	99504	x	A4	13	152	R,R	x
12	French	Karen	Ms.	434	Irwin Street	1	Anchorage	99508	x	A4	13	147	N	x
13	Fullenkamp	Colleen	Ms.	315	Krane Drive		Anchorage	99504	x	A4	13	152		x
14	Goff	Dennis	Mr.	4132	East 3rd Avenue		Anchorage	99508	x	A4	13	146	N	x
15	Goodwin	Daniel	Mr.	4520	East 7th Avenue		Anchorage	99508	x	A4	13	145	N	x
16	Goodwin	Lynda	Ms.	21-462	Citrus Avenue	F	Elmendorf	99506	x	A4	13	153	D	x
17	Gordon	Lorena	Ms.	500	Jordt Circle		Anchorage	99504	x	A4	13	150	R	x
18	Hadley	Susan	Ms.	411	Scorpio Circle		Anchorage	99508	x	A4	13	146	D	x
19	Hamacher	Florence	Ms.	3535	Parsons Avenue		Anchorage	99508	x	A4	13	148	N	x
20	Haycox	Carolynn	Ms.	5817	East 10th Circle		Anchorage	99504	x	A4	13	151	N	x
21	Higgs	Patricia	Ms.	5901	East 6th Avenue	59	Anchorage	99504	x	A4	13	152	N	x
22	Jackson	Linda	Ms.	7749	Dover Avenue		Anchorage	99504	x	A4	13	150	N	x
23	Jackson	Marleta	Ms.	7200	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	R	x
24	Jarrell	Melvin	Mr. and Mrs.	4181	East 20th Avenue	14	Anchorage	99508	x	A4	13	144	D,D	x
25	Johnson	Nelimae	Ms.	6224	Winding Way		Anchorage	99504	x	A4	13	151	N	x
26	Jones	Samuel	Mr.	258	South Bunn Street		Anchorage	99508	x	A4	13	146	D	x
27	LeBlanc	Adrian	Ms.	5300	East 4th Avenue	112	Anchorage	99508	x	A4	13	146	R	x
28	Long	Eunice	Ms.	7630	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	D	x
29	Lush	Herbert	Mr. & Mrs.	712	North Bragaw Street		Anchorage	99508	x	A4	13	148	U,R	x
30	Matthis	Della	Ms.	6950	Fredericks Drive		Anchorage	99504	x	A4	13	150	R	x
31	McCoy	Rod	Mr. and Mrs.	7749	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	D,R	x
32	McVee	Michael	Mr. and Mrs.	6300	Habicht Court		Anchorage	99504	x	A4	13	152	U,N	x
33	Mendias	Dawn	Ms.	100	Bunnell Street	7A	Anchorage	99508	x	A4	13	146	N	x
34	Monaco	Vincent	Mr. and Mrs.	258	Fireoved Drive		Anchorage	99508	x	A4	13	146	D,D	x
35	Mounds	Leona	Ms.	5816	Winding Way		Anchorage	99504	x	A4	13	151	D	x
36	Muldrow	Marie	Ms.	4441	East 5th Avenue		Anchorage	99508	x	A4	13	146	D	x
37	Noll	Karen	Ms.	1509	Atkinson Drive		Anchorage	99504	x	A4	13	149	R	x
38	Odens	Gary	Mr. and Mrs.	4700	Kenai Avenue		Anchorage	99508	x	A4	13	146	U,N	x
39	Paul	Gaither	Mr. and Mrs.	4325	East 8th Avenue		Anchorage	99508	x	A4	13	145	R,D	x
40	Pawluk	Rose	Ms.	727	Norman Street		Anchorage	99504	x	A4	13	151	N	x
41	Piper	Stephen	Mr.	5600	Craig Drive		Anchorage	99504	x	A4	13	149	D	x
42	Prockish	Nina	Ms.	7600	Old Harbor Avenue		Anchorage	99504	x	A4	13	150	N	x
43	Rice	Viola	Ms.	501	Jordt Circle		Anchorage	99504	x	A4	13	150	N	x
44	Rosene	Karen	Ms.	4620	Reka Drive	B10	Anchorage	99508	x	A4	13	144	H	x

45	Ross	Carol	Ms.	3401	Richmond Avenue		Anchorage	99508 x	A4	13	147	R	x
46	Sharp	Alexandria	Ms.	100	Bunnell Street	10B	Anchorage	99508 x	A4	13	146	D	x
47	Simmons	Theresa	Ms.	1930	Beaver Place		Anchorage	99504 x	A4	13	149	D	x
48	Simmons-Holbrook	Margaret	Ms.	6152	East 12th Avenue	7	Anchorage	99504 x	A4	13	151	D	x
49	Slider	Helen	Ms.	1701	Russian Jack Drive	1	Anchorage	99508 x	A4	13	144	N	x
50	Smith	Collin	Ms.	6440	East 9th Avenue		Anchorage	99504 x	A4	13	151	N	x
51	Smith	Lee	Ms.	4670	Reka Drive	12G	Anchorage	99508 x	A4	13	144	N	x
52	Templeton	Hazel	Ms.	1006	Bench Court		Anchorage	99504 x	A4	13	151	N	x
53	Volz	Marilyn	Ms.	749	Norman Street		Anchorage	99504 x	A4	13	151	R	x
54	Ward	Wenona	Ms.	809	North Irwin Street		Anchorage	99508 x	A4	13	148	D	x
55	Weber	Janet	Ms.	1024	Norman Street		Anchorage	99504 x	A4	13	151	R	x
56	Whitaker	Mary	Ms.	6910	Dickerson Drive		Anchorage	99504 x	A4	13	150	D	x
57	Whittaker	Virginia	Ms.	247	Davis Street		Anchorage	99508 x	A4	13	146	D	x
58	Wyatt	Robert	Mr.	411	Fern Lane		Anchorage	99504 x	A4	13	150	R	x

SB73.LST
SA - teachers early retirement
passed SA
Page 1

(these are others in addition to Jeanne's old list
(teacher))

(wrote in on SB 73)

Mr. Robert Boyd
601 North Flower Street, A
A/A 99508
Bob

Mr. John Corvin
3125 East 17th Avenue
A/A 99508
Mr. Corvin

Mr. John Murphy
1743 Morningtide Court
A/A 99501
Mr. Murphy

Ms. Violeta Zygmung
1626 Sanya Circle
A/A 99508
Ms. Zygmung

Ms. Pam McCarl
President
Anchorage Education Association
1411 West 33rd Avenue
Anchorage, Alaska 99503
~~Ms. McCarl~~ Pam

(wrote in on SB 15)

Ms. Kathryn McCord
1601 Hidden Lane
Anchorage, AK 99501
Kathi

Mr. Rick Natter
5805 Sterling Way
A/A 99504
Rick

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

March 7, 1989

Jane Ann McNulty
3560 Fairview, #4
Ketchikan, Alaska 99901

*robo to
attached*

Dear Jane Ann:

I am happy to report that yesterday the Senate State Affairs Committee, which I chair, approved SB 73. The bill would provide a retirement incentive for members of the public employees' retirement system and the teachers' retirement system.

School districts, political subdivisions, and state agencies would be allowed to participate, the only criteria being that the program result in personnel cost savings over a three-year period. Employees would be allowed to participate if they are within three years of retirement, either by age or years of service, and if their retirement would contribute to the cost savings of the school district, political subdivision, or state agency. The State Affairs Committee broadened the application period for both school teachers and state employees in an effort to maximize program participation and savings.

The bill now goes to the Senate Finance Committee for their review. I am hopeful that the bill will receive their quick approval and reach final passage this session. I am convinced that not only will the program save the state money, but it will ease the hardship of any layoffs that may need to occur as budgets continue to tighten.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss

KAYHI NEWS

SCHOOL BUDGET LOOKS BLEAK

The most recent word from the Legislature in Juneau is that funding for next year's budget is in serious jeopardy. This information is particularly disheartening as it comes on the heels of projected increases of insurance and retirement costs, and building maintenance expenses.

Superintendent Dick Clevenger has recommended to the School Board a budget for 1989-90 that is based on a reduction in services in excess of \$600,000. This reflects the loss of 13 personnel positions including a nurse, a teacher at the High School, a special education teacher in the district, the computer coordinator, an elementary teacher, and seven teacher aides. Also included is a significant reduction in overall non-personnel expenditures.

On top of these reductions, it now appears that the Legislature will be reducing the basic number of dollars to support public education by at least 5% and possibly 8 or 10%. The 5% figure represents an additional reduction in the district budget of \$750,000, a cut that will not come easily. At this point, this legislative cut seems imminent.

Until the final bill has passed the House and the Senate, we will not have the final word. You will most certainly be hearing of the progress of this legislation since it has such far-reaching implications. We will also try to keep you informed.

3560 Fairview # 4
Ketchikan, AK
99901
2/26/89

Senator Pat Pourchot
Chairman, Senate State Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Pourchot:

I am writing in support of SB 73. As you can see by the enclosed excerpt from our high school paper, vital programs and positions are being cut because of budget deficits. I understand it's too late for this year but passage of this bill would have a very positive effect on future programs. If you allow teachers to take advantage of early retirement, a lot of these programs could be funded. It seems that we will have to be a little creative in order to survive these trying financial times with the least negative impact. I personally know quite a few teachers who would like to have this opportunity and many parents who feel it is a good plan. I urge you to vote yes on SB 73. Thankyou.

Very sincerely,

Jane Ann McNulty

SB 73 MAIL.TXT

ALASKA STATE LEGISLATURE

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



P.O. Box V
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

February 21, 1989

Jim and Bonna McLeod
Box 8950
Barrow, Alaska 99723

Dear Jim and Bonna:

Thank you for contacting me in regard to SB 73, which would create a retirement incentive program for members of the public employees and teachers retirement systems.

As you may know, SB 73 has been referred to the Senate State Affairs Committee, which I chair. I have heard from several people who are interested in the bill. Not surprisingly, there is a lot of concern over both the effective date and the eligibility dates, with people generally promoting those dates that will allow them personally to participate in the retirement incentive program.

There is also concern over the fiscal implications of the bill. While the program is intended to result in a net reduction in personal services costs to the state or other employers, there is not clear evidence that this was the case when a similar program was in effect a couple of years ago. With our revenue situation as bleak as it is, I feel strongly that the program must be fashioned to ensure that there is no net cost to the state.

An audit of the previous retirement incentive program is to be released this week. I expect to begin hearings on SB 73 shortly thereafter. I do appreciate your comments, and assure you I will keep them in mind as the committee begins its deliberations.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Pat".

Senator Pat Pourchot
Chairman

PP/ss

RECEIVED FEB 17 1989

Senator Pat Pourchot
P.O. Box V
Juneau, Alaska
99811

Dear Senator Pourchot,

I am writing in regards to senate bill number 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."

While this is an excellent bill and would provide a means for saving dollars to an individual school district it falls short of obtaining the maximum results by delaying it's effective date until 1990. There are many teachers like myself and my wife who are at or near the top of a salary schedule and had planned on retiring this July. If the bill goes into effect next year it would certainly be to our advantage to work one more year until 1990.

I am asking you to reconsider the effective date of this bill and move it up to become effective 1989. I believe the dollars saved by the state and the local school districts would make this cost effective.

I hope you will give serious consideration of this request and have this bill passed and become effective this year 1989. The content of this bill is excellent, keep up the good work.

Respectfully,

Jim & Bonna McLeod

Jim and Bonna McLeod
North Slope Borough School District
Barrow High School
Box 8950 Barrow, Alaska 99723