



REPRESENTATIVE BILL HUDSON Alaska State Legislature

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Sponsor Statement HB 198

Relating to a post-retirement pension adjustment and cost of living allowance for persons receiving benefits under the Elected Public Officers Retirement System (EPORS)

This bill corrects a longstanding inequity occurring in the retirement benefit calculations for EPORS members. Certain retirees, who served in key positions such as Governor, have not had any cost of living adjustments to their EPORS retirement benefits as have their peers who retired under the PERS retirement system.

The contrast in benefits grows sharper when you consider that PERS retirees also have benefited by any salary adjustments during the period of their active employment. This leads to the second aspect of this bill, which is to increase the pay for the job of Governor of the State of Alaska for the first time since 1983 when it was increased to \$81,648.

There is some confusion over prior legislative intent that the salary was intended to be set at Range 30, Step F. However the inclusion of a dollar amount (\$81,648 from 1983 to present, and \$80,000 from 1978 through 1983) in statute, took precedence over the salary schedule.

Two former governors have retired under the provisions of EPORS. There are thirty-five benefit recipients effected in various degrees by this legislation, (see-attached summary from Department of Administration, Division of Retirement and Benefits).

To illustrate the situation, consider two employees, both were retiring originally in 1982 with an initial benefit of \$20,000. The PERS retiree in 2001 would now be receiving a benefit increased by, at least, fifty-five percent (75% of the inflationary increases over the interim years) for a total benefit of approximately \$31,000. By contrast, the EPORS retiree base calculation would still be based on the \$20,000.00 amount.

In summary, besides this bill bringing the Governor's salary up to date, and not below that of his Cabinet, and staff, this bill would equalize future benefits of EPORS retirees for the cost of living allowances afforded under PERS and TRS.