

"An Act relating to teacher retirement; and providing for an effective date."

COMMITTEE REPORT

HOUSE

5/6/76

Mr. Speaker:

Date 5/15/76

The Committee on FINANCE has had CS SB 48 (Fin.)

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends:	<u>[Signature]</u>
<u>[Signature]</u>	recommends:	<u>[Signature]</u>
<u>[Signature]</u>	recommends:	<u>[Signature]</u>
_____	recommends:	_____
_____	recommends:	<u>[Signature]</u>

[Signature] Chairman

Original sponsor: Health, Education and
Social Services Committee

Offered: 4/27/76
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 48 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers retirement; and providing
7 for an effective date."

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

9 * Section 1. AS 14.25.050 is amended to read:

10 Sec. 14.25.050. CONTRIBUTIONS BY TEACHERS. Beginning July 1, 1976,
11 each teacher shall contribute to the retirement fund an amount equal to
12 seven and eight-tenths per cent of his base salary accrued from July 1
13 to the following June 30. The contribution shall be deducted by the em-
14 ployer at the end of each payroll period.

15 * Sec. 2. AS 14.25.143 is repealed and re-enacted to read:

16 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) When the
17 administrator determines that the cost of living has increased, he shall
18 increase all service retirement and survivor's benefits salaries to
19 reflect this cost of living increase, to those age 60 and over.

20 (b) Increases accrue from the first of July next following the
21 effective date of retirement and shall be paid beginning the first of
22 July of each year.

23 (c) Persons 60 years of age or older shall be allowed an increase
24 based on 60 per cent of the increases in the cost of living, as deter-
25 mined by the United States Bureau of Labor Statistics Consumer Price
26 Index for Anchorage, Alaska, for the 12 month period ending March 31 of
27 the current year. This increase shall be compounded for each year of
28 retirement and shall accrue from the first of July next following the
29 effective date of the election to accept benefits under this subsection

1 and shall be paid beginning the first of July each year. No retiree may
2 receive and annual post retirement pension increase more than 20 per
3 cent greater than the increase applied to the average base benefit. The
4 "average base benefit" shall be determined in March of each year for the
5 following fiscal year by dividing the total base benefits paid in that
6 month by the total number of beneficiaries receiving them.

7 (d) The administrator may implement this section by regulation.

8 * Sec. 3. This Act takes effect July 1, 1976.

Original sponsor: Health, Education and
Social Services Committee

Offered: 4/27/76
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 48 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers retirement; and providing
7 for an effective date."

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

9 * Section 1. AS 14.25.050 is amended to read:

10 Sec. 14.25.050. CONTRIBUTIONS BY TEACHERS. Beginning July 1, 1970,
11 each teacher shall contribute to the retirement fund an amount equal to
12 seven and eight-tenths per cent of his base salary accrued from July 1
13 to the following June 30. The contribution shall be deducted by the em-
14 ployer at the end of each payroll period.

15 * Sec. 2. AS 14.25.143 is repealed and re-enacted to read:

16 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) When the
17 administrator determines that the cost of living has increased, he shall
18 increase all service retirement and survivor's benefits salaries to
19 reflect this cost of living increase.

20 (b) Except as provided in (c) of this section, the amount of the
21 increase shall be not more than four per cent compounded for each year
22 of retirement. Increases accrue from the first of July next following
23 the effective date of retirement and shall be paid beginning the first
24 of July of each year.

25 (c) Persons 60 years of age or older may elect an increase based
26 on increases in the cost of living, as determined by the United States
27 Bureau of Labor Statistics Consumer Price Index for Anchorage, Alaska,
28 for the 12 month period ending March 31 of the current year instead of
29 the increase provided in (b) of this section. This increase shall be

1 compounded for each year of retirement and shall accrue from the first
2 of July next following the effective date of the election to accept
3 benefits under this subsection and shall be paid beginning the first of
4 July each year.

5 (d) The administrator may implement this section by regulation.

6 * Sec. 3. This Act takes effect July 1, 1976.
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Original sponsor: Health, Education and
Social Services Committee

Offered: 5/6 /76
Referred: Finance

1 IN THE SENATE BY THE SELECT COMMITTEE ON EDUCATION
2 HOUSE CS FOR CS FOR SENATE BILL NO. 48
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers retirement; and providing
7 for an effective date."

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

9 * Section 1. AS 14.25.050 is amended to read:

10 Sec. 14.25.050. CONTRIBUTIONS BY TEACHERS. Beginning July 1, 1976,
11 each teacher shall contribute to the retirement fund an amount equal to
12 seven and eight-tenths per cent of his base salary accrued from July 1
13 to the following June 30. The contribution shall be deducted by the em-
14 ployer at the end of each payroll period.

15 * Sec. 2. AS 14.25.143 is repealed and re-enacted to read:

16 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) When the
17 administrator determines that the cost of living has increased, he shall
18 increase all service retirement and survivor's benefits salaries to
19 reflect this cost of living increase, to those age 60 and over.

20 (b) Increases accrue from the first of July next following the
21 effective date of eligibility and shall accrue beginning the first of
22 July of each year.

23 (c) Persons 60 years of age or older shall be allowed an increase
24 based on 60 per cent of the increases in the cost of living, as deter-
25 mined by the United States Bureau of Labor Statistics Consumer Price
26 Index for Anchorage, Alaska, for the 12 month period ending March 31 of
27 the current year. This increase shall be compounded for each year of
28 retirement and shall accrue from the first of July next following the
29 effective date of eligibility under this subsection and shall be paid

1 beginning the first of July each year. No retiree may receive an annual
2 post retirement pension increase more than 20 per cent greater than the
3 increase applied to the average base benefit. The "average base benefit"
4 shall be determined in March of each year for the following fiscal year
5 by dividing the total base benefits paid in that month by the total
6 number of beneficiaries receiving them.

7 (d) The administrator may implement this section by regulation.

8 * Sec. 3. This Act takes effect July 1, 1976.

Offered: 2/6/75
Referred: Finance

Original sponsor: Health, Education and
Social Services Committee

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 48

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers post retirement pension
7 adjustment; and providing for an effective date."

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

9 * Section 1. AS 14.25.143 is amended to read:

10 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) When
11 the administrator determines that the cost of living has increased
12 [AND THAT THE FINANCIAL CONDITION OF THE RETIREMENT FUND PERMITS], he
13 shall [MAY] increase all service retirement and survivor's benefits
14 salaries to reflect this cost of living increase.

15 (b) The amount of the increase shall be equal to the cost of
16 living increases, as determined by the United States Bureau of Labor
17 Consumer Price Index for Anchorage, Alaska, for the 12-month period
18 ending March 31 of the current year [NOT MORE THAN FOUR PER CENT]
19 compounded for each year of retirement. Increases accrue from the
20 first of July next following the effective date of retirement and
21 shall be paid beginning the first of July of each year.

22 (c) The administrator may [IS AUTHORIZED TO] implement this
23 section by regulation.

24 * Sec. 2. This Act takes effect July 1, 1975.
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COMMITTEE SUBSTITUTE FOR SENATE BILL 48

SECTION ONE OF THIS BILL AMENDS SECTION 14.25.050 TO INCREASE THE EMPLOYEES CONTRIBUTION TO THE TEACHERS RETIREMENT SYSTEM BY .8 PER CENT. IN A TELEPHONE POLL, OFFICERS OF NEA ALASKA INDICATED THEY SUPPORT THE INCREASE AS A MEANS TO FUND A PORTION OF THE INCREASE IN BENEFITS.

IN SECTION TWO, PARAGRAPH (a) DIRECTS THE ADMINISTRATOR OF THE TRS TO INCREASE BENEFITS TO RETIREES AND SURVIVORS ENTITLED TO BENEFITS WHENEVER HE DETERMINES THAT THERE HAS BEEN AN INCREASE IN THE COST OF LIVING.

PARAGRAPH (b) PLACES A CEILING OF FOUR PER CENT ON COST OF LIVING INCREASES, EXCEPT AS PROVIDED IN PARAGRAPH (c).

PARAGRAPH (c) DIRECTS THAT AN INCREASE EQUAL TO THE ACTUAL INCREASE IN THE COST OF LIVING BE GRANTED TO ALL RETIREES 60 YEARS OF AGE OR OLDER. THE INCREASE WILL BE BASED ON THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR ANCHORAGE. 60 YEARS WAS SELECTED AS THE CUT OFF AGE BECAUSE, IN THE NORMAL COURSE OF EVENTS, PERSONS REACHING THAT AGE FIND OPPORTUNITIES TO SUPPLEMENT THEIR RETIREMENT INCOME ARE MORE LIMITED.

THERE ARE NOW 681 BENEFICIARIES UNDER THE TEACHERS RETIREMENT SYSTEM. WITH PASSAGE OF THE TWENTY YEAR RETIREMENT BILL LAST YEAR, IT IS ANTICIPATED THAT IN FUTURE YEARS THE LARGEST NUMBER OF THOSE DRAWING BENEFITS WILL BE UNDER 60, AND THEREFORE LIMITED BY THE FOUR PER CENT CEILING.

CSSB 48 HAS BEEN CITED AS A TOP PRIORITY BY NEA ALASKA. A LETTER OF ENDORSEMENT ACCOMPANIES.



NEA - ALASKA

(ALASKA EDUCATION ASSOCIATION)
AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

207 SEWARD BUILDING • JUNEAU, ALASKA 99801 • PHONE 586-3090

April 1, 1976

Senator Chancy Croft
President of the Senate
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Chancy:

This letter is to indicate NEA-Alaska's support of the proposed committee substitute for Senate Bill 48 which would provide cost of living adjustments for retired teachers.

We are strongly in support of this legislation to the extent that we are willing to see an additional contribution by teachers to the retirement system in order to reduce the fiscal demands upon the state.

Very sincerely,

Bob Van Houte
Robert Van Houte
Executive Secretary
NEA-Alaska

RVH/jmw

ROBERT VAN HOUTE
EXECUTIVE SECRETARY

ROBERT C. COCKSEY
DEPUTY EXECUTIVE SECRETARY
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MARY ANN BENINGER
DEPUTY EXECUTIVE SECRETARY
954 COMBES, SUITE 143 PHONE 452-7277
FAIRBANKS, ALASKA 99701

Introduced: 1/23/75
Referred: Health, Education
and Social Services and
Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 48

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers post retirement pension
7 adjustment; and providing for an effective date."

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

9 * Section 1. AS 14.25.143 is amended to read:

10 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) When
11 the administrator determines that the cost of living has increased
12 [AND THAT THE FINANCIAL CONDITION OF THE RETIREMENT FUND PERMITS], he
13 shall [MAY] increase all service retirement and survivor's benefits
14 salaries to reflect this cost of living increase.

15 (b) The amount of the increase shall be equal to the cost of
16 living increases, as determined by the United States Bureau of Labor
17 Consumer Price Index for the 2-month period ending March 31 of the
18 current year [NOT MORE THAN FOUR PER CENT] compounded for each year
19 of retirement. Increases accrue from the first of July next following
20 the effective date of retirement and shall be paid beginning the first
21 of July of each year.

22 (c) The administrator may [IS AUTHORIZED TO] implement this
23 section by regulation.

24 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10
25 .070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for Senate Bill #48 (Finance) am
 Title: An act relating to Teachers' Retirement
 Requested by: House Finance Date: 5/4/76
 Return Date Requested: ASAP
 Agency: Administration - Retirement Program: TRS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: DOE, U of A, TRS Match

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	8.0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	1,717.4	1,923.5	Increase @ 12% per annum		
100 PERSONAL SERVICES	0	348.3	390.1		0	0
TOTAL	0	2,073.7	2,313.6	0	0	0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	2,065.7	2,313.6	Increase @ 12% per annum		
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TRS		8.0	0	0	0	0

C. POSITIONS:


PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assume annual rate of inflation @ 4%
2. Estimated payroll for FY 77 @ \$153,340,000
3. Required increase in state matching contribution rate @ 1.12%
4. Increase in employee contribution rate is .8%
5. It is assumed that the covered payroll will increase @ 12% per annum.

IV. ATTACHMENTS

Appendix I

V. DATE: 5/5/76 PREPARED BY: 

Director
Division of Retirement & Benefits

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

APPENDIX I

TRS - Cost to State of Alaska

Estimated FY 77 Payroll (total) = \$153,340,300

Increase in State - employer contribution rate = 2.24%

Breakdown of Payroll and Costs

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost to State</u>
Department of Education	\$ 2,600,00 X	1.12 %	\$ 29,120
University of Alaska	28,500,000 X	1.12	319,200
Total TRS Payroll	153,340,300 X	1.12	<u>1,717,411</u>
Total Cost to State			\$2,065,731

Distribution of Appropriation

1. Department of Education - - - \$ 29,120 to their budget
2. University of Alaska - - - - \$ 319,200 to their budget
3. State Matching Contribution - \$1,717,411 to TRS Match
4. Regular TRS Budget - - - - - \$ 8,000 to contractual services.

Estimated costs for data processing system modifications are \$8,000.
This would be a one time only expenditure.

5-15-
76

Thelma,

On SB 48, the \$ 348.3 is the amount required as the state share or contribution to the fund. None of it is for "administration" of the legislation. It goes into the retirement fund to eventually be paid out in benefits as state share.

Allen

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for Senate Bill #48
 Title: An act relating to teacher's post retirement pension adjustment
 Requested by: Senate Finance Date: 3/22/76
 Return Date Requested: ASAP
 Agency: Administration - Retirement Program: TRS

II. FISCAL DETAIL

Budget Request Unit(s) Affected: U of A, DOE and TRS Match

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	5.0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	3213.0	3598.5	Increase @ 12% per annum		
100 BENEFITS	0	644.6	722.0			
TOTAL	0	3862.6	4320.5			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	3857.6	4320.5	Increase @ 12% per annum		
FEDERAL FUNDS	0	0	0			
OTHER	0	0	0			
TRS		3.0	0			

C. POSITIONS:

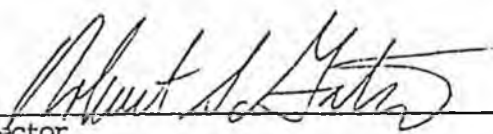
PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Assume annual rate of inflation @ 4%
2. Estimated payroll for FY 77 @ \$153,340,300
3. Required increase in state matching contribution rate @ 2.10%
4. Increase in employee contribution rate is .8%
5. It is assumed that the covered payroll will increased @ 12% per annum.

IV. ATTACHMENTS

Appendix I

V. DATE: 3/30/76 PREPARED BY: 
 Director

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Division of Retirement & Benefits

APPENDIX I

TRS - Cost to State of Alaska

Estimated FY 77 Payroll (total) = \$153,340,300
Increase in state - employer contribution rate = -4.21

Breakdown of Payroll and Costs

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost to State</u>
Department of Education	2,600,000	x 2.10%	\$ 54,600
University of Alaska	28,500,000	x 2.10%	590,000
Total TRS Payroll	153,340,300	x 2.10%	<u>\$3,213,000</u>
			<u>\$3,857,600</u>
Total Cost to State			

Distribution of Appropriation

1. Department of Education - - - \$ 54,600 to their budget
2. University of Alaska - - - \$ 590,000 to their budget
3. State Matching Contribution - \$3,213,000 to TRS MATCH
4. Regular TRS Budget - - - - - \$ 5,000 to contractual services.

Estimated costs for data processing system modifications are \$5,000
This would be a one time only expenditure.