

A M E N D M E N T

OFFERED IN THE SENATE:

BY: Finance Committee

To: _____ CS SENATE BILL No. 48 (Finance)

HOUSE BILL No. _____

PAGE: 1

LINE: _____

line 9 through Page 2, line 6: Delete in entirety.

Insert the following new language:

* Section 1. AS 14.25.050 is amended to read:

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

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 AS 14.25.143 is repealed and re-enacted to read:

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

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

(c) Persons 60 years of age or older may elect an increase based on 60 per cent of the increases in the cost of living, as determined by the United States Bureau of Labor Statistics Consumer Price Index for Anchorage, Alaska, for the 12 month period ending March 31 of the current year.

→ This increase shall be compounded for each year of retirement and shall accrue from the first of July next following the effective date of the

election to accept benefits under this subsection and shall be paid beginning the first of July each year.

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

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

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

COMMITTEE REPORT

SENATE

2/5/76

Mr. President:

Date 2/27/76

The Committee on FINANCE has had SB 40
relating to teachers past retirement pension adjustment
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 SB 40 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:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

Chairman

Original sponsor: Health, Education and
Social Services Committee

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.

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(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,
for the 12 month period ending March 31 of the current year instead of
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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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
adjustment; and providing for an effective date."

7

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
the administrator determines that the cost of living has increased
[AND THAT THE FINANCIAL CONDITION OF THE RETIREMENT FUND PERMITS], he
shall [MAY] increase all service retirement and survivor's benefits
salaries to reflect this cost of living increase.

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* Sec. 2. This Act takes effect July 1, 1975.

Mr. Charles H. Jones, Member of
Alaska Joint Staff Legislative Committee
of National Retired Teachers Association &
American Association of Retired Persons
P. O. Box 668
Douglas, Alaska 99824
April 12, 1976

Senator Bill Ray
Chairman, Senate Finance Committee
Room 415, Capitol Building
Juneau, Alaska

Dear Senator Bill:

Reference is made to Committee Substitute for Senate Bill No. 48 which relates to teachers post retirement pension adjustment, copy attached.

Our Committee selected SB-48 as a priority item of legislation that we are especially interested in seeing enacted into law at this session of the legislature.

Our Committee feels that provision should be made to increase the teachers' pensions as the cost of living increases. As the cost of living increases the purchasing power of these pensions decreases unless there is a law providing for an increase in the amount of such pensions equivalent to the increase in the cost of living.

It is suggested that CS for SB-48 be amended to apply to all pensions not exceeding \$15,000.00 per year. This would cover the majority of the pensions but would not pay out additional pension funds to those receiving large pensions.

It is also suggested that CS for SB-48 also be amended to provide that it does not apply to teachers who retired under 60 years of age since they would still be young enough to work at another job.

Sincerely yours,



Charles H. Jones, Member of
Alaska Joint Staff Legislative Committee
of NRTA and AARP

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. COOKSEY
DEPUTY EXECUTIVE SECRETARY
JUNEAU OFFICE

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MARY ANN EININGER
DEPUTY EXECUTIVE SECRETARY
954 COWLES, SUITE 143 IPHONE 452-2297
FAIRBANKS, ALASKA 99701

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

JAY S. HAMMOND, GOVERNOR

March 31, 1976

The Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Ray:

Recently you requested that I provide you with our comments on the proposed committee substitute for Senate Bill #48. I have reviewed this proposed legislation and would like to recommend several technical amendments.

In Section 1, under AS 14.25.050 I recommend that the effective date of increased employee's contributions read "beginning July 1, 1976 rather than 1970". As you know various types of indebtedness are based on the effective employee's contribution rate at the time of entry into the system. Also, I don't believe that it is the intent of this legislation to require that the increased employee contribution rate be retroactive to July 1, 1970.

Under Section 2, AS 14.25.143(b) I would recommend that the new language being added read as follows "based on increases in the cost of living, as determined by the United State Bureau of Labor Statistics consumer price index for Anchorage, Alaska, for the 12 month period ending March 31 of the current year and shall be available to all persons eligible for benefits under this chapter who are age 60 and older". As you know there are survivors benefits available under the Teachers' Retirement System and I feel that it would be clearer if references are made to persons eligible for benefits rather than retirees. This change will avoid any confusion as to whether surviving spouses are eligible for post retirement pension adjustments following age 60.



"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"



Senator Ray

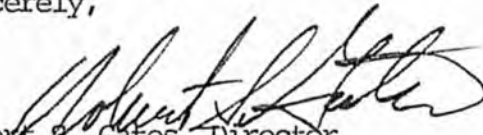
-2-

March 31, 1976

I should also point out that by removing the 4% limitation, it requires that the administrator shall increase benefits for the full amount of any changes in the consumer price index. Our fiscal note is based on the assumption that long-term inflation will increase at the rate of 4% and by removing the maximum percentage payment there may be a need to increase the employer's contribution rate in the future in the event our estimates on inflation are low.

Attached is a copy of the fiscal note which I have prepared for your consideration. If you have any questions I would appreciate hearing from you.

Sincerely,



Robert B. Gates, Director
Division of Retirement & Benefits

RSG/jb
Attached

8

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 | | 5.0 | 0 | | | |

C. POSITIONS:

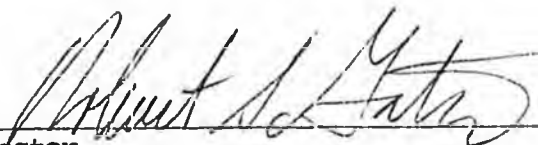
| | | | | | | |
|---------------------|-------|-------|-------|-------|-------|-------|
| PERMANENT/TEMPORARY | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 |
| MAN MONTHS (P./T.) | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 | 0 / 0 |

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)

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.

The Legislature of the State of Alaska
FISCAL NOTE
Second Session - Eighth Legislature

I. REQUEST

Bill Identification: Senate Bill #48 and House Bill #83
 Title: An act relative to Teachers' post retirement pension adjustment
 Requested by: Senate Finance Date: December 5, 1975
 Return Date Requested: January 1, 1976
 Agency: Division of Retirement Program: Teachers Retirement

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Dept. of Ed., U. of A. 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 | 0 | 0 | 0 | 0 | 0 |
| 100 BENEFITS | 0 | 7972.0 | 8450.0 | 8957.0 | 9494.4 | 10,064.1 |
| TOTAL | 0 | 7977.0 | 8450.0 | 8957.0 | 9494.4 | 10,064.1 |

B. FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|---|--------|--------|--------|--------|----------|
| GENERAL FUND | 0 | 7972.0 | 8450.0 | 8957.0 | 9494.4 | 10,064.1 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER TRS | 0 | 5.0 | 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. Effective date 7/1/76
2. Annual rate of inflation = 4%
3. Annual rate of increase in payroll = 6%
4. TRS employer matching contributions are based on a total estimated payroll of \$153,340,300.

IV. ATTACHMENTS

Appendix 1.

V. DATE: 1/7/76 PREPARED BY: Robert A. Gates

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 = 8.96%

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 | 4.48% | 116,480 |
| University of Alaska | 22,000,000 | x | 4.48% | 985,600 |
| Total TRS Payroll | 153,340,300 | x | 4.48% | <u>6,869,645</u> |
| Total Cost to State | | | | \$7,971,725 |

Distribution of Appropriation

1. Department of Education - - - \$ 116,480 to their budget
2. University of Alaska - - - \$ 985,600 to their budget
3. State Matching Contribution - \$6,869,645 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.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill #48 and House Bill #83

Title: An act relative to teachers' post retirement pension adjustment

Requested by: HE & SS Date: 2/3/75

Return Date Requested: ASAP

Agency: Division of Retirement Program: Teachers Retirement

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Dept. of Ed, SOS and U of A

A. EXPENDITURES: (Thousands of dollars)

| OBJECT | FY 75 | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 |
|--------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| 100 PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| 200 TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| 300 CONTRACTUAL | 0 | 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 | 0 | 0 | 0 | 0 | 0 |
| 100 Benefits | 0 | 5,851 | 6,202 | 6,574 | 6,968 | 7,386 |
| TOTAL | | 5,851 | 6,202 | 6,574 | 6,968 | 7,386 |

B. FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|---|-------|-------|-------|-------|-------|
| GENERAL FUND | 0 | 5,851 | 6,202 | 6,574 | 6,968 | 7,386 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 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)

The following assumptions were used.

1. Effective date 7/1/75
2. Annual rate if inflation = 4%
3. Annual rate of increase in payroll = 6%

IV. ATTACHMENTS

Appendix 1.

V. DATE: 2/17/75

PREPARED BY: 

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

APPENDIX I

TRS - - Cost to State of Alaska

Estimated FY 76 Payroll (Total) = \$106,797,000
Increase in Employer Contribution Rate = 8.06%

Breakdown of Payroll and Costs

| <u>Employer</u> | <u>Payroll</u> | <u>Rate</u> | <u>Cost to State</u> |
|-------------------------|----------------|-------------|----------------------|
| State-Operated Schools | 18,425,980 | x 8.06% | \$1,485,134 |
| University of Alaska | 18,156,740 | x 8.06% | \$1,463,433 |
| Department of Education | 1,809,420 | x 8.06% | \$ 145,839 |
| Local School Districts | 68,401,980 | x 4.03% | <u>\$2,756,721</u> |
| Total | | | \$5,851,127 |

Distribution of Appropriation for TRS

1. State-Operated Schools - \$1,485,134 to their budget
2. University of Alaska --- \$ 731,716 to their budget
\$ 731,716 to TRS Match
3. Department of Education \$ 145,839 to their budget
4. Local School District -- \$2,756,721 to TRS Match

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 12-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).

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

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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
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