

COMMITTEE REPORT

SENATE

1/19/76

Mr. President:

Date 1/26/76

The Committee on FINANCE has had SB 541 supplemental appropriation for Teachers' Retirement System 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:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

JAN 16 1976

SB 541

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Administration, Teachers' Retirement System match. This supplemental for TRS match is required because needs were underestimated in both FY 75 and FY 76. In FY 75 actual payroll was underestimated. This carried forward into FY 76 and was compounded by an increase in the rate from 5.61 per cent to 6.04 per cent.

Sincerely,

Jay S. Hammond
Governor

MEMORANDUM

State of Alaska

TO: Richard Freer
Deputy Commissioner
Department of Administration

FROM: Robert S. Gates, Director
Division of Retirement and Benefits
Department of Administration

DATE: December 8, 1975

FILE NO:

SB 541

TELEPHONE NO: 465-4460

SUBJECT: Supplemental Appropriation
for Teachers Retirement

We have discussed on several occasions the apparent need for a supplemental appropriation to provide sufficient monies to comply with the provisions of AS 14.25.080. The amount of money required is \$2,690,975 which represents \$641,605 needed for Fiscal Year 75 and \$2,049,370 which will be needed for the current fiscal year.

Historically it has been extremely difficult to estimate what the required state matching contributions will have to be in a given year. This is primarily due to the fact that the total payroll which is subject to these contributions is very unpredictable due to the myriad of collective bargaining contracts which affects such salaries. Also, it is difficult to project how many new employees might be hired by a district during a given year.

The \$641,605 shortfall for FY 75 is primarily due to underestimating what the actual payroll would be for that fiscal year. The amount requested is based on actual contributions received into the system through June 30, 1975.

The \$2,049,370 being requested for FY 76 is a result of several factors. Since we underestimated actual salaries for FY 75 then our projected salaries for FY 76 was likewise underestimated since we project future salaries based on an estimated percentage increase from current salary figures. Also part of the amount is due to the fact that the Department of Education and State Operated Schools were instructed when they were preparing their FY 76 budget to request an amount equal to 5.61% of their personal services budget for the Teachers Match. As it turned out, effective July 1, 1975 instead of the estimated 5.61% the actual percent required was 6.04%. The difference between 6.04% and the 6.32% which is being charged presently was the result of legislation which was passed and for which additional monies were appropriated.

It is our understanding that the teachers in the Anchorage Borough School District will have a salary increase in the neighborhood of 21% during the current year and also substantial increases were granted to members of the University of Alaska and Community Colleges. You will note that we are estimating a 16% overall salary increase for the current fiscal year which may still be on the low side compared to the total salary increases given. If our estimate of 16% is low then it will necessitate again requesting another supplemental appropriation during FY 77 to make up the shortfall.

The following is a breakdown of our figures showing how we arrived at the amount needed for our request:

FY 75 Actual Payroll	\$ 92,647,000	(Does not include SOS & DOE)
Matching @5.61%	X 5.61	
Reg. Match	<u>5,197,496</u>	
FY 75 monies appropriated	4,555,891	
Shortfall FY 75	\$ <u>641,605</u>	

FY 75 actual payroll	\$ 92,647,000
plus SOS and DOE	<u>22,053,000</u>
Total payroll FY 75	\$114,700,000
Est salary increase during FY 76 @16%	X 1.16
Estimated FY total salary	\$133,052,000
Matching @6.82%	X 6.82
Required matching amount for FY 76	\$ 9,074,146

FY 76 appropriation	\$ 5,062,800
Monies transferred from SOS Budget	+1,129,400
Monies transferred from DOE Budget	+ 121,176
Monies appropriated under SB46	+ 711,400
Total monies available	\$ <u>7,024,776</u>

Required matching amount for FY 76	\$ 9,074,146
Total monies available	<u>- 7,024,776</u>
Supplemental appropriation needed for FY 76	2,049,370
Supplemental appropriation needed for FY 75	641,605
Total supplemental needed	\$ <u>2,690,975</u>

If you need any additional information I would appreciate hearing from you.

STATE
of ALASKA

MEMORANDUM

TO:

FILE

DATE : January 7, 1976

FROM: *gc*Judy Crondahl, Budget Analyst
Division of Budget and Management
Department of AdministrationSUBJECT: Department of Administration FY 76
Supplemental Request of \$2,961,000
for Teachers' Retirement System
Match

The Department of Administration requests a supplemental appropriation for the Teachers' Retirement System Match BRU for FY 76 in the amount of \$2,961,000. There are two major causes for this supplemental: one is an underestimate of total payroll for FY 75 which is compounded in FY 76; and the other is an increase in the rate from 5.61% to 6.04%. The attached memo from Bob Gates, dated 12/8/75, details the resulting cost estimates.

JC/lw
attachment

Introduced: 1/19/76
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 541

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Administration, Teachers' Retirement
8 System match; and providing for an effective date."

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

10 * Section 1. The sum of \$2,691,000 is appropriated from the general
11 fund to the Department of Administration, Teachers' Retirement System
12 match.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

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