

HB-180



JUNEAU ALASKA

Alaska State Legislature
House

HB 180

HESS COMMITTEE MEETING

April 30, 1975

Members Present:

Beirne Ostrosky
Davis Parr
Hackney Swanson
Osterback

Vice Chairman Parr called the meeting to order. The first order of business was HB 180.

Bob Gates Dir. Div. of Retirement

This bill would provide changes in the present system. It would allow on an optional basis for the employee to make required employee contributions. The optional portion would be somewhat limited in time. Period of 3 years to collect supply of contributions. I am wondering if this also applies to supplemental contributions? It is unclear in this language.

Osterback Sounds confusing, I think the teachers already get a large enough salary. If the teachers are going to get this then so should everyone else.

Parr The intent here is that a school board might allow for employee contributions. Am wondering about income taxation here?

Gates If the intent says that no longer the employee contributions are collected if the school board pays it then it would be subject to taxation upon receipt by the member. If you have it optional you still have it to mean teachers mandatory and the teacher would report it as income and pay taxes on it. Have one or the other, this would solve the problems with this bill.

Hackney Questioned return of employer contributions.

Gates This would be reported as taxable earnings in the year they were made. Doesn't change things in the standpoint of funding, our concern would be accountability, if districts handled this separately they would all be handled differently and this would be confusing.

Parr Perhaps the Legislation needs to be redrafted but why would it cause you any more work?

Gates Rep. Parr is assuming that the contributions are fully repaid. It is possible that we would have to create two separate processes for each teacher.

Parr The intent of this legislation is that it would be a negotiable item.

Osterback I read the bill that it would cut out something else in the monies to allow for this extra process.

Page Two
HESS Committee
4-30-75

Swanson In agreement with Osterback. Wouldn't it be simpler to say that the State pay for all employee retirement. Could we amend this bill to say 'all state employees'?

Gates No, that is not possible in that particular bill.

Van Houte Position is that if the employer "the payments not be refundable if the teacher resigns". this is an option available to him.

Commissioner Lind This would open up another area for negotiations, and I see this as a potential problem area. We would not want to see this paid entirely by the state and the employer.

Overstreet In agreement with Lind, Board members are not in favor of this bill.

Hackney Move bill be tabled

Swanson Seconded

Chairman Parr What is the vote?

Yea 3 Nay 2

Motion carries, bill is tabled.

SB 24

Schrader Div. of Mental Health

HB 311 is almost identical, minor change, it defines more specific concept of 9010 funding for designated poverty areas. Very important Legislation and essential for the operation and development for mental health programs for the State.

Hackney What was the fiscal note for FY76?

Schrader \$590,000, \$350,000 of that for new funding in the Governors budget. the remainder is to fund programs in Ketchikan and Kodiak.

Ostrosky Inquired as to difference of the two bills.

Schrader Barrow, Kotz, Bethel, Tok, Galena, Glenallen, Dillingham, Cold Bay are all poverty areas, the total fiscal impact is not very great here.

Philip Guy Spoke in favor of the bill and offered some amendments which were decided to be unnecessary as the bill covered all these areas already.

Schrader the actual census of the area would not be relevant in one sense. This language is the standard approach to establish a poverty area.

Parr Reservations with the bill. I don't want this to be a loophole to fund any more alcoholism. Too much money is already being spent on alcoholism.

Sen. Chance As far as funding, this will be designated for MH funding.

Swanson Move bill out with individual recommendation

Osterback Seconded

Chairman Hearing no objection, so ordered.



Alaska State Legislature

House

JUNEAU ALASKA

HESS COMMITTEE MEETING

3-29-75

Members Present:

Beirne Ostrosky
Davis Sullivan
Hackney Swanson
Ose
Osterback

Chairman Sullivan called the meeting to order at 2:00pm. Before that the Committee met at the Hilton and was treated to Lunch by Bob Van Houte, NEA.

HB 56

Ose Gave briefing of bill and stated that it just puts principals in their own class and not stating them as administration in the status.

Overstreet Would like to see the word 'reasonable' deleted from line 21.

Hackney Is there a particular reason for that word?

Ose I don't recall any.

Beirne Reasonable could mean that there was a question. I think principals think they are kind of no mans land- they want to have a place in the law and want to have some decision in policy making. How could we reword this statement and still allow principals to be brought in?

Overstreet Reasonable people still do argue over what is reasonable.

Swanson I feel we might be opening ourselves up for a law suit.

Hackney I move we strike 'reasonable' from this bill and accept it as a Committee substitute.

Beirne I object

Sullivan I'll take that as an amendment to the amendment, motion fails. Is there a motion to strike 'reasonable'? (hand count- passes).

Beirne I move and ask unanimous consent that the bill be passed out of committee.

No objection, so ordered.

HB 149 Rep Beirne gave briefing of bill. Teacher retiring before 1951 has different retirement system. The fiscal not shows small fiscal impact. Average age of teacher is 70

Page Two
HESS Meeting
3-29-70

Van Houte From Retirement of office we are talking about 40 people.

Hackney What is the fiscal impact?

Beirne 96,300 for 1976.

Hackney I move that we pass this out with a 'do pass' recommendation.

Beirne I second the motion.

Chairman Hearing no objection, so ordered.

HB 167

Chairman Sullivan explained the bill. Bill protects the certified substitute teacher.

Ose I won't go along with this because you are putting certified and non certified teachers on the same level.

Beirne This bill would give the principal the choice to pick the best qualified person for the job whether certified or not.

Ose What does is amount of pay per day?

Sullivan Imagine it varies. What is the typical pay in Anchorage?

Hackney It comes out to about \$48 a day.

Van Houte We support this bill for all the reasons stated, to protect certified teachers.

Hackney It seems to me that the intent of this bill is putting a floor salary and not giving the district necessarily the money to do it and certification or non certification is the problem.

Chairman What we want to avoid is the hiring of the certified over the hiring of more qualified people. Is there a motion? Is there a motion to put in 'certification'?

The motion was made and seconded by Davis. All in favor of an amendment to include 'certified' raise your hands. (no hands) Chairman called a recess.

Chairman called for a hand vote on the amendment Yea 2 Nay 4

Hackney I move we table this bill.

Ose Second

Chairman All in favor, unanimous consent to table the bill.

HB 180

Chairman Sullivan briefed the bill. Basic reason for this bill is to give individual teachers special recognition by letting school districts pay part of retirement.

I. REQUEST
 Bill No. HB 180
 Title: An act relating to contributions to the Teachers' Retirement Fund
 Requested by: Representative Leslie Swanson Date: 3/26/75
 Return Date Requested: As soon as possible
 Agency: Administration - Retirement Program: TRS

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: SOS, DOE, U OF A AND TRS Matching

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	0	14.4	15.3	16.2	17.2	18.2
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	20.0	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	2,687.	2,848.	3,019.	3,200.	3,392.
TOTAL	0	2,721.4	2,863.3	3,035.2	3,217.2	3,410.2

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	2,721.4	2,863.3	3,035.2	3,217.2	3,410.2
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	1 / 0	1 / 0	1 / 0	1 / 0	1 / 0
MAN MONTHS (P./T.)	0 / 0	12 / 0	12 / 0	12 / 0	12 / 0	12 / 0

- III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
1. Assumed that all employers would elect to pay employees contributions or be forced to through collective bargaining because employees are currently paying contributions with after tax dollars.
 2. Payroll is assumed to increase at 6% per annum.
 3. The State-employer contribution rate would increase by 7%.
 4. Employees would continue to pay the 1% supplemental contributions if elected as well as pay for "outside" and military service.

IV. ATTACHMENTS
 Appendix I, II, and III

V. DATE: April 8, 1975 PREPARED BY: Robert S. Gates
 Robert S. Gates, Director
 Division of Retirement & Benefits

APPENDIX I -- HOUSE BILL 180

TRS ---

1. Estimated FY 76 Payroll (total) = \$106,797,000.
2. Increase in Employer Contribution Rate = 7%

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	7%	\$1,289,818
University of Alaska	18,156,740	x	7%	\$1,270,971
Department of Education	1,809,420	x	7%	\$ 126,659
Total Cost to State of Alaska				<u>\$2,687,448*</u>

Distribution of Appropriation for TRS

1. State-Operated Schools - - - - \$1,289,818 to Their Budget
2. University of Alaska- - - - - \$1,270,971 to Their Budget
3. Department of Education- - - - \$ 126,659 to Their Budget

* Does not include cost to local school districts which would be \$4,788,349 for Fiscal Year 1976.

APPENDIX II -- House Bill 180

The following administrative funds would be required to implement the provisions of House Bill 180:

1. Personal Services - one permanent position - Accountant I (range 12).

Annual Salary -	\$12,192
plus 18% benefits	<u>2,195</u>
	<u>\$14,387</u>

2. Modification to data processing system to maintain two separate accounts for each member = \$20,000

APPENDIX III -- House Bill 180

Estimated cost for selected employers for FY 76 if House Bill 180 is passed.

	<u>Estimated FY 76 Payroll</u>	<u>Cost of Paying Employee Contributions @ 7%</u>
Anchorage Borough School District	\$31,479,148.45	\$2,203,000
Fairbanks North Star Borough	\$ 8,841,199.90	\$ 618,000
Juneau Borough School District	\$ 3,663,405.83	\$ 256,000
Nenana School District	\$ 303,222.64	\$ 21,200
Matanuska-Susitna	\$ 3,508,938.79	\$ 245,000
Sitka	\$ 1,909,402.31	\$ 133,000

TELEGRAM

PCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

37

02082 NL ANCHORAGE ALASKA 50 04-21 457P ADT

1975 APR 21 PM 10 06

PMS DOUG SCHOENBERG STAFF ASSISTANT HESS COMMITTEE

POUCH V

2135

JUN"

RELUCTANT TO SUPPORT LEGISLATION THAT CHANGES FUNDING
OF TEACHER RETIREMENT UNTIL COMPLETE FISCAL STUDY IS
MADE

JOE D MONTGOMERY ANCHORAGE BOROUGH SCHOOL SDISTRICT

PROPOSED LEGISLATION AS RECOMMENDED BY THE STEERING COMMITTEE
FOR
CONSIDERATION AND ACTION BY THE JOINT NRTA-AARP STATE
LEGISLATIVE COMMITTEE

1. Enact legislation that will provide an annual escalation of retirement benefits to all retired teachers and other retired public employees who have qualified for Alaska retirement. Such increased benefits shall be determined annually and shall be equal to the cost of living increase as established by the U. S. Department of Labor. Funds for the support of this act shall come from the General Fund of the State of Alaska. Such benefits shall be paid to all retirees irrespective of their residence.
2. The State Committee endorses no-fault automobile insurance and urges the Legislature to enact that type of legislation during the 1975 legislative session. This legislative act should prohibit cancellation or nonrenewal of such insurance solely because of age.
3. There shall be a subcommittee of the Interim Legislative Committee composed of members from the House and the Senate of the Alaska State Legislature to examine and promote legislative issues affecting the elderly are viewed in a comprehensive context.
4. We urge the State Legislature to enact and enforce statutes prohibiting age discrimination in employment and mandatory retirement because of age.
5. Legislation to provide for middle income housing similar to that provided for those individuals eligible for low income housing. This legislation to provide for those 60 years of age or older. Carried.
6. We urge that the Legislature devote a fair proportion of general and special revenue sharing funds to meet the needs of the elderly. Carried.
7. We urge that the State enact a trade practices act to protect consumers and that will prohibit credit discrimination based on age and sex. Carried.
8. We urge the State Legislature to require prescription price posting in all pharmacies and to permit prescription price advertising in order to encourage price control.
9. We urge the legislature to provide the same tax credit for the aged rentor as it now does to the home owner.

Susan Sullivan

ALASKA STATE LEGISLATURE

7330 MARGE COURT
ANCHORAGE, ALASKA 99504
333-6412



POUCH V
JUNEAU, ALASKA 99801
465-3797
RESIDENCE 586-6159

HOUSE OF REPRESENTATIVES

April 9, 1975

Mr. Joe Montgomery
Anchorage Borough School Districts
4600 DeBarr Rd.
Anchorage, Alaska 99504

Dear Mr. Montgomery:

The House Health, Education and Social Services Committee will shortly be holding hearings on HB 180, an act relating to contributions to the teacher's retirement fund.

We would very much like to hear both your position and that of the School Board on this issue.

Thank you for your immediate response.

Sincerely,

Doug Shoenberg, Staff Assistant
HESS Committee
Pouch V
Juneau, Alaska 99801

DS/lm