

HB

154

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT Ab. State Leg
ATTENTION House Staff (Adams)

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

FROM:
MAIL STATION NUMBER 0208
DEPARTMENT Adm / adm. serv
BY K. Small DATE 2-16

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill 154
 Title Inclusion of Certain Territorial Employees in the TRS
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (TRS)
 BRU, Program, or Subprogram(s) Affected C2-96-8-01-02
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH		23.1	23.1	23.1	23.1	23.1
100 BENEFITS		5.3	5.3	5.3	5.3	5.3
TOTAL		28.4	28.4	28.4	28.4	28.4

FUNDING (Thousands of Dollars)

GENERAL FUND		28.4	28.4	28.4	28.4	28.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS

NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

- AS 14.25.220(5) already allows service as a teacher in a public school within the territory to be counted as membership service (TRS).
- AS 39.35.360(a) already allows service as an employee of the territory to be counted as credited service (PERS).
- HB 154 would allow non-teaching service to be credited in the TRS.
- It is estimated, based upon information provided last year (SB 377), that 12-15 employees would qualify for benefits.
- Estimate FY 80 covered TRS payroll to be \$231,000,000.
- Increase in combined TRS State Match and employer contribution rate would be .02%.
- The total present day value of the benefits provided under this bill amounts to \$414,356, or an average of \$27,624 per teacher. These benefits will be funded with level payments of \$28,400 per year for the next 30 years, resulting in a total cash outlay by the State of \$852,000.
- Cost breakout as attached.

IV. DATE 2/14/79 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill/Resolution No. HB 154ASSUMPTIONS:

1. Estimated FY80 Payroll (Total System)	=	\$231,000,000
2. State Contribution Rate to Fund Bill	=	.01%
3. State TRS Matching Rate to Fund Bill	=	.01%
4. School District Rate to Fund Bill	=	.01%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 6,000,000	X .01%	\$ 600	To Their Budget
2. University of Alaska	\$ 47,000,000	X .01%	\$ 4,700	To Their Budget
			<u>\$ 5,300</u>	
3. State TRS Matching	\$231,000,000	X .01%	\$23,100	To TRS Match
4. State TRS Regular Budget:				
Personal Services			\$ -0-	To Personal Service
Travel			\$ -0-	To Travel
Contractual			\$ -0-	To Contractual
Commodities			\$ -0-	To Commodities
Equipment			<u>\$ -0-</u>	To Equipment
			<u>\$28,400</u>	
5. All School Districts	\$178,000,000	X .01%	<u>\$17,800</u>	
			<u>\$46,200</u>	

REMARKS:

1/23/80

Kristine -

In line with our
telephone conversation on
H.B. 154, here is a
copy of the State Board
of Education minutes.

If additional information
is required contact Senator
Ray, Rep. Duncan or me.

Thank you,

Betty Lee Young
Phone # 2914

APPROVED MINUTES
OF
STATE BOARD OF EDUCATION

SIXTY-FIFTH REGULAR SESSION
February 21-23, 1979
JUNEAU, ALASKA

MARSHALL L. LIND
Commissioner of Education

THELMA LANGDON, PRESIDENT
State Board of Education

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LEGISLATION

Commissioner Lind commented on the letter received from Representative Russ Meekins Chairman, House Finance Committee, inviting the department's response to a 15% reduction below the level of the FY-79 adjusted budget. He noted that Bill Thomson would be asking for the Board's recommendation for the department to respond to this letter later in the meeting.

Steve Hole reviewed various bills before the House and Senate, and explained the effect of each bill. Dr. Cole commented on HB-98, which would prohibit surveys or questionnaires in public schools which make inquiries into private family affairs not otherwise matters of public record or observation without parent or guardian permission, and responded to questions of the Board.

Following extensive discussion on the effect of each bill, the Board took the following action:

Beverly Horn moved and June Nelson seconded the motion that the State Board of Education go on record as opposing HB-145, "An Act establishing a tuition credit under the Alaska net income tax; and providing for an effective date," and any related bills. Jack Townshend abstained from voting. MOTION CARRIED. MOTION

Vince Casey moved and Beverly Horn seconded the motion to support HB-151, "An Act relating to unemployment compensation for nonprofessional school employees; and providing for an effective date." Jack Townshend abstained from voting. MOTION CARRIED. MOTION

Vince Casey moved and June Nelson seconded the motion to support HB-154, "An Act relating to creditable service under Teachers Retirement System for Territorial employment; and providing for an effective date." MOTION CARRIED UNANIMOUSLY. MOTION

Jan Hohman moved and June Nelson seconded the motion to support HB-204, "An Act relating to community schools; and providing for an effective date." Jack Townshend abstained from voting. MOTION CARRIED. MOTION

Vince Casey moved and Beverly Horn seconded the motion to support HB-211, "An Act relating to public elementary and secondary education; and providing for an effective date," with the provision that those students presently enrolled in centralized Correspondence Study be allowed to complete their school program in Correspondence Study if they so desire. Jack Townshend abstained from voting. MOTION CARRIED. MOTION

Beverly Horn moved and August Anderson seconded the motion to support SB-222, "An Act making a supplemental appropriation to the Department of Education, Pupil Transportation Component; and providing for an effective date." MOTION CARRIED UNANIMOUSLY. MOTION

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

March 28, 1979

The Honorable Ray Metcalfe
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Metcalfe:

As you requested during my testimony on HB 154, the attached letter from Bob Richardson, actuary for the TRS and PERS, identifies the various contribution rates that would be necessary today to compensate for the loss of earnings to the Teachers' Retirement System for contributions that were not made due to retroactive legislation.

I apologize for the delay in getting this information to you. Your calculations when HB 154 was being heard are very close to those developed by our actuary.

Sincerely,



Paul B. Arnoldt
Director

PBA/jb
Attachment

cc: Representative Miller ✓
Representative Fuller
Representative Gardiner
Representative Eliason
Representative Parker
Representative Martin

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

March 7, 1979

The Honorable Mike Miller
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Miller:

In follow-up to my testimony on House Bill 154, I would like to provide the following information on Ms. Betty V. Young who, as I understand, prompted this legislation and would qualify for additional benefits if HB 154 became law.

If Ms. Young were placed on retirement 4/01/79, at age 60 years and 5 months, her annual benefit based upon 27.0 years credited service would be \$18,326.82; \$20,159.52 if she remained in Alaska and drew the Alaska cost of living allowance (COLA).

If she were given credit for her 2 years and 4 months service with the Department of Taxation (covered under HB 154), the increased service would entitle her to an additional annual benefit of \$1,696.93; \$1,866.61 if she remained in Alaska and drew the Alaska COLA.

Ms. Young would not have to make retroactive contributions for that service as current statutes preclude contributions for service prior to January 30, 1955 (AS 14.25.061).

Based upon the 1971 Group annuity mortality tables Ms. Young's life expectancy is an additional 23.25 years. Thus, the additional benefit that would be provided under HB 154 would amount to \$39,453.62; \$43,398.68 if she remained in Alaska. During Ms. Young's life expectancy, this additional benefit combined with her original benefit amounts to \$465,552.19; \$512,107.41 if she remains in Alaska.

Ms. Young has contributed \$22,075.44 to the Teachers' Retirement System.

Sincerely,



Paul B. Arnoldt
Director

PBA/jb
cc: All House State Affairs
Committee Members

February 16, 1979

Legislative Board of Retirement Benefits analysis and recommendations on:
House Bill No. 154:

The board endorses the attached fiscal note as its fiscal analysis of HB 154.

A majority of the members of the board recommend that HB 154 do not pass; one member has no recommendation and one member was absent.

SUMMARY OF HOUSE BILL NO. 154

Retirement system affected: TRS

Allows a member of TRS with 15 years membership service to obtain up to five years creditable service for employment rendered to the Territory of Alaska before January 3, 1959. Requires the member to make a retroactive contribution for any period of territorial employment following June 30, 1955.

Takes effect immediately.

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ELEVENTH LEGISLATURE

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

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- Cost breakout as attached.

Paul B. Arnoldt

IV. DATE 2/14/79 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Duncan
 Office of the Governor (Kotch Spocking)

ATTACHMENT

Bill/Resolution No. HB 154

ASSUMPTIONS:

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				<u>\$28,400</u>	
5. All School Districts	\$178,000,000	X	.01%	\$17,800	
				<u>\$46,200</u>	

REMARKS:

WO 6179
Bradley

Original sponsor: Duncan

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 154

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH 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 is amended by adding a new section to read:

10 Sec. 14.25.105. CREDIT FOR SERVICE AS AN EMPLOYEE OF THE TERRITORY
11 OF ALASKA. (a) A teacher who completes 15 years of membership service
12 under this chapter may elect to receive creditable service for employ-
13 ment rendered to the Territory of Alaska before January ., 1959, regard-
14 less of the office, department, division or agency of the territory in
15 which he was employed. Creditable service allowed under this section
16 may not exceed five years.

17 (b) A teacher may not be credited with service under this section
18 if credit for service as an employee of the Territory of Alaska was
19 granted for the same period under the public employees' retirement
20 system (AS 39.35).

21 (c) A teacher who elects to receive creditable service under this
22 section for service to the Territory of Alaska shall make a retroactive
23 contribution under this system for the period of territorial employment
24 following June 30, 1955.

25 * Sec. 2. AS 14.25.115(a) is amended to read:

26 (a) A teacher in membership service on or after July 1, 1977 who
27 is appointed to retirement on or after July 1, 1978 may elect to apply
28 his unused sick leave credit in computing the total number of years of
29 creditable service under AS 14.25.120(c)(1) and (4). Unused sick leave

1 which was credited to a teacher at the time he terminated employment
2 with one employer is available to him for service credit under this
3 section even though the sick leave may not have been transferred to him
4 after he began employment with a subsequent employer. To obtain service
5 credit for unused sick leave, a teacher must apply to the administrator
6 no later than one year after appointment to retirement. Unused sick
7 leave shall be credited on a day-for-day basis in accordance with the
8 table for service after July 1, 1969 contained in AS 14.25.220(16). No
9 teacher contributions may be required for credited unused sick leave.

10 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-

11 070(c).
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