

H B

119

COMMITTEE REPORT

HOUSE

2/5/81

FURTHER: FINANCE

(5)

Date: March 12, 1981

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 119

"An Act authorizing employees of the Alaska Federation of Teachers to participate in the teachers' retirement system and amending the definition of 'member' of the teachers' retirement system; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
CHAIRMAN

I. REQUEST

Bill/Resolution No. House Bill No. 119

Title Authorizing the Alaska Federation of Teachers to Participate in the TRS

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Labor Services and Elementary & Secondary Education

BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING	-0-	2.7	2.9	3.0	3.2	3.4
100 BENEFITS						
TOTAL	-0-	2.7	2.9	3.0	3.2	3.4

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	2.7	2.9	3.0	3.2	3.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS None

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

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

1. One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) would currently be affected by this bill.
2. Based upon Attorney General's Opinion dated 10/28/75 (attached), all retroactive contributions for former employee M. Peters and service prior to the effective date of this Act (7/1/81) for G. Kubina must be paid by the AFT or the employee.
3. Our actuary estimates that the cost to the State (State Matching Funds) for subsidizing AFT's participation in TRS (one employee future service) would be approximately \$2.7 per year increasing at 6% for each year of future service.

IV. DATE 3/9/81

PREPARED BY _____

Paul B. Arnoldt
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 Cato and O'Connell

Office of the Governor (Keith Specking)

TO: Robert S. Gates
Director
Division of Retirement
& Benefits

DATE: October 28, 1975

FILE NO:

TELEPHONE NO:

FROM: Avrum M. Gross
Attorney General

SUBJECT: NEA Contributions
to TRS (AS 14.25.045)

By: 
Robert M. Johnson
Assistant Attorney General

You have asked whether the State of Alaska is statutorily obligated to pay a share of the retirement contributions for National Education Association (NEA) employees. The answer is, yes.

AS 14.25.045 extended coverage of Teacher's Retirement System (TRS) to employees of the NEA. The provision calls for retroactive payments of all contributions to TRS by NEA or the employee. However, §045 does not modify the manner of contribution required after participation in TRS commences. In the absence of neither specific statutory language nor a strong showing of legislative intent, the manner of future contributions must be governed by AS 14.25.050, .070 and .080. Section 050 calls for a contribution of 7% of base salary by the "teacher". Sections 070 and 080 provide for equally-shared payments by the "employer" and the State of Alaska of the amount in excess of the teachers' 7% contribution required to support TRS benefits.

AS 14.25.220 defines the operative terms of TRS. However, all definitions in §220 are subject to the phrase "unless the context otherwise requires . . ." Thus, the definition of "teacher" (§220(15)) and "employer" (§220(4)) are not to be read in the narrow out-of-context fashion. Under the required contextual reading of "teacher," "teacher contributions" under §050 means NEA-employee contributions. The broader definition of teacher is further buttressed by the deference given to the TRS administrator's determinations in a "case in doubt." Similarly, because "employer" carries a contextual meaning, §070 "employer contributions" must be read as NEA contributions, even though NEA is not specifically listed as an employer.

While it is clear that NEA as an employer must contribute, NEA's contribution is limited to the amount set in §070. The remaining portion is required to be contributed by the State under §080. No alternative conclusion is apparent in TRS as amended. The presumption that NEA would contribute the total amount required in excess of the teacher's contribution (that is, the sum of §§070 and 080)

was raised during consideration of HB 573 am S (the precursor to the Act granting coverage to NEA employees.) However, the legislature apparently did not accede to that presumption. A plain reading of TRS mandates applicability of §§ 050, 070, and 080. As a result, the State must contribute the same percentage share to the TRS for NEA-employees as for other covered personnel.

RMJ:jf