

S B

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COMMITTEE REPORT

SENATE

2/4/81

FURTHER: Finance

Date: _____

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 144

authorizing employees of the Alaska Fed. of Teachers to participate in teachers' retirement system

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 SB 144 same title
 new title
- and recommends Do Pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tom Stinson

Tom Kelly

Blair [unclear]

[unclear]

Blair [unclear]

CHAIRMAN

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 144

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

<u>FULL TIME</u>						
<u>PART TIME</u>						
<u>TEMPORARY</u>						

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 (TRS 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.

Paul B. Arnoldt

IV. DATE 2/12/81

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) Senator Hohman

MEMORANDUM

State of Alaska

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)

Robert S. Gates, Director
Division of Retirement & Benefits

October 28, 1975

- 2 -

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

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Proposed CS for Senate Bill 144 (HESS)
 Title Participation of NEA, AFT and AASB 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-	6.3	6.7	7.0	7.5	7.9
100 BENEFITS						
TOTAL	-0-	6.3	6.7	7.0	7.5	7.9

FUNDING (Thousands of Dollars)

	-0-	6.3	6.7	7.0	7.5	7.9
GENERAL FUND						
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)

- One former employee (M. Peters) and one current employee (G. Kubina) of the Alaska Federation of Teachers (AFT) and one current employee (M. Johnson) of the Alaska Association of School Boards (AASB) would currently be affected by this bill.
- Based upon Attorney General's Opinion dated 11/28/75 (attached), all retro-active 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. Prior service for M. Johnson must be paid by the AASB or the employee.
- Our actuary estimates that the cost to the State (TRS State Matching Funds) for subsidizing AFT's and AASB's participation in TRS (two employees--future service) would be approximately \$6.3 per year increasing at 6% for each year of future service

DATE 2/20/81 PREPARED BY Paul B. Arnoldt, Director

AGENCY Division of Retirement & Benefits

PHONE 465-4460

al: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named) Senator Hohman
 Office of the Governor (Keith Specking)

STATE OF ALASKA
THE LEGISLATURE

POUCH V STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 17, 1981

SUBJECT: Teachers' retirement benefits for NEA, AFT,
and AASB (CSSB 144)

TO: Senator Charles H. Parr
Chairman
Senate Health, Education and Social Services
Committee

FROM: Richard A. Bradley *B*
Legislative Counsel

Rocky brought over a request for a committee substitute on SB 144. After discussing the committee substitute with her, the enclosed bill seems responsive to your request.

Two items were identified in the request: (1) include AASB in the benefits; and (2) require three years' teaching experience. Rocky has advised that the three years service may be inside or outside Alaska.

Changes necessitated by these requests appear in the bill.

- (1) The title is changed.
- (2) The second request appears in the new paragraph (a)(3). The concepts of "membership service" and "outside service" are defined in AS 14.25.220.
- (3) Qualifying employment with the AASB has been added to Sec. 45(b).
- (4) The definition of "teacher or member" in AS 14.25 is clarified by Sec. 3 of the bill.
- (5) New Sec. 3 is added because there may be situations where an NEA employee has been participating for one or two years or so but does not have the three years now to be

Senator Charles H. Parr
Page 2
February 17, 1981

required by Sec. 45(a)(3). Because of Article XII, section 7, the amendment of Sec. 45(a)(3) as to that person would be a possible diminishment or impairment of "accrued benefits" and therefore unconstitutional. Sec. 3 should address and solve that problem.

RAB:ljb

Enclosure

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION
DIVISION OF RETIREMENT & BENEFITS

JAY S. HAMMOND, Governor

POUCH CR
JUNEAU, ALASKA 99811

Ph: 465-4460

February 20, 1981

The Honorable Charles H. Parr
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Parr:

As requested, I am providing a revised fiscal note to Senate Bill 144 which takes into consideration the additional liability to the Teachers' Retirement System as a result of the proposed amendment to also include the Alaska Association of School Boards in the system.

In my testimony to your committee on February 12, 1981, I stated my reasons for opposition to the bill. I do not believe that the state should be subsidizing the participation of agencies such as the National Education Association, the Alaska Federation of Teachers, or the Alaska Association of School Boards. It is for this reason that I respectfully ask you to consider an additional amendment to the bill which would require these agencies to pay the full cost of participation in the Teachers' Retirement System. That is, the agency would pay the state match in addition to the employer contributions. The employees would, of course, contribute their required portion.

If you agree, I suggest the following language be included in the bill as an additional subparagraph to Section 045:

"(4) the National Education Association, Alaska Federation of Teachers, or Alaska Association of School Boards contributes to the retirement fund an amount equal to two times the amount

Senator Parr

(2)

February 20, 1981

required under AS 14.25.070. The state shall not make contributions under AS 14.25.080 to the retirement fund for these three employers."

If this language is included, there would be a no cost fiscal note.

Please let me know if you have any questions.

Sincerely,



Paul B. Arnoldt
Director

PBA/dm
Enclosure
cc: Senator Kelly
Senator Stimson
C11/T1



SB 144

Bradly

3 years ^{teaching} experience

3 yrs. of membership

Alaska?

Who determines
teaching experience?

and specific date
for School Board
Assoc.

CS SB 144

Introduced: 2/4/81
Referred: Health, Education
& Social Services and
Finance

1 IN THE SENATE

BY HOHMAN BY REQUEST

2 SENATE BILL NO. 144

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing employees of the Alaska Federation
7 of Teachers to participate in the teachers' retirement
8 system and amending the definition of 'member' of the
9 teachers' retirement system; and providing for an
10 effective date."

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

12 * Section 1. AS 14.25.045 is amended to read:

13 Sec. 14.25.045. PARTICIPATION BY [NATIONAL EDUCATION ASSOCIATION]
14 EMPLOYEES OF NATIONAL EDUCATION ASSOCIATION AND ALASKA FEDERATION OF

15 TEACHERS. (a) An employee or former employee of the National Education
16 Association of Alaska or the Alaska Federation of Teachers may partici-
17 pate in the retirement fund under this chapter if

18 (1) the employee or former employee possesses or is eligible
19 to possess a teacher certificate under AS 14.20.020, and

20 (2) the employee or former employee [OF THE NATIONAL EDUCA-
21 TION ASSOCIATION OF ALASKA] pays all retroactive contributions required
22 to be made under this chapter.

23 (b) For purposes of computing the period of time for which retro-
24 active contributions may be due, an employee or former employee may
25 count employment

26 (1) with the National Education Association of Alaska since
27 July 1, 1956, and

28 (2) with the Alaska Federation of Teachers since January 1,
29 1975.

30 *9-1-77?*
drafted under date for SB 144
school brd. assoc.

3898

Jan. 1
1970
overstreet
no \$
impact

1 * Sec. 2. AS 14.25.220(38) is amended by adding a new subparagraph to
2 read:

3 (E) an employee or former employee of the National
4 Education Association of Alaska or the Alaska Federation of Tea-
5 chers who elects membership under AS 14.25.045;

6 * Sec. 3. This Act takes effect July 1, 1981.

7
8 CS

9 ~~amendments:~~

10
11 1) include Alaska
12 Association
13 of School Boards

14
15
16 2) require 3 years teaching
17 experience?

