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58



JUNEAU, ALASKA

# Alaska State Legislature

BLUE RIBBON COMMISSION ON THE  
STATE PERSONNEL ACT

Senator Bill Ray, Chairman

Pouch YG  
Mail Stop 3123  
Juneau, Alaska 99811  
(907) 465-4442

MEMORANDUM

January 26, 1983

TO: Senate Health, Education and Social Services

FROM: Teresa B. Cramer *Teresa B Cramer*  
Administrative Assistant

SUBJECT: Senate Bill 58 - Prohibiting Duplicate Teachers' Retirement Benefits for Alaska BIA Service

The Blue Ribbon Commission heard testimony from the Division of Retirement and Benefits that a loophole exists in the Teachers' Retirement System statutes which permit receiving TRS credited service for federal employment in Alaska BIA schools. Teachers who qualified for federal retirement from a BIA school and who then worked for the state in a position covered by the Teachers' Retirement System could receive benefits for the same years of service from each system.

Under TRS, teachers may receive credit for Alaska BIA service by contributing 7% of their entry TRS salary for each year of BIA service to be credited. The law provides that state retirement benefits for Alaska BIA service will be reduced by the amount received from the federal government for the same service. However, this is verified only at the time of applying for retirement.

Credit from both retirement systems is possible if the teacher who has worked for both employers buys TRS credited service for BIA employment and takes a lump sum payment of his or her federal retirement contributions before retiring from the state. At the time of state retirement, the teacher reports being eligible to receive no federal retirement benefits for Alaska BIA service. After establishing state benefits, the teacher could repay the lump sum to the federal government and claim a federal retirement. The teacher would then be drawing from two retirement systems for the same period of service.

The commission recommends that language be added to the TRS statutes to permit the Division of Retirement to require retired members to verify annually any federal benefits received for Alaska BIA service.

## Bill Analysis

Page 1 The first section of the bill deletes material concerning  
Line 9 treatment of duplicate benefits from the current authorization for claiming BIA service.

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JAN 27 1983

Josephson,

Page 2            The language deleted in section 1 is moved to AS 14.25.169  
Line 4            by the second section of the bill).

Line 7            Section 2 also provides authorization for the Division of  
Retirement and Benefits to request annual verification of  
the amount of any federal retirement benefits for Alaska  
BIA service for which state benefits are also received.

JOE P. JOSEPHSON  
DISTRICT G - ANCHORAGE  
1526 F STREET  
ANCHORAGE, ALASKA 99501  
(907) 277-4419

# ALASKA STATE SENATE

WHILE IN JUNEAU  
POUCH V  
JUNEAU ALASKA 99811  
(907) 465-4807  
(907) 465-4525



COMMITTEES  
HEALTH EDUCATION & SOCIAL SERVICES (CHAIR)  
JUDICIARY (VICE CHAIR)  
FINANCE  
MAJORITY CAUCUS (CHAIR)

## M E M O R A N D U M

TO: Senators Vic Fischer, Paul Fischer, H. "Pappy" Moss,  
Rick Halford; Ms. Nancy Deitrick, Professional Assistant

FROM: Joe Josephson, HESS Chairperson

RE: Senate Bill 58 (Retirement Information Reporting by  
Teachers Transferring from BIA to State of Alaska school  
districts)

DATE: March 7, 1983

I attach a communication from J. K. Humphreys, Director, Division of Retirement and Benefits, Department of Administration.

The communication advises that the regulatory authority of the Teachers Retirement Board obviates the necessity for further consideration of SB 58.

Accordingly, without objection, I do not plan to bring SB 58 back before the HESS Committee.

J.P.J.

Enclosure

cc: Mr. J.K. Humphreys

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS  
POUCH CR  
JUNEAU, ALASKA 99811

Public Employees' Retirement System  
Teachers' Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement System  
National Guard Retirement System  
Territorial Retirement System  
Retirees' Voluntary Dental-Vision-Audio Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employers Social Security Contributions

Bill Sheffield, Governor

(907) 465-4460

February 9, 1983

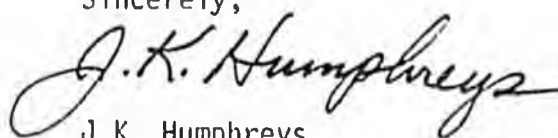
The Honorable Joe Josephson  
The Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Josephson:

During the committee hearing concerning SB 58 on February 7, the Department of Administration was asked to determine whether the purposes of SB 58 could be accomplished through regulation rather than a change in the law. I discussed this question with Tom Jahnke of the Attorney General's Office and it is clear that we can address any potential problem regarding duplicate benefits in this area by proposing a regulation to the Teachers' Retirement Board at their March 16 meeting.

We will propose a regulation for the next board meeting. I regret any time that may have been spent on this matter unnecessarily; please let us know if you require any further information.

Sincerely,



J.K. Humphreys  
Director

JKH/jb

cc: Eleanor Andrews  
Deputy Commissioner  
Department of Administration

Tom Jahnke  
Assistant Attorney General  
Department of Law

JKH/jb

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FEB 09 1983

Josephson,



JUNEAU, ALASKA

# Alaska State Legislature

BLUE RIBBON COMMISSION ON THE  
STATE PERSONNEL ACT

Senator Bill Ray, Chairman

Pouch YG  
Mail Stop 3123  
Juneau, Alaska 99811  
(907) 465-4442

February 8, 1983

The Honorable Joe Josephson, Chairman  
Senate Health, Education and Social  
Services Committee  
Pouch V  
Juneau, Alaska 99811

RE: SB 58 - Prohibiting Duplicate Teachers' Retirement  
Benefits for Alaska BIA Service

Dear Senator Josephson:

I have spoken with Senator Ray, chairman of the Blue Ribbon Commission, concerning the committee's question of whether this legislation is necessary given the possibility that the same thing can be accomplished by regulation. Senator Ray pointed out that, in fact, the Division of Retirement and Benefits has not yet adopted regulations on this issue. Therefore it appears to him to be advisable for the Legislature to act to make its wishes known.

Please let me know if I can be of further assistance.

Yours very truly,

Teresa B. Cramer  
Administrative Assistant

**RECEIVED**

FEB 09 1983

Josephson,

*to Nancy*

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 58  
Title An Act Prohibiting Duplicate Teachers' Retirement Benefits for AK BIA Service  
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 TRS  
(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-			

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There will be no costs or savings as a result of this bill as it contains a change in language of the statute which is procedural and the effect is the same; that is a benefit payable for Alaska BIA service must be offset by any benefits paid by the federal government for the same service.

IV. DATE 1/31/83

PREPARED BY J.K. Humphreys, Director  
AGENCY Division of Retirement & Benefits  
PHONE 465-4460

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named) Rules Committee

33-001 (Rev. 12/82)

SB 58

Meresa Cramer - Blue Ribbon Commission on State Personnel Act

loophole in law could allow someone to buy into state retirement after leaving Fed. and then buy back into Fed. system

need to require continued reporting of any Fed. benefits.

7% which teacher pay to buy into system is not full actuarial cost. State is providing supplement.

Ken Humphries - no fiscal impact (he thinks!)

Victoria - hold over until more info reached re possibility of doing by regulation.

Fiscal note?