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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

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REQUEST

Bill/Resolution No.: CSHB228(FIN)
 Title: "An act relating to retirement benefits for part-time..."
 Sponsor: Sund
 Requestor: Sund
 Date of Request: 2/21/85

FISCAL DETAIL

University of Alaska
 Agency Affected: Department of Education
 Program Category Affected: Elementary & Secondary Education
 BRU, Program or Subprogram(s) Affected: TRS State Match

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
Operating						
100 Personal Svcs						
100 Rtmnt & Bnfts		2.1	2.3	2.4	2.6	2.9
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match		12.5	13.5	14.6	15.7	17.0
TOTAL OPERATING	-0-	14.6	15.8	17.0	18.3	19.9

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		14.6	15.8	17.0	18.3	19.9
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	14.6	15.8	17.0	18.3	19.9

POSITIONS: -0- -0- -0- -0- -0- -0-

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

J.K. Humphreys

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 2/26/85

Approved by Commissioner: Lisa Rudd *A. Rudd for* Date: 2-27-85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS House Bill 228 (FIN)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration

February 26, 1985

IV Analysis: Passage of this bill would allow a member with 20 years of membership service in the Teachers' Retirement System (TRS) as a part-time teacher to retire with a normal benefit.

To fund this bill, the state TRS contribution rate would increase by .003% in FY 86. The state TRS payroll is estimated to be \$71,490,744 in FY 86 and to increase by 8% each year thereafter. The TRS State Match contribution would increase by .003% in FY 86. The TRS State Match salary is estimated to be \$416,297,654 for FY 86 and to increase by 8% each year thereafter.

The State cost of \$14.6 is calculated as follows:

The increase in TRS contribution rate (.003%) times the estimated FY 86 State TRS salaries (\$71,490,744.00) equaling	\$ 2,100.00
Plus the increase in TRS State Match contribution rate (.003%) times the estimated FY 86 State Match Payroll (\$416,297,654.00) equaling	<u>\$12,500.00</u>
Total FY 86 estimated cost	<u>\$14,600.00</u>

We have also estimated that School Districts costs would increase as follows:

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
10.3	11.1	12.0	13.0	14.0

Passage of this bill would result in a .01% decrease in the TRS Funding ratio and would increase the present value of the TRS unfunded liability by \$138,000.

Original sponsors: Sund, Davis,
M.M. Miller, et al

1 IN THE HOUSE.

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 228 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to retirement benefits for part-time
7 teachers."

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

9 * Section 1. AS 14.25.110(a) is amended to read:

10 (a) A member is eligible for a normal retirement benefit if the
11 member

12 (1) was first hired before July 1, 1975, has attained the
13 age of 55 years, and has at least 15 years of credited service, the
14 last five of which have been membership service;

15 (2) has attained the age of 55 years and has at least eight
16 years of membership service;

17 (3) has attained the age of 55 years, has at least five
18 years of membership service, and has at least three years of Alaska
19 BIA service;

20 (4) has at least 25 years of credited service, the last
21 five of which have been membership service;

22 (5) has at least 20 years of membership service; [OR]

23 (6) has at least 20 years of combined membership service
24 and Alaska BIA service, the last five of which have been membership
25 service; or

26 (7) has at least one-half year of membership service as a
27 part-time teacher for each of 20 school years.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 2

REQUEST Bill/Resolution No.: <u>CSHB 228 (S.A.)</u> Title: <u>"An Act relating to retirement benefits for part-time..."</u> Sponsor: <u>H State Affairs</u> Requestor: <u>H State Affairs</u> Date of Request: <u>4/1/85</u>	FISCAL DETAIL <u>University of Alaska</u> Agency Affected: <u>Department of Education</u> Program Category Affected: <u>Elementary & Secondary Education</u> BR/J, Program or Subprogram(s) Affected: _____ TRS State Match _____
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EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs						
100 Rtmnt & Bnfts		70.1	75.8	81.8	88.3	95.4
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match		408.0	440.6	475.9	514.0	555.1
TOTAL OPERATING	-0-	478.1	516.4	557.7	602.3	650.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		478.1	516.4	557.7	602.3	650.5
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	478.1	516.4	557.7	602.3	650.5

POSITIONS:	-0-	-0-	-0-	-0-	-0-	-0-
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 4/1/85

Approved by Commissioner: Lisa Rudd Date: 4/2/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS House Bill 228 (State Affairs)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

April 1, 1985

IV Analysis: Passage of this bill would allow a member with 20 years of membership service in the Teachers' Retirement System (TRS) as a part-time teacher to retire with a normal benefit. It would also allow a member with part-time service in eight different calendar years to become vested in the TRS.

To fund this bill, the state TRS contribution rate would increase by .098% in FY 86. The state TRS payroll is estimated to be \$71,490,744 in FY 86 and to increase by 8% each year thereafter. The TRS State Match contribution would increase by .098% in FY 86. The TRS State Match salary is estimated to be \$416,297,654 for FY 86 and to increase by 8% each year thereafter.

The State cost of \$478.1 is calculated as follows:

The increase in TRS contribution rate (.098%) times the estimated FY 86 State TRS salaries (\$71,490,744.00) equaling	\$ 70,100.00
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Plus the increase in TRS State Match contribution rate (.098%) times the estimated FY 86 State Match Payroll (\$416,297,654.00) equaling	<u>\$408,000.00</u>
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Total FY 86 estimated cost	<u><u>\$478,100.00</u></u>
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In addition to the State's costs above, School Districts costs would increase as follows:

FY 86	FY 87	FY 88	FY 89	FY 90
<u>\$337.9</u>	<u>\$364.9</u>	<u>\$394.1</u>	<u>\$425.7</u>	<u>\$459.7</u>

Passage of this bill would result in a .31% decrease in the TRS Funding ratio and would increase the present value of the TRS unfunded liability by \$3,263,000.

Offered: 4/3/85
Referred: Health, Education &
Social Services and Finance

Original sponsors: Sund, Davis,
M.M. Miller, et al

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 228 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to retirement benefits for part-time
7 teachers."

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

9 * Section 1. AS 14.25.110(a) is amended to read:

10 (a) A member is eligible for a normal retirement benefit if the
11 member

12 (1) was first hired before July 1, 1975, has attained the
13 age of 55 years, and has at least 15 years of credited service, the
14 last five of which have been membership service;

15 (2) has attained the age of 55 years and has at least eight
16 years of membership service;

17 (3) has attained the age of 55 years, has at least five
18 years of membership service, and has at least three years of Alaska
19 BIA service;

20 (4) has at least 25 years of credited service, the last
21 five of which have been membership service;

22 (5) has at least 20 years of membership service; [OR]

23 (6) has at least 20 years of combined membership service
24 and Alaska BIA service, the last five of which have been membership
25 service; or

26 (7) has at least one-half year of membership service as a
27 part-time teacher for each of 20 school years.

28 * Sec. 2. AS 14.25.220(39) is amended to read:

29 (39) "vested member" or "vested teacher" means an active

1 member who has completed either

2 (A) 15 years of service, the last five of which have
3 been membership service, for a member first hired before July 1,
4 1975; [OR]

5 (B) eight years of membership service; [OR]

6 (C) five years of membership and three years of BIA
7 service; or

8 (D) one-half year of membership service as a part-time
9 teacher for each of eight school years;

Introduced: 2/22/85
Referred: State Affairs, Health,
Education & Social Services and
Finance

BY SUND, DAVIS, M.M.MILLER,
HURLEY TAYLOR AND DUNCAN

1 IN THE HOUSE

2

HOUSE BILL NO. 228

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to retirement benefits for part-time
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16 years of membership service;

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18 years of membership service, and has at least three years of Alaska
19 BIA service;

20 (4) has at least 25 years of credited service, the last
21 five of which have been membership service;

22 (5) has at least 20 years of membership service; [OR]

23 (6) has at least 20 years of combined membership service
24 and Alaska BIA service, the last five of which have been membership
25 service; or

26 (7) has at least 20 years of membership service as a part-
27 time teacher.

HOUSE BILL 228
RETIREMENT BENEFITS FOR PART-TIME TEACHERS
OVERVIEW PREPARED BY REP. JOHN SUND'S OFFICE

ANALYSIS

Section 1 adds a new subsection making a member of the Teachers' Retirement System, who has at least 20 years of service as a part-time teacher, eligible for a retirement benefit.

Section 2 adds a new subsection making a member of the Teachers' Retirement System, who has at least 8 years of service as a part-time teacher, eligible for vesting in the retirement system.

A part-time teacher is defined in section 14.25.220 (26) as one who works on a regular basis for at least 50% of the full-time teacher's normal work week. Substitute and temporary work do not apply.

HISTORY

Part-time teaching may be all that is available in a given community at a given time, or an individual may make a personal choice to work part-time. Regardless of why a teacher works part-time, he or she is required to contribute to the Teachers' Retirement System. As the law now stands, the part-time teacher could not collect a normal retirement benefit for 40 calendar years and would not be vested for 16 calendar years. (and, of course that benefit is half that of a full-time teacher) The full-time teacher accrues these benefits in half that time. HB228 would not change the amount of a part-time teacher's benefit. It would simply bring the time required for a retirement benefit into line with the full-time teacher.

This bill was introduced at the behest of about 20 constituents in the Ketchikan area. (representative letters are included in your packet) It is supported by NEA Alaska and the Ketchikan Education Association.

It is estimated that there are currently 489 teachers within the state who have some years of part-time teaching. While it is common for teachers to work on a part-time basis at least some time during their careers, few make the choice to do so throughout their careers. Currently no teacher has accumulated more than 13 years of part-time service and only 2 people have accrued 13 years.

The current statute appears particularly unfair to those who have no option to teach full-time. HB228 will provide an incentive for part-time teachers to continue working part-time to retirement age and would reward them for their years of service.



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

147 S. FRANKLIN #207
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

April 24, 1985

TO: Representatives Niilo Koponen and Max Gruenberg, Co-Chairs
Members, House HESS Committee

FROM: NEA-Alaska

RE: CSHB 228 (SA)

NEA-Alaska supports CSHB 228, (SA). The purpose of the bill is to rectify an inequity in the Teachers' Retirement System.

Currently, a half time teacher must work twice as long as a full time teacher in order to qualify for benefits, (sixteen years instead of eight to become vested and forty instead of twenty to retire). Under the current provision, half time teachers may never make it to eligibility. It is our position that time for eligibility should be calendar years worked regardless of full time or part time status. Therefore, a part time teacher should be eligible for retirement upon working the same number of calendar years as a full time teacher.

Benefits should be calculated so that the half time person's retirement income reflects the half time employment.

We urge your support of CSHB 228. It allows half time teachers access to the retirement system in a more equitable and reasonable way than do current provisions.

Respectfully submitted:

Gayle Pierce
President

L85:14