

Offered: 2/8/85
Referred: Health, Education &
Social Services and Finance

Original sponsors: Gruenberg, Taylor,
Grussendorf and Binkley

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 74 (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 participation of certain former
7 BIA employees in the Teachers' Retirement System."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.25.220(8) is amended to read:
10 (8) "BIA service" means service, including partial years,
11 as a teacher, a certificated person employed in a full-time position
12 requiring a teaching certificate as a condition of employment, or a
13 Bureau of Indian Affairs professional educator in a school or school
14 system operated by the Bureau of Indian Affairs in Alaska;
15 * Sec. 2. A member qualified under amendments made by sec. 1 of this
16 Act may claim prior service if the member pays the arrearage indebtedness
17 in accordance with AS 14.25.060. Notwithstanding AS 14.25.060, interest on
18 the indebtedness does not begin to accrue until January 1, 1986.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 2

<p>REQUEST (State Bill/Resolution No.: <u>CSHB:74 Affairs</u>) Title: <u>"...Participation of Former Professional Educators..."</u> Sponsor: <u>Gruenberg</u> Requestor: <u>Hurley</u> Date of Request: _____</p>	<p>FISCAL DETAIL Agency Affected: <u>Department of Education</u> Program Category Affected: <u>TRS</u> BRU, Program or Subprogram(s) Affected: _____</p>
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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		12.4	13.4	14.5	15.6	16.9
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match		72.2	78.0	84.2	91.0	98.2
TOTAL OPERATING	-0-	84.6	91.4	98.7	106.6	115.1

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		84.6	91.4	98.7	106.6	115.1
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	84.6	91.4	98.7	106.6	115.1

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: 2/11/85

Approved by Commissioner: Lisa Rudd *A. Edmunds for* Date: 2-15-85
 Agency: Department of Administration

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

CS for House Bill 74 (State Affairs)
 Fiscal Note Analysis
 Prepared by Division of Retirement & Benefits
 Department of Administration

February 11, 1985

Analysis:

Passage of this bill would allow those former BIA employees acting in the capacity of a BIA professional educator to claim that service in the Teachers' Retirement System (TRS) establishing a date, January 1, 1986, for interest to accumulate on any unpaid balance. The BIA administrative office has advised us that this would involve approximately 20 people having an average of 6½ years of qualified service.

This bill would result in an estimated .0347% increase in the TRS Employer contribution rate. The FY 86 TRS State Match estimated payroll is \$416,297,654.00.

The State cost of \$84.6 is calculated as follows:

one half of the change in TRS contribution rate [(.0347% divided by 2) = .01735%] times the estimated FY 86 State TRS salaries (\$71,490,744.00) equaling	\$12,400.00
plus one half of the change in TRS contribution rate (.01735%) times the estimated FY 86 State Match Payroll (\$416,297,654.00) (equaling \$72,200.00).	<u>\$72,200.00</u>
	<u>\$84,600.00</u>

The estimated costs to school districts are as follows:

<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
\$59.8	\$64.6	\$70.8	\$76.5	\$82.6

The present value of the cost of this bill is \$1,300,000.00; this would produce a .15% decrease in the TRS funding ratio.

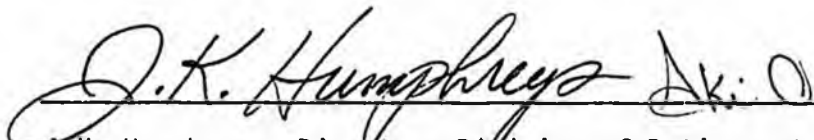
Position Paper

CS House Bill 74 (State Affairs) am

Passage of this bill would allow any former Bureau of Indian Affairs employee who was performing in the capacity of a BIA professional educator to claim that service in the Teachers' Retirement System (TRS). An indebtedness would be established for that service in accordance with AS 14.25.060 (Arrearage Indebtedness).

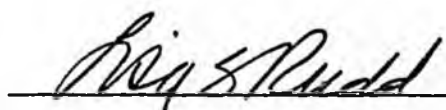
This bill would provide parity between BIA teachers and other certificated BIA professional educators who are treated the same in all other areas in the TRS system. To allow former BIA employees to claim this type of service will allow those employees who served in Alaska credit for the same type of service as those who served with the BIA outside the state. Granting TRS coverage for professional education service is consistent with the treatment of membership service in the state as well as for outside service.

The Department feels that it is equitable to remove this anomaly from the TRS system and supports this bill.



J.K. Humphreys, Director, Division of Retirement & Benefits

4/26/85
Date



Lisa Rudd, Commissioner, Department of Administration

4/29/85
Date

SECTIONAL ANALYSIS FOR CSHB 74 - AN ACT RELATING TO PARTICIPATION OF CERTAIN FORMER BIA EMPLOYEES IN THE TEACHERS' RETIREMENT SYSTEM.

- SECTION 1 Adds former BIA Administrative personnel to the Teachers' Retirement System.
- SECTION 2 Provides that former BIA Administrators added to TRS in section 1 may claim prior service if payments for arrearages are paid.

COMMENTARY

When the TRS statute was amended by the Legislature in 1983 to allow former BIA employees to buy into the system, the definition of BIA service limited those employees to teachers only. The Division of Retirement and Benefits have followed this statute and has not allowed BIA administrators to buy into TRS. This bill was introduced on the basis of equity, as all other school administrators are included in the program (even outside service as an administrator can be claimed), and it seemed that the exclusion may have been unintentional.

Lower

Bethel, Alaska 99559
December 26, 1984

The Honorable Max Gruenberg
Alaska House of Representatives
Co-Chairman of the House, Health, Education and Social Services
Committee
Pouch V
Juneau, Alaska 99801

Dear Mr. Gruenberg:

I have spent eight years teaching and six years administratin for the Bureau of Indian Affairs in Alaska. I have just discovered that the six years I spent administrating schools that serve Alaska students can not be transferred to the State Teacher Retirement System (TRS). This is due to an apparent oversight on the part of the statute writers for the TRS. Under the definition of "outside service" (14.25.220(25)) (copy enclosed) years not only taught in the Lower 48 may be brought into TRS but also years spent as a ~~certificated person in a full-time position requiring a teaching certificate as a condition of employment~~... In other words any certificated principal, vice-principal, or superintendent from the Lower 48 may bring a certain number of those years into TRS with him. In the same statutes (14.25.220(8)) (copy enclosed) the definition for "BIA Service" is service as a teacher in a school operated by the Bureau of Indian Affairs. Nothing is mentioned about administrative service being counted for TRS purposes. The State then will allow someone who was an administrator in Miami, D.A. or any other place Outside to bring in those years and not an administrator who has been serving rural Alaskan students. It seems reasonable that the definition for "BIA Service" should also include years spent as a ~~certificated administrator serving Alaskan students through the Bureau of Indian Affairs.~~

Any help you can give in getting the definition for "BIA Service" changed to include administrative time would be greatly appreciated.

Steve Ronnekamp
Box 1247
Bethel, Alaska 99559
543-2748 wk.

CC J.K. Humphreys, Director Alaska Teachers' Retirement System

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Introduced: 1/18/85
Referred: State Affairs, Health,
Education & Social Services and
Finance

BY GRUENBERG, TAYLOR,
GRUSSENDORF AND BINKLEY

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13 Bureau of Indian Affairs in Alaska;

14 * Sec. 2. A retired member or an inactive member may claim prior ser-
15 vice as a school administrator in a school operated by the Alaska Bureau of
16 Indian Affairs if the member files a claim for the service by December 31,
17 1985, and pays the arrearage indebtedness in accordance with AS 14.25.060.