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COMMITTEE REPORT  
HOUSE

(7)

FURTHER: FINANCE

4/3/85

Date: 21 April 1985

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had HE 28

"An Act relating to retirement benefits for part-time teachers."

under consideration and recommends:

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

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
*(Signature)*  
 \_\_\_\_\_  
*(Vice Chair & Sponsor) Robin Taylor*  
 \_\_\_\_\_  
*Katie Hurley (signed original)*  
 \_\_\_\_\_  
 \_\_\_\_\_  
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\_\_\_\_\_  
*Lawrence W. Chamber - DO NOT PASS*  
 \_\_\_\_\_  
*Katie Hurley - DO NOT PASS*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*(Signature)*  
 \_\_\_\_\_  
 CHAIRMAN

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

ANALYSIS

Section 14.25.110 is amended to add a new subsection making a member of the Teachers' Retirement System, who has at least 20 years of membership service as a part-time teacher, eligible for a normal retirement benefit.

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

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.

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. This legislation makes part-time teaching a more viable long-term option for those people who, by choice or by necessity, teach on a part-time basis. The current statute appears particularly unfair to those who have no option to teach full-time.

The bill was introduced at the request of 17 constituents in the Ketchikan area. It is supported by NEA-Alaska, NEA-Sitka, and the Ketchikan Education Association.

The fiscal impact of the bill is minor, because so few teachers have accumulated lengthy part-time service. However, the bill would provide an incentive for those teachers to continue working part-time to retirement age and would reward them for their years of service.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date:

Page 1 of 2

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

Plus the increase in TRS State Match contribution rate (.098%) times the estimated FY 86 State Match Payroll (\$416,297,654.00) equaling \$408,000.00

Total FY 86 estimated cost \$478,100.00

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
\$337.9	\$364.9	\$394.1	\$425.7	\$459.7

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.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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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

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