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Senate Health, Education and Social Services Committ

Legislation Checklist

Bill number: HB 228
Sponsor: Sund, Davis, Miller
Date referred to committee: 3/6/86
Synopsis completed:
Fiscal note:
Further referrals: Fin.

CONTACTS:

Kitty 4919
✓ NEA - Bob Manners 6-3090
✓ School Board Administrators - Bob Greene
6-1083
✓ ~~Ken~~ Humphries 4470
✓ DOE 2800 AK Council of School
Administrators
✓ Don McKinnon - Administrators
(no problems) 6-9702 (w)
3/10/86 9-2713

**STATE OF ALASKA
THE LEGISLATURE**

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JUNEAU, ALASKA 99811
607-465-3000

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

Senate Health Education & Social Services Committee 3/18/86, 1:38 pm

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

3/6/86

Date 3-18-86

Mr. President

The Committee on HESS considered CSHB 228(FIN) relating to retirement benefits for part-time teachers.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Joe Josephson

Edw de Vries R.R.

Butte Johnson
Chairman

Chairman recommendation

1
1
2
2
23
24
25



NEA-ALASKA

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FAIRBANKS REGIONAL OFFICE

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

March 18, 1986

TO: Senator Bettye Fahrenkamp, Chair
Members, Senate HESS Committee

FROM: NEA-Alaska

RE: CSHB 228 (FIN)

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

However, to provide greater equity for the half time teacher, the bill should be amended to make vesting after eight (8) years possible. By allowing a teacher to vest, as is the case now for the full time teacher, the half time teacher would not have to forfeit all benefits because he or she did not teach for 20 years as called for by this bill.

The Problem: Currently a half time teacher must work twice as long as a full time teacher in order to qualify for benefits. While this may seem equitable at first glance, it really means that 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 then be calculated so that the half time person's retirement income is only half of what it would be if the person worked full time.

Cost?? The cost to the State under this plan should be no more for two half time people than for one full time person, and only half that for just one half time teacher.

Advantage: Utilizing half time people can be to a district's advantage by making it possible to offer a program which it might not otherwise be able to offer because there were not enough students to justify a full time position. Additionally, a full time position can sometimes be filled by two half time people to the students', teachers', and program's advantage.

Respectfully submitted:

Robert Manners
Executive Secretary

L85:14

JOHN SUND, REPRESENTATIVE

*2505 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552*

*While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919*

March 7, 1986

TO: Sen. Bettye Fahrenkamp's office
FROM: Kitty *Kitty*
Rep. John Sund's office
RE: HB228

HB228, regarding retirement benefits for part-time teachers, has been referred to the Senate HESS Committee.

Attached for your reading enjoyment is a copy of the bill as it passed out of the House, a fiscal note, overview and sectional analysis, and letters of support. Also included is a copy of the House State Affairs version of the bill with its accompanying fiscal note.

Rep. Sund would appreciate your prompt scheduling of this bill. Just let me know if I can provide you with any additional information.

Thanks.



NEA-ALASKA

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(907) 456-4435

March 29, 1985

TO: Representative Katie Hurley, Chair
Members, House State Affairs Committee

FROM: NEA-Alaska

RE: HB 228

NEA-Alaska supports the intent of HB 228. The purpose of the bill is to rectify an inequity in the Teachers' Retirement System.

However to provide greater equity for the half time teacher, the bill should be amended to make vesting after eight (8) years possible. By allowing a teacher to vest, as is the case now for the full time teacher, the half time teacher would not have to forfeit all benefits because he or she did not teach for 20 years as called for by this bill.

The Problem: Currently a half time teacher must work twice as long as a full time teacher in order to qualify for benefits. While this may seem equitable at first glance, it really means that 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 then be calculated so that the half time person's retirement income is only half of what it would be if the person worked full time.

Cost?? The cost to the state under this plan should be no more for two half time people than for one full time person, and only half that for just one half time teacher.

Advantage: Utilizing half time people can be to a district's advantage by making it possible to offer a program which it might not otherwise be able to offer because there were not enough students to justify a full time position. Additionally, a full time position can sometimes be filled by two half time people to the students', teachers', and program's advantage.

Respectfully submitted:

Gayle Pierce
President
L85:14

From: Tom Smircich, President
NEA SITKA
200 Park Street
Sitka, Ak 99835

To:

Director of Alaska Teachers Retirement System

Ben Grussendorf, Speaker of the House

Dick Eliason, Senator

Dear Sirs:

I write in the interest of half-time teachers who are required by law to contribute 7% to ATRS. The present system requires them to work for 16 years in order to be vested in the system, then at retirement their benefits are half of what they ought to be.

1. Example:

Two half-time teachers are vested and retire at 55 after 20 years service. Their total contribution to ATRS is the same as one full time teacher for 20 years at the same job. Assume the average salary of the highest 3 years is \$40,000.

(Both half-time teachers)	10	x	.02	x	20,000	=	\$4000
	(Full Time Years)				(Half Salary)		(Annual pension)
(Full time teacher)	20	x	.02	x	40,000	=	\$16,000
					(full Salary)		

Note that the total pension benefits of the 2 half-time teachers is \$8,000 compared to \$16,000 for the full time teacher, and that the total contributions of the two half time teachers is the same as the contribution of the full time teacher.

What is needed is a way for equity in benefits proportional to contributions. Also it should be noted that half-time teachers age just as fast as full time teachers and are required to have the same rigorous certification and professional obligations as a full time teacher.

I propose that the time frame for half-time teachers be the same as for full time teachers, and that retirement benefits be proportional to their contributions.

The following formulas could give that equitable benefit:

DEFINITIONS:

$$\text{FULL YEAR EQUIVALENT} = \frac{1}{2} \times \text{YEARS AT HALF TIME} + \text{YEARS AT FULL TIME}$$

$$\text{AVERAGE OF TOP 3 YEARS FULL SALARY EQUIVALENT} = \frac{\text{TOTAL SALARY FOR HIGHEST 3 FULL YEAR EQUIVALENTS}}{3}$$

From these definitions we calculate:

$$\text{YEARLY PENSION FORMULA} = \text{FULL YEAR EQUIVALENTS} \times \% \text{ MULTIPLIER} \times \text{AVERAGE OF TOP 3 years FULL SALARY EQUIVALENT}$$

$$\% \text{ OF ATRS HEALTH INSURANCE PREMIUM COVERED} = \frac{\text{FULL YEAR EQUIVALENTS}}{\text{CALANDER YEARS IN ATRS}} \times 100\%$$

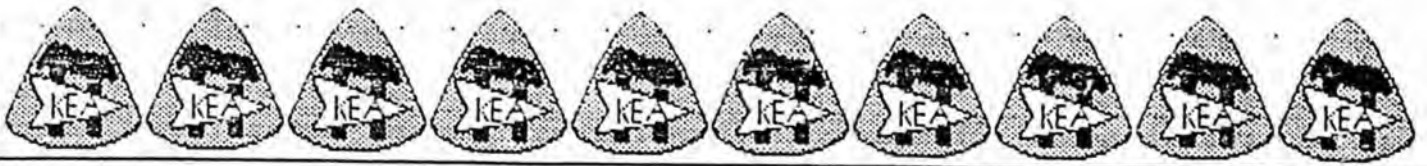
Results of the above formulas based on \$40,000 average salary equivalent

Years Half-time	Years Full-time	Yearly Pension	Percent health coverage (Less then 20 FULL YEAR EQUIVALENTS)
20	0	8,000	50%
18	2	8,800	55%
16	4	9,600	60%
14	6	10,400	65%
12	8	11,200	70%
10	10	12,000	75%
8	12	12,800	80%
6	14	13,600	85%
4	16	14,400	90%
2	18	15,200	95%
0	20	16,000	100%

Thank you for considering this plan.

3 of 3

Tom Givich



R.R. #1, Box 335
Ketchikan, Alaska 99901
Feb. 19, 1985

Representative John Sund
Pouch V
Juneau, Alaska 99811

Dear John:

First, may I thank you for your letter dated Jan.21, 1985. Never have I felt that a state legislator was so sincere in requesting input and so sincere in the desire to truly represent us. It was very reassuring.

Ketchikan Education Association is extremely interested in you and our other legislators introducing legislation in this year's session concerning part-time teachers. Presently the retirement system does not serve half-time teachers as they must work sixteen years to be vested in the retirement system and forty years before they receive a pension. Since all teachers seem to age at the same rate this seems grossly unfair. KEA's goal and the goal of NEA/Alaska through the New Business Item 85-173 which passed at this year's Delegate Assembly, is to see our half-time teachers with proportional benefits.

I'm sure you have heard this information before, but if you have any questions concerning this request please contact me at 225-6321 (home) or 225-4741 (work) or Phil Myerchin at 225-3786 (home) or 225-9815 (v) or Paul Jarvi at 225-5016 (home) or 225-4128 (work). You could also direct your questions to NEA/Alaska lobbyists, Bob Manners or Bob Cooksey. Paul Jarvi will be contacting you by phone in a few days.

Thank you for your consideration in this matter and we look forward to hearing from you.

Sincerely,

Margaret

Margaret Ortiz
President - KEA

HB 228

week, referred to as the 4/40 schedule. However, a compressed schedule is any schedule which enables the full-time employee to complete the basic work requirements of 80 hours in less than ten full work days in each biweekly pay period. For employees working under compressed schedules, overtime pay will continue to be paid for overtime hours which are officially ordered by an agency official and which exceed the basic work requirement.

The primary purpose of the Act is to permit a variety of flexible and compressed work schedules without requiring the Government to pay prohibitively expensive overtime payments for the same basic work requirement. In order to accomplish this purpose, the Act modified premium pay and scheduling provisions of title 5, United States Code and the Fair Labor Standards Act; however, the provisions of law are suspended only for purposes of permitting flexible and compressed schedules and are not intended to deprive employees of presently existing benefits.

1. Protection of premium pay and holiday benefits
2. Protection of employees against coercion
3. Preservation of the collective bargaining process
4. Protection of the public interest and efficiency of government operations.

The OPM submitted its interim report to the President and Congress in the fall of 1981. The report showed that alternative work schedules were positively received by Federal employees and managers, and in some instances, produced measurable savings to the Government, improvements in productivity and greater service to the public. Based on these findings, the OPM report recommended that permanent legislation be enacted authorizing the continued use of alternative work schedules in the Federal Government in organizational settings where they will improve productivity, or provide greater service to the public, and will be cost effective.

OTHER THAN FULL-TIME EMPLOYMENT

Federal agencies employ people on a variety of work schedules. While most Federal employees work on an 8 hour per day, 5 day per week basis, there are also provisions for employing workers on a *part-time* schedule (usually 16 to 32 hours per week), or on an *intermittent* basis in which the employee has no fixed schedule, but works as needed. There are also provisions for employing *seasonal* employees and *on-call* workers. These types of employees usually work only a portion of each year.

To provide agencies and employees with guidance on these forms of employment, OPM recently issued a new Federal Personnel Manual Chapter 340 on Other Than Full-Time Employment. (FPM Letter 340-2, May 4, 1984).

PART-TIME EMPLOYMENT

General Provisions. Federal agencies have set up over 20,000 part-time jobs within the last few years to provide opportunities for people unable to work full-time, for example, parents with family responsibilities, handicapped and older individuals, and students. In 1978, the Federal Employees Part-time Career Employment Act, established a continuing program for the promotion and expansion of part-time employment and made the following significant changes in Federal personnel management practices:

- Narrowed definition of part-time career employment from scheduled work of less than 40 hours per week to scheduled work *between 16 and 32 hours per week*, for employees who become part-time on or after April 8, 1979.
- Required agencies to establish programs to expand part-time career employment opportunities in competitive and excepted positions at grade levels through GS-15 or equivalent.
- Required agencies to report to the Office of Personnel Management (OPM) on progress in meeting part-time career employment goals.
- Changed the method for counting part-time employees against agency personnel ceilings by requiring the counting of part-time employees on the basis of the fractional part of the 40-hour week actually worked. (See FTE System below.)
- Prorated the Government contribution for the health insurance of eligible employees who become part-time on or after April 8, 1979, on the basis of the fraction of a full-time schedule worked.

The legislation also prohibits an agency from abolishing an occupied full-time position in order to create part-time jobs unless the employee has requested conversion to part-time.

An employee on a permanent part-time schedule before April 8, 1979, may work any schedule of less than 40 hours per week so long as the employee remains in that or any other permanent part-time position without a break in part-time service. A detail or temporary

promotion to a full-time position does *not* count as a break in part-time service.

Benefits and Rights. A part-time employee:

- Can, in most agencies, arrange for temporary variations in the work schedule.
- Can request a switch to full-time schedule and vice-versa.
- Will have pay computed by hourly rate.
- Is entitled to receive overtime pay for work over 8 hours a day, or over 40 hours a week; compensatory time may be granted in such situations.
- Earns annual leave according to the number of hours worked per pay period.
- Is paid for a holiday if it falls on a scheduled work day.

Additionally, a permanent part-time employee:

- *Receives a full year of service credit for each calendar year worked for computing retirement, date of career tenure, within-grade pay increases, leave category, and time-in-grade; however, work time is prorated to determine experience for qualification requirements.*
- Is eligible for retirement, life insurance and health benefits.
- Is, in general, entitled to the same overall appeal rights and protection in adverse action and reductions in force proceedings as full timers. Part-timers are in separate competitive levels for reduction-in-force purposes and can compete only for other part-time positions.

Personnel Ceiling System Changes (FTE System). An important change has been made in the personnel system which controls the size of the work force in Federal agencies.

- Beginning October 1, 1981, executive branch agencies (excluding the Department of Defense and the U.S. Postal Service) shifted to a *full-time equivalent work year (FTE)* system of ceiling allocation and control for *all* employment subject to ceiling.

The FTE system replaced the numerical end-of-year personnel ceilings which were used to control the size of the Federal work force for many years.

ON-CALL EMPLOYMENT

General. Federal agencies have a hiring option available to help respond rapidly to unpredictable fluctuations in workload. Under the on-call employment program, a limited portion of an agency's work force can be hired on a work-as-needed basis for heavy workload periods. The program provides management with a trained cadre of permanent employees, available on short notice to supplement the full-time workforce during above average workload periods. It reduces excessive use of overtime, and protects the full-time work force from reductions in force when workloads temporarily fall off.

On-call employment is distinguished from the career-seasonal form

applicable, constitute a work year for service computation purposes, but credit may not exceed elapsed calendar time in any case. See Appendix D for 260 days and 313 days charts.

(5) *Piecework rates.* The basic pay rate for a pieceworker is total basic earnings for any given year. If any period or periods of leave without pay during the year are involved, the year's earnings are divided by the number of days for which he or she was paid (work and leave with pay) and the average daily rate so obtained is multiplied by the total number of working days in the year to determine the basic pay rate.

(6) *Multiple rates.* The basic pay of an employee who works at different pay rates, whether on a regular or irregular schedule or on dual or multiple assignments with different rates of pay involved, is determined by computing the amount of basic pay from the retirement deductions and increasing the basic pay by any additional pay that could have been earned in any period of LWOP not in excess of six months in any calendar year.

For example, in the calendar year 1979, a wage employee paid in multiple rates was on LWOP for 80 hours at the applicable rate of \$6.04 per hour. Retirement deductions at the different rates totalled \$1,092. Compute the basic pay for the calendar year 1979 as follows: Divide \$1,092 by 7 and multiply by 100. This equals \$15,600, the basic pay for 1979. To this add the basic pay for the LWOP period—\$6.04 per hour times 80 hours equals \$483.20 or a total base pay for calendar year 1979 of \$16,083.20.

S14-4. GENERAL FORMULA FOR COMPUTING BASIC ANNUITY

a. *General formula.* The basic annuity under the general formula is obtained as follows:

Step 1. Take: 1½ percent of the high-3 average pay and multiply the result by service up to 5 years;

Step 2. Add: 1¼ percent of the high-3 average pay multiplied by number of years of service between 5 and 10;

Step 3. Add: 2 percent of the high-3 average pay multiplied by all service over 10 years.

Instead of using 1½ percent, 1¼ percent, and 2 percent of high-3 average pay, there may be substituted 1 percent of the high-3 average pay plus \$25 for any or all of these amounts if these substitutions produce a higher basic annuity.

b. Guides for application of the general formula.

The following rules apply in computing basic annuities under the general formula:

(1) If the high-3 average pay is \$5,000 or more, the highest basic annuity is obtained by using steps 1 through 3.

(2) If the high-3 average pay is between \$3,334 and \$4,999, the highest annuity is obtained by substituting the 1 percent plus \$25 in step 1, and then using steps 2 and 3.

(3) If the high-3 average pay is between \$2,501 and \$3,333, the highest annuity is obtained by substituting the 1 percent plus \$25 in steps 1 and 2, and using step 3.

(4) If the high-3 average pay is \$2,500 or less, the highest annuity is obtained by taking 1 percent of the high-3 average pay, adding \$25, and multiplying the result by total service, eliminating steps 1 through 3.

c. *Illustrations of annuity computations.* Section S14-14 contains examples of annuity computations under the general formula.

S14-5. GUARANTEED MINIMUM BASIC DISABILITY ANNUITY

a. *Guaranteed minimum formula.* An employee under age 60 retiring for disability is eligible to receive a minimum basic annuity, if it is greater than the basic annuity computed under the general formula above. The minimum basic annuity amounts to the LESSER OF—

(1) 40 percent of the employee's high-3 average pay, or

(2) The annuity obtained by using the general formula after increasing the length of actual service by the period elapsing between the date of the employee's separation for retirement and the date he or she would reach age 60.

(3) Because the guaranteed minimum retirement provision contains no requirement for projection of service past age 60, the disability annuity rate of an employee who is age 60 or over is always computed by using actual service in the general formula, regardless of whether the result would be greater or less than 40 percent of the high-3 average pay.

(4) Effective for disability annuities commencing on or after December 5, 1980, any employee who retires under the disability retirement provision of the Civil Service Retirement law and who is receiving military retired or retainer pay or compensation from the Veterans Administration in lieu of retired or re-

- 3) clarify that alteration or remodeling of facilities is not required by the bill.

SB 251, Relating to regulation of the practice of psychology.

SB 251, which was heard by the Committee on February 11, addresses the approval of graduate programs in psychology for the purposes of licensure. Current statute limits approval to programs that meet the requirements of the American Psychological Association (APA); as originally written, SB 251 deleted reference to any approval criteria. The attached committee substitute would delete reference to APA approval, and require the board to establish approval criteria in regulation. The regulations would be submitted to the legislature at the beginning of next session. A draft letter of intent suggesting program criteria is attached.

The committee substitute would also allow a psychological associate to petition the Board to practice without supervision after five years of licensure practice. The experience requirement for licensure would remain at three years, rather than the two years proposed in the original bill.

SB 456, Relating to the Board of Nursing Home Administrators.

SB 456 extends the Board of Nursing Home Administrators another four years. During the committee's sunset review of the board, recommendations were made to reduce the board's operating costs. To this effect, SB 456 would reduce the board membership from five to three and the number of annual meetings from two to one.

A letter of intent requesting the Department of Commerce to set license fees to cover the cost of board operations is attached.

CSHB 228 (Finance), An Act relating to retirement benefits for part-time teachers.

Under current statute, a teacher participating in the Teacher's Retirement System (TRS) is eligible for retirement benefits after 20 years of membership service. A part-time teacher needs 40 years of service to become eligible.

HB 228 would allow a part-time teacher to become eligible for retirement benefits after 20 years of service if the teacher has worked at least 50% of each school year. Benefits would be calculated so the half time person's retirement income reflects the half time employment. Substitute or temporary teachers would not qualify for benefits.

It is estimated that there are 489 teachers in the state with some years of part-time teaching.

FISCAL NOTE

Revision Date: _____

REQUEST Page 1 of 2
 Bill/Resolution No.: CSHB 229 (Fin)
 Title: "An Act relating to retirement benefits for part-time teachers"
 Sponsor: Finance
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Department of Education
 SRU: Retirement & Benefits, TRS State Match
 Components: Retirement & Benefits (TRS), TRS State Match

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
OPERATING						
PERSONAL SERVICES						
RTHMT & BNFTS		2.1	2.3	2.4	2.6	2.9
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
TRS MATCH		13.7	14.8	16.0	17.3	18.6
TOTAL OPERATING	-0-	15.8	17.1	18.4	19.9	21.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		15.8	17.1	18.4	19.9	21.5
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	15.8	17.1	18.4	19.9	21.5

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

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached

Prepared By: J.R. Humphreys, Director Phone: 465-4470
 Division: Retirement & Benefits Date: 12/17/85
 Approved by Commissioner: Eleanor Andrews Date: 12/26/85
 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 (Finance)
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

December 17, 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 87. The state TRS payroll is estimated to be \$68,569,578 in FY 87 and to increase by 8% each year thereafter. The TRS State Match contribution would increase by .003% in FY 87. The TRS State Match salary is estimated to be \$456,833,417 for FY 87 and to increase by 8% each year thereafter.

The State cost of \$15.8 is calculated as follows:

The increase in TRS contribution rate (.003%) times the estimated FY 87 State TRS salaries (\$68,569,578.00) equaling \$ 2,100.00

Plus the increase in TRS State Match contribution rate (.003%) times the estimated FY 87 State Match Payroll (\$456,833,417.00) equaling \$ 13,700.00

Total FY 87 estimated cost \$ 15,800.00

In addition to the State's costs above, School Districts costs would increase as follows:

FY 87	FY 88	FY 89	FY 90	FY 91
\$11.6	\$12.6	\$13.6	7	\$15.8

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 \$163,000.

D.O.A. FISCAL NOTE ANALYSIS



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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FAIRBANKS REGIONAL OFFICE

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(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

NEA ENDORSEMENT