

HB

12

APR 13 1987

Anchorage Daily News

Thursday, April 9, 1987

D3

Bill file

House votes to alter teacher benefit system

By ROSEMARIE ALEXANDER
The Associated Press

JUNEAU — House lawmakers Wednesday voted to limit the amount of experience teachers can claim toward retirement when they join Alaska's system.

The bill (HB12) would save the state money and put more Alaska teachers to work, say the sponsors, Reps. Ron Larson, D-Palmer, and Curt Menard, R-Wasilla.

"We have many young college graduates from the state who've come back to Alaska, but have not been able to find jobs because they can't com-

pete," Larson said.

Under current law, teachers can claim up to 10 years prior military and outside teaching service. Larson's bill would recognize three years.

The legislation would affect teachers entering the retirement system after July 1.

The change would save \$157,500 in fiscal 1988, according to Ken Humphreys, director of the Retirement and Benefits Division.

Larson said most states do not allow any credit for prior experience.

"We need to cut down on

some of our liberal benefits," he said.

He used this example:

"Take a person at age 50 who retires from an administrative position outside the state, brings in 10 years experience and gets a \$90,000 administrative position here. They work for five years and at 55 are eligible to retire with 30 percent of their \$90,000 salary. That's \$27,000 to \$28,000 every year for the rest of their life. It's a heavy drain on the retirement system at the expense of everybody else," Larson said.

Only Rep. Johnny Ellis, D-Anchorage, voted against the bill. He said there should be some middle ground.

"Going from 10 years to three years of outside service is a little rash," he said.

Ellis said he agrees with the intent of the bill, but believes Alaska may not always have its present glut of teachers.

"After the recession, Alaska will continue to need to attract good teachers," Ellis said.

During committee hearings

on the bill, Bob Greene of the Alaska Association of School Boards said his group supports the legislation.

But Bob Cooksey of the National Education Association-Alaska suggested outside credit be phased into the retirement system.

Larson said his bill is a phase-in.

"Three years is better than no years," he said.

The Senate is considering a measure (SB73) that would eliminate all credit for outside experience.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1987

SUBJECT: Sectional analysis of HB 12
(Limiting credited service in TRS)

TO: Representative Ron Larson

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of the above described bill. As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sections 1 and 2 reduces the total of combined territorial service, military service, outside service and Alaska BIA service that may be claimed by a member of the Teachers' Retirement System who was hired after June 30, 1987, from five years to three years.

Section 3 amends the military service section to reflect the three year limit.

Section 4 amends the territorial service section to reflect the three year limit.

Section 5 amends the BIA service section to reflect the three year limit.

Section 6 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:mkr
m8/046

STATE OF ALASKA
THE LEGISLATURE

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

H HESS

3-19-87

8:30a.m.

HOUSE COMMITTEE REPORT

5/20

(7)

Date referred: 2/9/87

FURTHER REFERRALS: Finance

DATE: 3-19-87

The Health, Education and Social Services Committee has considered HB 12

"An Act relating to limiting certain kinds of credited service in the Teacher's Retirement System; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Roll E. Ellis

Wayne H. Stanley

McGowan

Walter Kozana no rec

John H. ... no rec

James ... NO REC

John Ellis NO REC.

Walter Kozana
Cochairman's signature

co John Ellis

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: HESS
Finance

DATE: 2-6-87

The State Affairs Committee has considered HB 12

"An Act relating to limiting certain kinds of credited service in the Teacher's Retirement System; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Terry Martin

Smith memorandum (CRK RT Bill)

SIGNING OTHER RECOMMENDATIONS:

W. Lee (only) NO REC

Cliff Davidson No Rec.

Tom Ulmer NO REC

Tom Ulmer

 Chairman's signature

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

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

STEVE COWPER, GOVERNOR

February 5, 1987

The Honorable Fran Ulmer
Chairman, House State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

Re: House Bill 12

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 12. The analysis includes the long-term and short-term savings to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds.

This bill would reduce the amount of non-membership service that may be claimed in the TRS to a maximum of three years for members first hired on or after July 1, 1987. It is estimated to result in a .02% decrease in the TRS state contribution rate in FY 88. The state TRS payroll is estimated to be \$48,498,325 in FY 88 and to remain level each year thereafter. The TRS state match contribution rate would also decrease by .02% in FY 88. The TRS state match payroll is estimated to be \$345,200,891 in FY 88 and to remain level each year thereafter.

The savings of \$78.8 is calculated as follows:

The decrease in the TRS contribution rate
(.02%) times the estimated FY 88 University
of Alaska TRS payroll (\$43,057,037) equaling: [\$ 8.6]

Plus the decrease in the TRS contribution
rate (.02%) times the estimated FY 88 Department
of Education TRS payroll (\$5,441,288) equaling: [\$ 1.1]

Plus the decrease in the TRS state match
contribution rate (.02%) times the
estimated FY 88 TRS state match payroll
(\$345,200,891) equaling: [\$ 69.0]

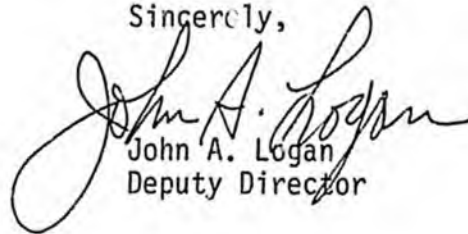
Total state FY 88 savings [\$ 78.7]

February 5, 1987

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .02% which would result in savings of \$59.3 for FY 88 and each year thereafter.

There will not be any adverse impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,



John A. Logan
Deputy Director

JAL/cam/7

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 12
Publish Date: _____

REQUEST _____

Revision Date: Bill/Res No: HB 12
Title: An Act relating to limiting
certain kinds of credited service in the TRS
Sponsor: Larson
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

An analysis of the impact of this bill on the actuarial soundness of the Teachers' Retirement System (TRS) funds is provided in the attached letter to Representative Ulmer.

Prepared By: John A. Logan

Division: Retirement and Benefits

Phone: (907) 465-4470

Date: February 3, 1987

Approved by Commissioner: Garrey Peska

Agency: Department of Administration

Date: 2/5/87

Distribution (by preparer):

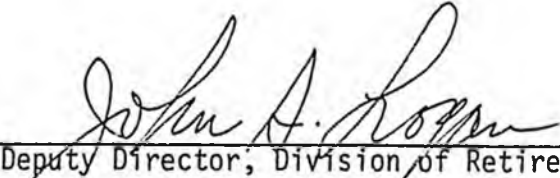
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

POSITION PAPER

HB 12

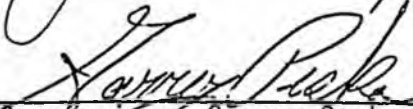
This bill applies to members of the Teachers' Retirement System (TRS) who are first hired on or after July 1, 1987. It would reduce the amount of non-membership service that may be claimed in the TRS to a maximum of three years. This bill represents cost savings to the state and school districts. Cost containment measures in the TRS such as this could be used to help offset the cost associated with a change to the TRS statutes for an actuarially funded post retirement pension adjustment mechanism.

Because of the reasons stated above, the Department is neutral on this Bill.



Deputy Director, Division of Retirement & Benefits

2-5-87
Date



Commissioner Garrey Peska
Department of Administration

2/5/87
Date