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HB 80            An Act relating to benefits in the Teachers'  
Retirement System for part-time teachers.

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# STATE OF ALASKA THE LEGISLATURE

POUCH Y - 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

HHESS	4-8-87	8:30 a.m.
" "	5-8-87	" "

# 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

May 11, 1987

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

The Honorable Johnny Ellis  
The Honorable Niilo Koponen  
Co-Chairmen  
House Health, Education and Social  
Services Committee  
P.O. Box V  
Juneau, AK 99811

Dear Messrs. Chairmen:

Re: ~~Sponsor~~ <sup>Committee</sup> Substitute for House Bill 80 (Hess)

In accordance with AS 24.08.036, I am providing the analysis below on Sponsor Substitute for House Bill 80. The analysis includes the long-term and short-term costs 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 enable members of the TRS to receive full credit for their part-time teaching for the purposes of establishing eligibility for benefits. They would continue to receive half credit for the purposes of calculating benefits. They would also be required to pay  $\frac{1}{2}$  of the retiree health insurance premium if they vest for benefits under this bill. It is estimated to result in a .0195% increase in the TRS state contribution rate in FY 88. The state TRS payroll is estimated to be \$52,576,265 in FY 88 and to remain level each year thereafter. The TRS state match contribution rate would also increase by .0195% in FY 88. The TRS state match payroll for FY 88 is estimated to be \$374,226,795 and to remain level each year thereafter.

The costs of \$83.3 are calculated as follows:

The increase in the TRS contribution rate (.0195%) times the estimated FY 88 University of Alaska TRS payroll (\$46,677,450) equaling:	\$ 9.1
Plus the increase in the TRS contribution rate (.0195%) times the estimated FY 88 Department of Education TRS payroll \$5,898,815) equaling:	1.2
Plus the increase in the TRS state match contribution rate (.0195%) times the estimated FY 88 TRS state match payroll \$374,226,795) equaling:	<u>73.0</u>
Total state FY 88 costs	\$ 83.3

The Honorable Johnny Ellis  
The Honorable Niilo Koponen

-2-

May 11, 1987

In addition to the state costs described above, there would be an increase in the school districts' contribution rate of .0195% which would result in costs of \$62.7 for FY 88 and each year thereafter.

Although there will not be an adverse impact on the actuarial soundness of the TRS fund if the bill becomes law, the unfunded liability will increase by \$.6 million and the funding ratio will decrease by .05%.

Sincerely,



Robert F. Stalnaker  
Deputy Director

RFS/meg/1

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SSHB 80  
Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to benefits in the TRS for part-time teachers  
Sponsor: Taylor  
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
<b>OPERATING</b>						
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 Representatives Ellis and Koponen.

Prepared By: Robert F. Stalnaker Phone: (907) 465-4470  
Division: Retirement and Benefits Date: 5/11/87  
Approved by Commissioner: Garrey Peska Date: 5/11/87  
Agency: Department of Administration

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

Position Paper

SSHB 80

This bill would allow members of the Teachers' Retirement System (TRS) who work as part-time teachers for 8 years to receive full-time credit for the purposes of determining eligibility for benefits. However, they would still only receive half credit for their part-time teaching for the purpose of calculating the amount of benefits. In addition, if they vest under the 8 year part-time service provision, they would be required to pay  $\frac{1}{2}$  the premium for retiree health insurance coverage.

This bill serves to address the concerns of career part-time teachers by allowing these teachers to vest for a benefit after 8 years of part-time service. Their benefit formula would not be changed and the requirement for them to pay  $\frac{1}{2}$  of the retiree health insurance premium will help to offset the potential fiscal impact of this bill.

The Department is neutral on this bill.

Robert A. Stalvaker  
Director, Division of Retirement & Benefits

5/11/87  
Date

Garrey Peska  
Commissioner Garrey Peska  
Department of Administration

5/11/87  
Date

Position Paper

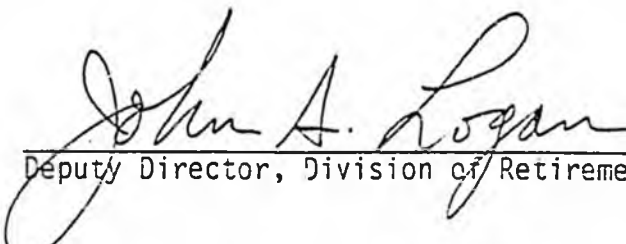
HB 80

This bill would allow members of the Teachers' Retirement System (TRS) to receive full-time credit for their part-time teaching for the purposes of determining eligibility for benefits. However, they would still only receive half credit for their part-time teaching for the purpose of calculating the amount of benefits. This means that members who teach part-time for eight years would be entitled to a benefit based on only four years service credit when they reached normal retirement age.

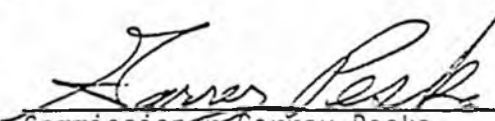
This creates an inequity by establishing two different classes of membership; those who dedicate their full time to the teaching profession and those who teach on a part-time basis and have the opportunity to pursue other endeavors. However, both categories would be able to vest in the TRS over the same period of time, eight years.

The vesting requirement in the TRS should be based on service credit earned and should be the same for all members.

The Department is opposed to this bill.

  
\_\_\_\_\_  
Deputy Director, Division of Retirement & Benefits

2-25-87  
Date

  
\_\_\_\_\_  
Commissioner Garrey Peska  
Department of Administration

2/27/87  
Date

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: HB 80  
Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: HB 80  
Title: An Act relating to benefits in the TRS for part-time teachers  
Sponsor: Fischer  
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
<b>OPERATING</b>						
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING: (Thousands of Dollars)

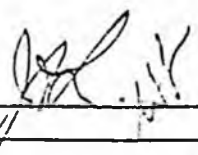
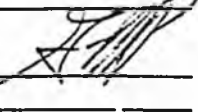
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 Representatives Ellis and Koponen.

Prepared By: John A. Logan  Phone: (907) 465-4470  
Division: Retirement and Benefits Date: February 17, 1987  
Approved by Commissioner: Garrey Peska  Date: 2/27/87  
Agency: Department of Administration

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

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 Audit Plan  
 Supplemental Benefits System  
 Group Health Life Insurance Benefits  
 Deferred Compensation Plan  
 Public Employers Social Security Contributions

**DEPARTMENT OF ADMINISTRATION**

**DIVISION OF RETIREMENT & BENEFITS**

PLEASE REPLY TO:

X P.O. BOX CR  
 JUNEAU, ALASKA 99811-0203  
 PHONE: (907) 665-4460

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

STEVE COWPER, GOVERNOR

February 24, 1987

The Honorable Johnny Ellis  
 The Honorable Niilo Koponen  
 Co-Chairmen  
 House Health, Education and Social  
 Services Committee  
 P.O. Box V  
 Juneau, AK 99811

Dear Messrs. Chairmen:

Re: House Bill 80

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 80. The analysis includes the long-term and short-term costs 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 enable members of the TRS to receive full credit for their part-time teaching for the purposes of establishing eligibility for benefits. They would continue to receive half credit for the purposes of calculating benefits. It is estimated to result in a .07% increase 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 increase by .07% in FY 88. The TRS state match payroll for FY 88 is estimated to be \$345,200,891 and to remain level each year thereafter.

The costs of \$275.5 are calculated as follows:

The increase in the TRS contribution rate (.07%) times the estimated FY 88 University of Alaska TRS payroll (\$43,057,037) equaling:	\$ 30.1
--	---------

Plus the increase in the TRS contribution rate (.07%) times the estimated FY 88 Department of Education TRS payroll (\$5,441,288) equaling:	3.8
---	-----

Plus the increase in the TRS state match contribution rate (.07%) times the estimated FY 88 TRS state match payroll (\$345,200,891) equaling:	<u>241.6</u>
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Total state FY 88 costs	\$275.5
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The Honorable Johnny Ellis  
The Honorable Niilo Koponen

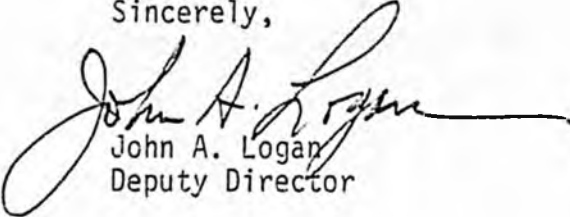
-2-

February 24, 1987

In addition to the state costs described above, there would be an increase in the school districts' contribution rate of .07% which would result in costs of \$207.7 for FY 88 and each year thereafter.

Although there will not be an adverse impact on the actuarial soundness of the TRS fund if the bill becomes law, the unfunded liability will increase by \$2.7 million and the funding ratio will decrease by .2%.

Sincerely,



John A. Logan  
Deputy Director

JAL/cam/1

These figures are based on actual salary figures and the actual percentage of contribution which each member makes and the actual percentages which the state and local districts have contributed. They are rounded off to the nearest cent to simplify the figures just a little. Teacher A is a teacher who has taught in the Ketchikan system for twenty years, retires at age 55 and dies at age 76, which is an average lifespan. Teacher B is a teacher who taught outside the state for five years prior to coming to Alaska. This teacher finishes off her years as a part-time teacher, retiring after eight years of part-time service in the state of Alaska at age 55. She also lives to age 76. Teacher C is the full-time counterpart of teacher B who retires after teaching 8 fulltime years in the state of Alaska.

All the teachers make normal advancement on the salary scale and move horizontally as well as vertically at appropriate times. Economic factors are presumed to be constant, for if economic factors affect one salary, they will affect the other two salaries in the same manner. The average percentage of interest was figured as an average of 7%, even though that rate fluctuates daily. When Teacher A started teaching, the interest rate was probably 3-4%, while now with stock market gains they may be as high as 20-30%. Still, what affects one fund will affect the others in the same way. Cost of living also fluctuates, so 2% annually may be low for most recent years, affecting Teacher B and C the most directly.

Please notice the final figures on each teacher. Teacher A and Teacher B both run out of money in their accounts in 1994-95. Teacher C runs out of money in 1993.

As long as there is any money in the account, the 7% interest accrues. When the fund is depleted, that is no longer added.

Teacher A - page 1

<u>Year</u>	<u>Salary</u>	<u>Teacher Contribution</u>	<u>District and State Contributions</u>
1965-66	\$5500	\$275. (5%)	\$275. <del>(5%)</del> 2.5% each
1966-67	\$7040	\$352.	\$352.
1967-68	\$7580	\$379.	\$379.
1968-69	\$9440	\$472.	\$472.
1969-70	\$10,000	\$500.	\$500.
1970-71	\$12,500	\$875. (7%)	\$1135. (4.54% each)
1971-72	\$13,000	\$910.	\$1276.60 (4.91% each)
1972-73	\$13,500	\$945.	\$1325.70
1973-74	\$15,240	\$1066.80	\$1709.93 (5.61% each)
1974-75	\$16,360	\$1145.20	\$1835.59
1975-76	\$19,600	\$1372.	\$2673.44 (6.82% each)
1976-77	\$20,982	\$1468.74	\$2975.25 (7.09% each)
1977-78	\$21,983	\$1538.81	\$2945.72 (6.7% each)
1978-79	\$24,589	\$1721.23	\$3471.97 (7.06% each)
1979-80	\$26,805	\$1876.35	\$3993.945 (7.45% each)
1980-81	\$29,427	\$2059.84	\$4631.81 (7.87% each)
1981-82	\$34,225	\$2395.75	\$5763.49 (8.45% each)
1982-83	\$37,477	\$2623.39	\$6333.61 (8.71% each)
1983-84	\$38,103	\$2667.42	\$6638.07
1984-85	\$43,523	\$3046.61	\$7816.73 (8.98% each)
1985-86	\$45,116	\$3158.12	\$7940.42

At this point Teacher A retires under the retirement incentive plan.

<u>Year</u>	<u>Total Contributions</u>	<u>Interest (7%)</u>	<u>Total in Account</u>
1965-66	\$550.	\$38.50	\$588.50
1966-67	\$704.	\$90.48	\$1382.98
1967-68	\$758.	\$149.87	\$2290.85
1968-69	\$944.	\$226.44	\$3461.29
1969-70	\$1,000.	\$312.29	\$4773.58
1970-71	\$2010.	\$474.85	\$7258.43
1971-72	\$2186.60	\$661.15	\$10,106.18
1972-73	\$2270.70	\$886.38	\$13,243.26
1973-74	\$2776.73	\$1121.40	\$17,141.39
1974-75	\$2980.79	\$1408.55	\$21,530.73
1975-76	\$4045.44	\$1790.33	\$27,366.50
1976-77	\$4443.99	\$2226.73	\$34,037.22
1977-78	\$4484.53	\$2696.52	\$41,218.27
1978-79	\$5193.20	\$3248.80	\$49,660.27
1979-80	\$5870.30	\$3887.14	\$59,417.71
1980-81	\$6691.65	\$4627.66	\$70,737.01
1981-82	\$8159.24	\$5522.74	\$84,418.99
1982-83	\$8957.00	\$6536.31	\$99,912.31
1983-84	\$9305.49	\$7645.25	\$116,863.04
1984-85	\$10,863.34	\$8940.85	\$136,667.22
1985-86	\$11,098.54	\$10,343.60	\$158109.36

At this time, teacher A retires.

RETIREMENT YEARS

Salary is based on 21 years experience x .02 x average highest salary of \$42,248.33 and an annual cost of living increase of 2%. It is also assumed that costs of health and medical insurance will increase 1% annually.

<u>Year</u>	<u>Insurance</u>	<u>Salary</u>	<u>Total Benefits</u>	<u>Account before interest</u>	<u>Interest (7%)</u>
1986-87	\$2340	\$17,744.30	\$20,084.30	\$138,025.06	\$9661.75
1987-88	\$2448.54	\$18,099.19	\$20,547.73	\$127,139.08	\$8899.74
1988-89	\$2473.03	\$18,461.17	\$20,934.20	\$106,204.88	\$7434.34
1989-90	\$2497.76	\$18,830.39	\$21,328.15	\$92,311.07	\$6461.77
1990-91	\$2522.74	\$19,206.99	\$21,729.74	\$77,043.10	\$5393.02
1991-92	\$2547.97	\$19,591.13	\$22,139.10	\$60,297.02	\$4220.79
1992-93	\$2573.45	\$19982.95	\$22,556.40	\$41,961.41	\$2937.30
1993-94	\$2599.18	\$20,382.81	\$22,981.79	\$21,916.92	\$1534.18
1994-95	\$2625.17	\$20,790.89	\$23,415.84	\$ 35.26	\$2.46
1995-96	\$2651.42	\$21,206.71	\$23,858.73	-\$23,821.01	
1996-97	\$2677.93	\$21,630.89	\$24,308.77	-\$48129.08	
1997-98	\$2704.71	\$22,063.81	\$24,768.87	-\$72,897.90	
1998-99	\$2731.75	\$22,505.89	\$25,236.89	-\$98,134.89	
1999-00	\$2759.08	\$22,956.81	\$25715.09	-\$123,848.87	

At this time, teacher dies.

<u>Year</u>	<u>Amount in Account after interest is added</u>
1986-87	\$147,686.81
1987-88	\$136,038.82
1988-89	\$113,639.22
1989-90	\$98,772.84
1990-91	\$82,436.12
1991-92	\$64,517.81
1992-93	\$44,898.71
1993-94	\$23,451.10
1994-95	\$37.72

Teacher B (halftime)

Teacher B comes to the state of Alaska with five years of teaching experience from another state.

<u>Year</u>	<u>Salary</u>	<u>Teacher Contribution</u>	<u>District and State Contributions</u>
1978-79	\$10,387	\$727.09	\$1466.65 (7.06% each)
1979-80	\$11,738.50	\$821.70	\$1749.04 (7.45% each)
1980-81	\$13,800.	\$966.04	\$2172.12 (7.87% each)
1981-82	\$15,612.50	\$1092.88	\$2638.51 (8.45% each)
1982-83	\$17,643.50	\$1235.05	\$3073.50 (8.71% each)
1983-84	\$17940	\$1255.80	\$3125.15
1984-85	\$18,839	\$1318.73	\$3383.48 (8.98% each)
1985-86	\$18839	\$1318.73	\$3383.48

Teacher B

-2-

<u>Year</u>	<u>Total Contributions</u>	<u>Interest (7%)</u>	<u>Total in Account</u>
1978-79	\$2193.74	\$153.56	\$2347.30
1979-80	\$2570.74	\$344.26	\$5262.30
1980-81	\$3138.16	\$588.03	\$8988.49
1981-82	\$3731.39	\$890.39	\$13,610.27
1982-83	\$4308.55	\$1254.32	\$19,173.14
1983- 84	\$4380.95	\$1648.79	\$25,202.88
1984-85	\$4702.21	\$2093.36	\$31,998.45
1985-86	\$4702.21	\$2569.05	\$39,269.71

Teacher B retires as a halftime teacher

## RETIREMENT YEARS

Salary is based on 9 years teaching experience (5 years transferred in and 8 half-years which count as 4 years  $\times$  .02  $\times$  salary of \$18,539.33. Insurance costs will rise 1% annually, and cost of living will increase 2% annually.

<u>Year</u>	<u>Insurance</u>	<u>Salary</u>	<u>Total Benefits</u>	<u>Account before interest</u>	<u>Interest (7%)</u>
1986-87	\$2340	\$3337.08	\$5677.07	\$33,592.64	\$2351.48
1987-88	\$2448.54	\$3403.82	\$5852.36	\$30,091.76	\$2106.42
1988-89	\$2473.03	\$3471.90	\$5944.93	\$26,253.25	\$1837.73
1989-90	\$2497.76	\$3541.34	\$6039.10	\$22,051.88	\$1543.63
1990-91	\$2522.74	\$3612.16	\$6134.91	\$21,956.07	\$1536.92
1991-92	\$2547.97	\$3684.40	\$6232.37	\$17260.62	\$1208.24
1992-93	\$ 2573.45	\$3758.09	\$6331.54	\$12,137.32	\$849.61
1993-94	\$2599.18	\$3833.25	\$6432.43	\$6554.50	\$458.82
1994-95	\$2625.17	\$3909.92	\$6535.09	\$478.23	\$33.48
1995-96	\$2651.42	\$3988.12	\$6639.53	-\$6127.82	
1996-97	\$2677.93	\$4067.88	\$6745.81	-\$12,873.63	
1997-98	\$2704.71	\$4149.24	\$6853.94	-\$19,727.58	
1998-99	\$2731.75	\$4232.22	\$6963.97	-\$26,691.55	
1999-00	\$2759.08	\$4316.86	\$7075.94	-\$33,767.49	

At this time, teacher B. dies.

Teacher B

<u>Year</u>	<u>Total in Account</u>
1986-87	\$35,944.12
1987-88	\$32,198.18
1988-89	\$28,090.98
1989-90	\$23,595.51
1990-91	\$23,492.99
1991-92	\$18,468.86
1992-93	\$12,986.93
1993-94	\$7013.32
1994-95	\$511.71

### Teacher C

Teacher C is the full-time counterpart of Teacher B.

<u>Year</u>	<u>Salary</u>	<u>Teacher Contribution</u>	<u>District and State Contributions</u>	
1978-79	\$20,774.	\$1454.18	\$2933.30	(7.06% each)
1979-80	\$23,477.	\$1643.40	\$3498.08	(7.45% each)
1980-81	\$27,600.	\$1932.08	\$4344.24	(7.87% each)
1981-82	\$31,225.	\$2185.76	\$5277.02	(8.45% each)
1982-83	\$35,287.	\$2470.10	\$6147.	(8.71% each)
1983-84	\$35,880.	\$2511.60	\$6250.30	
1984-85	\$37,678.	\$2637.46	\$6766.96	(8.98% each)
1985-86	\$37,678.	\$2637.46	\$6766.96	

<u>Year</u>	<u>Total Contributions</u>	<u>Interest</u>	<u>Total in Account</u>
1978-79	\$4387.48	\$307.12	\$4694.60
1979-80	\$5141.48	\$688.53	\$10,524.61
1980-81	\$6276.32	\$1176.07	\$17,976.99
1981-82	\$7462.78	\$1780.78	\$27,220.55
1982-83	\$8617.10	\$2508.64	\$38,346.29
1983-84	\$8761.90	\$3297.57	\$50,405.76
1984-85	\$9404.42	\$4186.71	\$63,996.89
1985-86	\$9404.42	\$5138.09	\$78,539.40

At this point, teacher C retires.

Teacher C—Page 3

Salary is based on 14 years experience x .02 x salary of \$37,078.66. Insurance costs will rise 1% annually, and cost of living will increase 2% annually.

<u>Year</u>	<u>Insurance</u>	<u>Salary</u>	<u>Total Benefits</u>	<u>Account before Interest</u>	<u>Interest (7%)</u>
1986-87	\$2340.	\$10,382.02	\$12,722.02	\$65,817.38	\$4607.22
1987-88	\$2448.54	\$10,589.66	\$13,038.20	\$57,386.40	\$4017.05
1988-89	\$2473.03	\$10,801.45	\$13,274.48	\$48,128.97	\$3369.03
1989-90	\$2497.76	\$11,017.48	\$13,515.34	\$37,982.66	\$2658.79
1990-91	\$2522.74	\$11,237.83	\$13,760.57	\$26,880.88	\$1881.66
1991-92	\$2547.97	\$11,462.59	\$14,010.56	\$14,751.98	\$1032.64
1992-93	\$2573.45	\$11,691.84	\$14,265.29	\$1519.33	\$106.35
1993-94	\$2599.18	\$11,925.68	\$14,524.86	-\$12,899.18	
1994-95	\$2625.17	\$12,164.19	\$14,789.36	-\$27,688.54	
1995-96	\$2651.42	\$12,407.47	\$15,058.89	-\$42,747.43	
1996-97	\$2677.93	\$12,655.61	\$15,333.55	-\$58,080.98	
1997-98	\$2704.71	\$12,908.72	\$15,613.43	-\$73,694.41	
1998-99	\$2731.75	\$13,166.89	\$15,898.64	-\$89,593.05	
1999-00	\$2759.08	\$13,430.23	\$16,189.31	-\$105,782.35	

At this time teacher C dies.

Teacher C—Page 4

<u>Year</u>	<u>Total in Account</u>
1986-87	\$70,424.60
1987-88	\$61,403.45
1988-89	\$51,498.00
1989-90	\$40,641.45
1990-91	\$28,762.54
1991-92	\$15,784.62
1992-93	\$1,625.68

Frances Harper HB 80

Due to the time frame, many who support HB 80 are not able to attend. We do appreciate the opportunity to speak.

We thank Robin for his excellent and fair introduction of the bill.

I speak for HB 80 - 8 yr. vesting for half time people.

To compare - equate half to full time -  
Same Educational requirements  
Same % mandatory contribution  
Same retirement restrictions

Taylor & Lewis HB 80 clarifies and enhances the computation of membership service for half time people.

I ask your passage of HB 80 & rectify the inequity of the situation.

Thank you,

Frances Harper  
2403 2nd Ave  
Ketchikan, Alaska 99901

225-3791

Robin,

Look these figures over before the Wednesday hearing if possible. It should be helpful in answering the T. R. S. allegations that it is going to be expensive to retire the half-time teacher. As you can see, it will cost the state \$34,000. to retire the 8-year half-time teacher as compared to \$105,782. for the 8-year full-time teacher who retires. \$34,000 is cheaper than welfare for the lifetime retirement of anyone. Pages 1 + 2 go together as do pages 3 + 4 in each case.

It would appear that what is needed is to raise the cost per individual teacher to 8% or 7½ percent, since there has been no increase since 1970, rather than discriminate against the half-time teacher.

Give it your best shot. I'll be with you on the audioconference.



Carolyn

By the way, the state has been paying more all along to the account of the 8-year full-time teacher than to the 8-year half-time teacher because it is based on a percentage of income.

Thanks for your help.

Issue: - Some districts are trying to hire teachers  
on  $\frac{1}{2}$  time basis - rather than full-time  
- overall cost savings is the purpose

- Some of these teachers would prefer full-time

Problem: as  $\frac{1}{2}$  time, these are not eligible for  
retirement benefits until after 40 yrs  
- see 14.25.110 (a)

Need: to make them eligible after 20 yrs of <sup>at least</sup>  $\frac{1}{2}$  time  
(not part-time)

Question: How to do it

a) Change 14.25.110 (a)

or

b) Change 14.25.220 (20)

or

c.) other

or some combination

on 3/5 I called Stuhlman (Dir. of Ret) - he opposed, I  
asked for help anyway - No response yet.

February 8, 1985

Dear Representative Taylor,

I urge you to support legislation equalizing the treatment of half-time teachers in the state retirement system. At present it takes a half-time teacher twice as many years to become vested (16 vs. 8 years) and twice as many years to retire (40 years vs. 20 years) as full time teachers. There should be no time difference. Rather the benefits simply should be half the benefits of a full time teacher, which they are.

Please give your support to rectify this unfair policy.

Thank you.

Sincerely,

*Joan Hiatt*

Joan Hiatt

Route 1 Box 194

Ketchikan, AK 99901

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SSHB 80  
Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to benefits in the TRS for part-time teachers  
Sponsor: Taylor  
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
<b>OPERATING</b>						
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 Representatives Ellis and Koponen.

Prepared By: Robert F. Stalnaker Phone: (907) 465-4470  
Division: Retirement and Benefits Date: 5/11/87  
Approved by Commissioner: Garrey Peska Date: 5/11/87  
Agency: Department of Administration

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

5-0362B  
Cramer  
4/8/87

Original sponsors: Taylor, Sund  
and Zawacki

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 80 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to benefits in the Teachers' Retirement  
7 System for part-time teachers."

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

9 \* Section 1. AS 14.25.220(40) is amended to read:

10 (40) "year of service" means service, except for military  
11 and territorial service, during the dates set for a school year;  
12 partial-year service credit is given for membership and BIA service as  
13 follows:

- 14 (A) before July 1, 1969, during any school year,
  - 15 (i) less than 20 days, no credit;
  - 16 (ii) 20 days or more but less than 35 days, 0.2  
17 years;
  - 18 (iii) 35 days or more but less than 49 days, 0.3  
19 years;
  - 20 (iv) 49 days or more but less than 63 days, 0.4  
21 years;
  - 22 (v) 63 days or more but less than 77 days, 0.5  
23 years;
  - 24 (vi) 77 days or more but less than 91 days, 0.6  
25 years;
  - 26 (vii) 91 days or more but less than 105 days, 0.7  
27 years;
  - 28 (viii) 105 days or more but less than 119 days, 0.8  
29 years;

1 (ix) 119 days or more but less than 133 days, 0.9  
2 years;

3 (x) 133 days or more, 1.0 years;

4 (B) on or after July 1, 1969, during any school year,

5 (i) less than nine days, no credit;

6 (ii) nine days or more but less than 27 days, 0.1  
7 years;

8 (iii) 27 days or more but less than 45 days, 0.2

9 years;

10 (iv) 45 days or more but less than 63 days, 0.3

11 years;

12 (v) 63 days or more but less than 81 days, 0.4

13 years;

14 (vi) 81 days or more but less than 100 days, 0.5

15 years;

16 (vii) 100 days or more but less than 118 days, 0.6

17 years;

18 (viii) 118 days or more but less than 136 days, 0.7

19 years;

20 (ix) 136 days or more but less than 154 days, 0.8

21 years;

22 (x) 154 days or more but less than 172 days, 0.9

23 years;

24 (xi) 172 days or more, 1.0 years;

25 (C) for purposes of computing membership service for  
26 eligibility for benefits a teacher who works at least one-half  
27 the number of hours required of a full-time teacher during a  
28 school year shall be credited with one year of service; for all  
29 other purposes, service performed on a part-time basis shall

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[WILL] be credited with one-half credit for each day of service;  
\* Sec. 2. AS 14.25.110(a)(7) is repealed.

1 IN THE HOUSE

BY TAYLOR, SUND,  
ZAWACKI AND KOPONEN

2 *Comm.*  
SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 80

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to benefits in the Teachers' Retirement  
7 System for part-time 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) Subject to AS 14.25.167, a member is eligible for a normal  
11 retirement benefit if the 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;

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; or

28 (8) has attained the age of 55 years and has at least  
29 one-half year of membership service as a part-time teacher for each of

1 eight school years.

2 \* Sec. 2. AS 14.25.110(b) is amended to read:

3 (b) Subject to AS 14.25.167, a member is eligible for an early  
4 retirement benefit upon completing any one of the service requirements  
5 in (a)(1), (2), [OR] (3), or (8) of this section and attaining the age  
6 of 50 years.

7 \* Sec. 3. AS 14.25.168(a) is amended to read:

8 (a) Except as provided in (c) and (d) of this section, the  
9 following persons are entitled to major medical insurance coverage:

10 (1) a person receiving a monthly benefit from the system;

11 (2) the spouse of a person receiving a monthly benefit from  
12 the system;

13 (3) a natural or adopted child of a person receiving a  
14 monthly benefit, if the child is a dependant child as defined in  
15 AS 14.25.220(12).

16 \* Sec. 4. AS 14.25.168(b) is amended to read:

17 (b) Except as provided in (c) and (d) of this section, major  
18 medical insurance coverage takes effect on the same date as retirement  
19 benefits begin and stops when the retired person or survivor is no  
20 longer eligible to receive a monthly benefit. The coverage for per-  
21 sons over age 65 is the same as that available for persons under age  
22 65. The benefits payable to those persons age 65 or older supplement  
23 any benefits provided under the federal old age, survivors and dis-  
24 ability insurance program.

25 \* Sec. 5. AS 14.25.168 is amended by adding a new subsection to read:

26 (d) Eligibility to receive a monthly benefit from the system for  
27 a member who becomes vested under AS 14.25.220(39)(D) does not entitle  
28 the member or the member's spouse, child, or other dependant to insur-  
29 ance coverage under (a) of this section. However, a person who is

1 receiving a monthly benefit from the system based on vesting under  
2 AS 14.25.220(39)(D) is entitled to receive major medical insurance  
3 coverage if the person

4 (1) elects the coverage within 60 days after the system  
5 mails by first class mail, or otherwise delivers, the first monthly  
6 benefit to the person; and

7 (2) pays an amount equal to one-half of the full monthly  
8 premium for retiree major medical insurance coverage.

9 \* Sec. 6. AS 14.25.220(39) is amended to read:

10 (39) "vested member" or "vested teacher" means an active  
11 member who has completed [EITHER]

12 (A) 15 years of service, the last five of which have  
13 been membership service, for a member first hired before July 1,  
14 1975; [OR]

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

16 (C) five years of membership and three years of BIA  
17 service; or

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

5-0362X  
Cramer  
5/8/87

Original sponsors: Taylor, Sund, Zawacki  
and Koponen

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 80 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to benefits in the Teachers' Retirement  
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age of 55 years, and has at least 15 years of credited service, the  
last five of which have been membership service;

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

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

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

(5) has at least 20 years of membership service;

(6) has at least 20 years of combined membership service  
and Alaska BIA service, the last five of which have been membership  
service; [OR]

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

(8) has attained the age of 55 years and has at least  
half year of membership service as a part-time teacher for each of

1 eight school years.

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3 (b) Subject to AS 14.25.167, a member is eligible for an early  
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11 (2) the spouse of a person receiving a monthly benefit from  
12 the system;

1 (3) a natural or adopted child of a person receiving a  
monthly benefit, if the child is a dependent child as defined in  
AS 14.25.220(12).

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benefits begin and stops when the retired person or survivor is no  
longer eligible to receive a monthly benefit. The coverage for per-  
sons over age 65 is the same as that available for persons under age  
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any benefits provided under the federal old age, survivors and dis-  
ability insurance program.

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coverage under (a) of this section. However, a person who is

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1975; [OR]

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

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

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