

SB 73

STATE OF ALASKA
THE LEGISLATURE

1/22/88
P.O. Box V
Juneau, Alaska 99811

SENATE SECRETARY'S OFFICE

Senate Finance Rm
TO Kathy or Vicki 413

REMARKS: Please give our page
orig SB 73 to bring to
me. Thanks

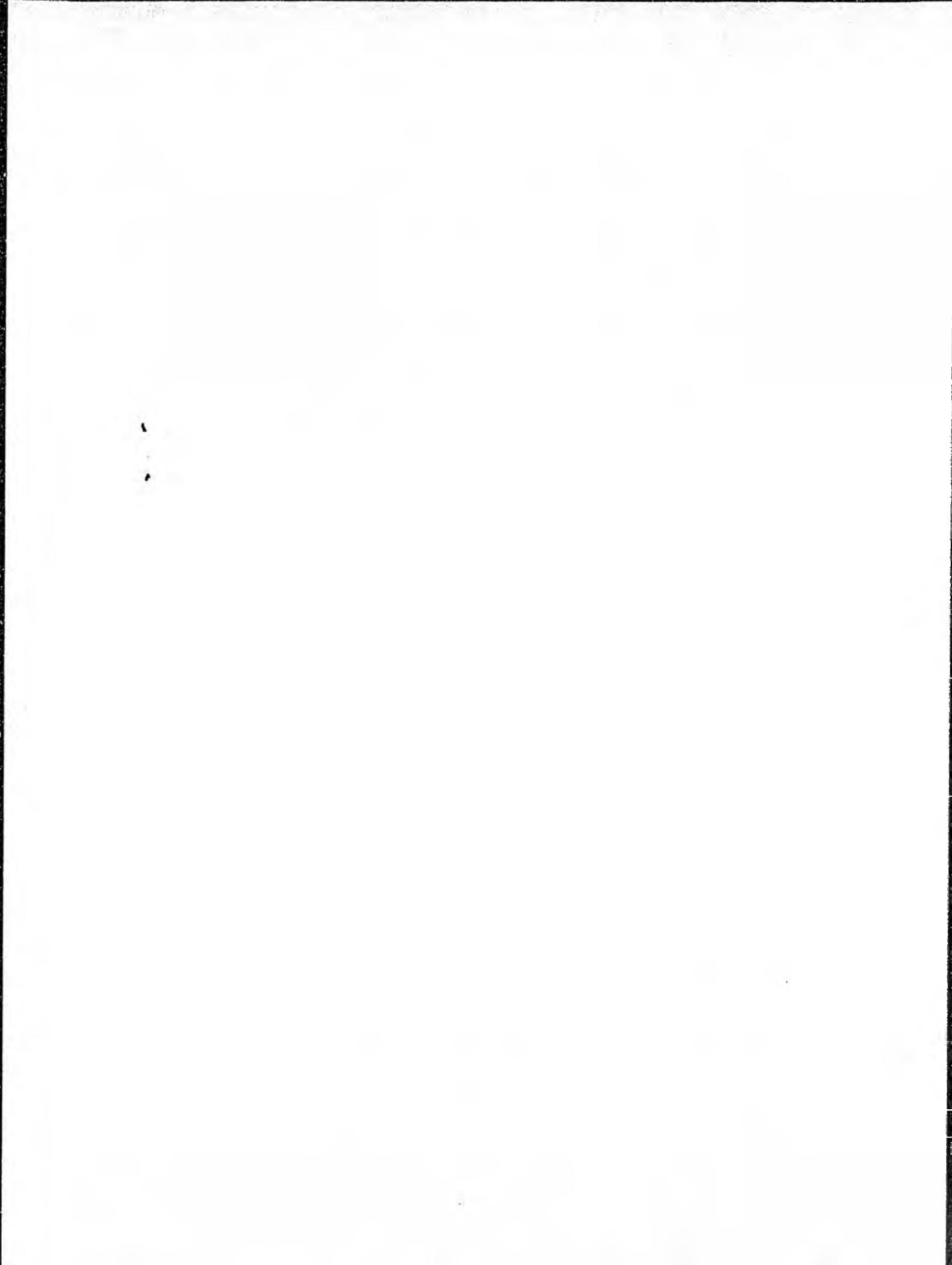
FROM

Carol

DATE

1/22

Sen Sec 076



1 IN THE SENATE

BY FISCHER

2

SENATE BILL NO. 73

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 repealing outside service credits
7 under the Teachers' Retirement System; and providing
8 for an effective date."

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

10 * Section 1. AS 14.25.060(b) is amended to read:

11 (b) If a member joined [JOINS] the system on or after July 1,
12 1978, and before July 1, 1987, and had [HAS] creditable outside ser-
13 vice, the member may claim this service. If claimed, the member is
14 indebted to the retirement fund as follows:

15 (1) The arrearage indebtedness is the full actuarial cost
16 of providing benefits for the service being claimed. Compound inter-
17 est at the rate prescribed by regulation shall be added to the arrear-
18 age indebtedness beginning the date the actuarial cost is established
19 to the date of payment or the date of retirement, whichever occurs
20 first.

21 (2) If a member terminated [TERMINATES] from the system and
22 was [IS] subsequently reemployed as a member, the arrearage indebted-
23 ness for outside service during the interim is the full actuarial cost
24 of providing benefits for the interim service being claimed. Compound
25 interest at the rate prescribed by regulation shall be added to the
26 arrearage indebtedness beginning the date the actuarial cost is estab-
27 lished to the date of payment or the date of retirement, whichever
28 occurs first.

29 [(3) Repealed]

1 * Sec. 2. AS 14.25.220(25) is amended to read:

2 (25) "outside service" means service for full years, as
3 defined by (40)(A)(x) and (40)(B)(xi) of this section, if the years
4 were served before July 1, 1987,

5 (A) as a certificated full-time elementary or second-
6 dary teacher or a certificated person in a full-time position
7 requiring a teaching certificate as a condition of employment in
8 an out-of- state public school within the United States, or in a
9 school outside the United States supported by funds of the United
10 States;

11 (B) as a certificated full-time elementary or second-
12 dary teacher or a certificated person in a full-time position
13 requiring a teaching certificate as a condition of employment in
14 an approved or accredited nonpublic school within the United
15 States, or in a school outside the United States supported by
16 funds of the United States;

17 (C) in a full-time position requiring academic stand-
18 ing in an out-of-state institution of higher learning accredited
19 by a nationally recognized accrediting agency as listed in the
20 Education Directory - Colleges and Universities by the National
21 Center for Education Statistics;

22 (D) as a full-time teacher in an approved or accredit-
23 ed nonpublic institution of higher learning in Alaska;

24 * Sec. 3. This Act takes effect July 1, 1987.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 73
Publish Date: _____

REQUEST _____

Revision Date: Bill/Res No: SB 73
Title: An Act relating to repealing
outside service credits under the TRS.
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
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)

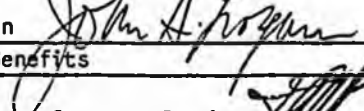
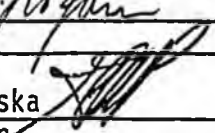
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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 Senator Abood.

Prepared By: John A. Logan  Phone: (907) 465-4470
Division: Retirement and Benefits Date: February 2, 1987
Approved by Commissioner: Garrey Peska  Date: 2-3-87
Agency: Department of Administration

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

SENATE COMMITTEE REPORT

FURTHER: FINANCE

4/14/87

DATE TURNED INTO OFFICE 4/23/87

Mr. President:

HESS Committee considered SB 73

repealing outside service credits under the Teachers' Retirement System; efd.

and recommended:

[] replace with CS FOR _____) [] same title
[] or adopt _____ CS FOR _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[X] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [X] attached or [] adopted fiscal note(s)

[] new [] updated or [X] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

[Signature]

[Signature]

OTHER RECOMMENDATIONS

[Signature] NO Pass
[Signature] " "

Paul Fish Do Pass
Chairman signature and recommendation

[] Committee Backup Attached

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 2, 1987

The Honorable Mitch Abood
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Re: Senate Bill 73

In accordance with AS 24.08.036, I am providing the analysis below on Senate Bill 73. 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 prohibit the claiming of outside service in the TRS for members first hired on or after July 1, 1987. It is estimated to result in a .04% 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 .04% in FY 88. The TRS state match payroll is estimated to be \$345,200,891 and to remain level each year thereafter.

The savings of \$157.5 is calculated as follows:

The decrease in the TRS contribution rate
(.04%) times the estimated FY 88 University
of Alaska TRS payroll (\$43,057,037) equaling: [\$17.2]

Plus the decrease in the TRS contribution
rate (.04%) times the estimated FY 88 Department
of Education TRS payroll (\$5,441,288) equaling: [\$ 2.2]

Plus the decrease in the TRS state match
contribution rate (.04%) times the
estimated FY 88 TRS state match payroll
(\$345,200,891) equaling: [\$138.1]

Total state FY 88 savings [\$157.5]

The Honorable Mitch Abood

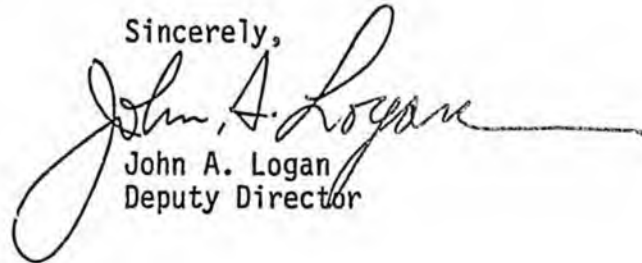
-2-

February 2, 1987

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .04% which would result in savings of \$118.7 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,

A handwritten signature in cursive script that reads "John A. Logan". The signature is written in dark ink and extends across the line of the typed name below it.

John A. Logan
Deputy Director

JAL/cam/7

POSITION PAPER

SB 73

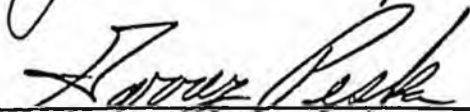
This bill applies to members of the Teachers' Retirement System (TRS) who are first hired on or after July 1, 1987. It would prohibit TRS members from claiming credit for Outside service. This bill represents cost savings to the state and school districts. Cost containment measures in the TRS such as 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

2-3-87
Date



Commissioner Garrey Peska
Department of Administration

2/3/87
Date

S S S B

7 3

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2/4/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

2/2/88 DATE TURNED INTO OFFICE _____
Mr. President:
Finance _____ Committee considered SSSB 73

repealing outside service credits under the Teachers' Retirement System; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Committee Backup Attached

Chairman signature and recommendation

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: Finance

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/22/88
Mr. President:

DATE TURNED INTO OFFICE _____

_____ HESS _____ Committee considered _____ SSSB 73

repealing outside service credits under the Teachers' Retirement System; efd

and recommended:

[] replace with CS _____ [] same title

[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee [] attached or [] adopted fiscal note(s)
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup Attached

waited

Introduced: 1/22/88
Referred: Health, Education and Social
Services and Finance

5-0333B

1 IN THE SENATE

BY FISCHER

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 73
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing outside service credits under the
7 Teachers' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 14.25.060(b) is amended to read:

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12 1978, and before July 1, 1988, and had [HAS] creditable outside ser-
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14 indebted to the retirement fund as follows:

15 (1) The arrearage indebtedness is the full actuarial cost
16 of providing benefits for the service being claimed. Compound inter-
17 est at the rate prescribed by regulation shall be added to the arrear-
18 age indebtedness beginning the date the actuarial cost is established
19 to the date of payment or the date of retirement, whichever occurs
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22 was [IS] subsequently reemployed as a member, the arrearage indebted-
23 ness for outside service during the interim is the full actuarial cost
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25 interest at the rate prescribed by regulation shall be added to the
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27 lished to the date of payment or the date of retirement, whichever
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3 defined by (40)(A)(x) and (40)(B)(xi) of this section, if the years
4 were served before July 1, 1988,

5 (A) as a certificated full-time elementary or secon-
6 dary teacher or a certificated person in a full-time position
7 requiring a teaching certificate as a condition of employment in
8 an out-of- state public school within the United States, or in a
9 school outside the United States supported by funds of the United
10 States;

11 (B) as a certificated full-time elementary or secon-
12 dary teacher or a certificated person in a full-time position
13 requiring a teaching certificate as a condition of employment in
14 an approved or accredited nonpublic school within the United
15 States, or in a school outside the United States supported by
16 funds of the United States;

17 (C) in a full-time position requiring academic stand-
18 ing in an out-of-state institution of higher learning accredited
19 by a nationally recognized accrediting agency as listed in the
20 Education Directory - Colleges and Universities by the National
21 Center for Education Statistics;

22 (D) as a full-time teacher in an approved or accredit-
23 ed nonpublic institution of higher learning in Alaska;

24 * Sec. 3. This Act takes effect July 1, 1988.
25
26
27
28
29

ALASKA STATE LEGISLATURE

15th..Legislature ..2nd.Session

**SPONSOR SUBSTITUTE FOR
SENATE..BILL..... NO..73..**

By ... **FISCHER**

"An Act repealing outside service credits under the Teachers' Retirement System; and providing for an effective date."

Introduced in the Senate ..1/22/....., 19 88...

HISTORY IN THE SENATE

1988	Read first time and referred to Committee on										
2 2	<i>Hess waived</i>										
1 22	Hess, Finance Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by President Sent to House										

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr> <td>PASSED</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by Speaker Returned to Senate										

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Chapter No.
	Filed with Lt. Governor

New F/W

attach to bill.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Credits under the Teachers' BRU: Retirement & Benefits
Retirement System
 Sponsor: Fischer Components: Retirement & Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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	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)

~~None~~ *No fiscal impact is expected.*

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4470
 Division: Retirement & Benefits Date: 1-26-88

Approved by Commissioner: John M. Andrews Date: 2/1/88
 Agency: Department of Administration

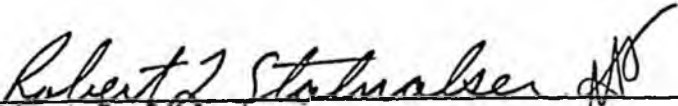
Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

FEB 4 1988

POSITION PAPER
Sponsor Substitute Senate Bill 73

This bill applies to members of the Teachers' Retirement System (TRS) who are first hired on or after July 1, 1988. It would eliminate the provision that allows members to claim up to ten years of teaching outside of Alaska. This bill represents a cost savings to the 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 (PRPA) mechanism.

The department is neutral on this bill.



Robert F. Stalnaker
Acting Director
Division of Retirement & Benefits

1/28/88
Date



Commissioner John M. Andrews
Department of Administration

2/1/88
Date

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 99503-2740
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

January 28, 1988

The Honorable Paul Fischer
Chairman, Senate Health, Education
and Social Services Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Fischer:

Re: Sponsor Substitute for Senate Bill 73

In accordance with AS 24.08.036, I am providing the analysis below on the Sponsor Substitute for Senate Bill 73. 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 prohibit the claiming of outside service in the TRS for members first hired on or after July 1, 1988. It is estimated to result in a .08% decrease in the TRS contribution rate in FY 89. The FY 89 state TRS payroll is estimated to be \$50,367.8 in FY 89 and to remain level each year thereafter.

The savings of \$40.3 is calculated as follows:

The decrease in the TRS contribution rate
(.08%) times the estimated FY 89 University
of Alaska TRS payroll (\$44,753.9) equaling: [\$35.8]

Plus the decrease in the TRS contribution
rate (.08%) times the estimated FY 89 Department
of Education TRS payroll (\$5,613.9) equaling: [4.5]

Total state FY 89 savings [\$40.3]

In addition to the state savings described above, there would be a decrease in the school districts' contribution rates of .08% which would result in savings of \$255.9 for FY 89 and each year thereafter.

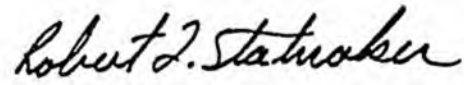
Senator Paul Fischer

-2-

January 28, 1988

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

Sincerely,



Robert F. Stalnaker
Acting Director

RFS/cam/7

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Credits under the Teachers' Retirement System BRU: Retirement & Benefits
 Sponsor: Fischer Components: Retirement & Benefits
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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	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)

None

Prepared By: Robert F. Stalnaker, Acting Director Phone: 465-4470
 Division: Retirement & Benefits Date: 1-26-88

Approved by Commissioner: John M. Andrews Date: _____
 Agency: Department of Administration

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

2/2/88
Contracted (4460)
1/26/88 FN
to be sent
Today

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 73

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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8 effective date."

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

10 * Section 1. AS 14.25.060(b) is amended to read:

11 (b) If a member joined [JOINS] the system on or after July 1,
12 1978, and before July 1, 1988, and had [HAS] creditable outside ser-
13 vice, the member may claim this service. If claimed, the member is
14 indebted to the retirement fund as follows:

15 (1) The arrearage indebtedness is the full actuarial cost
16 of providing benefits for the service being claimed. Compound inter-
17 est at the rate prescribed by regulation shall be added to the arrear-
18 age indebtedness beginning the date the actuarial cost is established
19 to the date of payment or the date of retirement, whichever occurs
20 first.

21 (2) If a member terminated [TERMINATES] from the system and
22 was [IS] subsequently reemployed as a member, the arrearage indebted-
23 ness for outside service during the interim is the full actuarial cost
24 of providing benefits for the interim service being claimed. Compound
25 interest at the rate prescribed by regulation shall be added to the
26 arrearage indebtedness beginning the date the actuarial cost is estab-
27 lished to the date of payment or the date of retirement, whichever
28 occurs first.

29 [(3) Repealed]

1 * Sec. 2. AS 14.25.220(25) is amended to read:

2 (25) "outside service" means service for full years, as
3 defined by (40)(A)(x) and (40)(B)(xi) of this section, if the years
4 were served before July 1, 1988,

5 (A) as a certificated full-time elementary or second-
6 ary teacher or a certificated person in a full-time position
7 requiring a teaching certificate as a condition of employment in
8 an out-of- state public school within the United States, or in a
9 school outside the United States supported by funds of the United
10 States;

11 (B) as a certificated full-time elementary or second-
12 ary teacher or a certificated person in a full-time position
13 requiring a teaching certificate as a condition of employment in
14 an approved or accredited nonpublic school within the United
15 States, or in a school outside the United States supported by
16 funds of the United States;

17 (C) in a full-time position requiring academic stand-
18 ing in an out-of-state institution of higher learning accredited
19 by a nationally recognized accrediting agency as listed in the
20 Education Directory - Colleges and Universities by the National
21 Center for Education Statistics;

22 (D) as a full-time teacher in an approved or accredit-
23 ed nonpublic institution of higher learning in Alaska;

24 * Sec. 3. This Act takes effect July 1, 1988.

5-0333L

Cramer

2/9/88

Original sponsor: Fischer

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 73 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act limiting outside service credits under the
7 Teachers' Retirement System; and providing for an
8 effective date."

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

10 * Section 1. AS 14.25.060(c) is amended to read:

11 (c) The total military service claimed may not exceed five
12 years. For a member who first joins the system on or after July 1,
13 1988, the total outside service claimed may not exceed two years. For
14 a member who first joined the system before July 1, 1988, the [THE]
15 combined total of outside and military service may not exceed 10
16 years, except that, if entry into the armed forces is immediately
17 preceded by membership service and within one year after discharge is
18 continued by membership service, that service will not be counted for
19 purposes of determining the applicability of the 10-year limitation on
20 the combined total of outside and military service.

21 * Sec. 2. AS 14.25.100(a) is amended to read:

22 (a) A member who served as an active member of the armed forces
23 of the United States may receive credited service under this system up
24 to a maximum of five years. Each 12 months of military service equals
25 one school year, and lesser military periods will be determined for
26 credit purposes in a proportionate ratio to a year. To receive cred-
27 ited service under this section, the member must have received a
28 discharge other than dishonorable. Credit for service in the armed
29 forces shall be granted only if the member makes contributions for the

1 service in the same manner as required for outside service under
2 AS 14.25.060. The military service credited under this section shall
3 be included in the 10-year limitation of outside service as specified
4 in AS 14.25.060 for a member who first joined the system before Ju-
5 ly 1, 1988, except if entry into the armed forces is immediately
6 preceded by Alaska membership service and following discharge is
7 continued by Alaska membership service within one year thereafter,
8 service may not be counted for purposes of determining the applicabil-
9 ity of the 10-year limitation on outside service.

10 * Sec. 3. AS 14.25.220(11) is amended to read:

11 (11) "credited service" means

12 (A) all membership service as defined in this section,
13 territorial employment as defined in this section, plus outside,
14 military, and Alaska BIA service [, WITH OUTSIDE AND MILITARY
15 SERVICE LIMITED TO 10 YEARS EXCEPT UNDER THE CONDITIONS SET OUT
16 IN AS 14.25.100];

17 (B) for purposes of eligibility for benefits under
18 this chapter, service for which no indebtedness is owed;

19 * Sec. 4. This Act takes effect July 1, 1988.
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