

SB

184

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Relating to part-time BRU: Retirement and Benefits
service for vesting in the TRS
 Sponsor: Duncan Components: Retirement and 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 | 28.6 | 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 | 28.6 | 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 | 25.9 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 1.3 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 1.4 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 28.6 | 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)

Analysis attached.

Prepared By: Robert F. Stalnaker Phone: 465-4470
 Division: Retirement and Benefits Date: 01/29/88

Approved by Commissioner: John M. Andrews Date: 2/3/88
 Agency: Department of Administration

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

Senate Bill 184
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

IV Analysis:

This legislation would allow teachers to use service performed on a part-time basis as full-time credit for purposes of computing membership service for eligibility for benefits. They would be credited with one days credit for each day of part-time service.

Contractual:

\$28.6 represents overall data processing personnel and charge back costs to make enhancements to the Teachers' Retirement System (TRS) batch and the Integrated Benefit Calculation System (IBCS) which would be required by passage of this bill.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 184
Publish Date: April 1, 1987

REQUEST _____

Revision Date: April 1, 1987
Title: An Act relating to part-time service for vesting in the TRS
Sponsor: Duncan
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 | 28.6 | 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 | 28.6 | 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 | 25.9 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 1.3 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 1.4 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 28.6 | 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: Robert F. Stalnaker *R.F. Stalnaker* Phone: (907) 465-4470
Division: Retirement and Benefits Date: April 1, 1987

Approved by Commissioner: Garrey Peska *[Signature]* Date: 4/2/87
Agency: Department of Administration

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

Senate Bill 184
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

IV Analysis:

This legislation would allow teachers to use service performed on a part-time basis as full-time credit for purposes of computing membership service for eligibility for benefits. They would be credited with one day's credit for each day of part-time service.

Contractual:

\$28.6 represents overall data processing personnel and charge back costs to make enhancements to the Teachers' Retirement System (TRS) batch and the Integrated Benefit Calculation System (IBCS) which would be required by passage of this bill.

POSITION PAPER
SB 184

This bill applies to members of the Teachers' Retirement System (TRS) who work on a part-time basis. It would allow teachers to use service performed on a part-time basis for full-time credit for purposes of computing membership service for eligibility for benefits. They would be credited with one day's credit for each day of service. Currently, members with 20 years of membership service served on a part-time basis can qualify for a normal benefit. We fail to see the equity in allowing two different classes of membership when the current statutes provide for computing part-time membership service on an equitable basis. This bill represents a cost to the State and school districts.

Because of the reasons stated above, the Department is opposed to this bill.

for R. J. Statmaber

J.K. Humphreys, Director
Director of Division of Retirement & Benefits

3-26-87
Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

3/27/87
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
PHONE (907) 277-7504

March 23, 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 Mitch Abood
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Abood:

Re: Senate Bill 184

In accordance with AS 24.08.036, I am providing the analysis below on Senate Bill 184. 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 allow teachers to use service performed on a part-time basis as full-time credit for purposes of computing membership service for eligibility for benefits. They would be credited with one day's credit for each day of part-time service. It is estimated to result in a .12% increase in the TRS state contribution rate in FY 88. The state TRS payroll is estimated to be 48,498,325 in FY88 and to remain level each year thereafter. The TRS state match contribution rate would also increase by .12% 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 cost of \$472.4 is calculated as follows:

The increase in the TRS contribution rate
(.12%) times the estimated FY 88 University
of Alaska TRS payroll (\$43,057,037) equaling: \$ 51.7

Plus the increase in the TRS contribution
rate (.12%) times the estimated FY 88 Department
of Education TRS payroll (\$5,441,288) equaling: 6.5

Plus the increase in the TRS state match
contribution rate (.12%) times the
estimated FY 88 TRS state match payroll
(\$345,200,891) equaling: 414.2

Total state FY 88 cost \$472.4

The Honorable Mitch Abood

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March 23, 1987

In addition to the state costs described above, there would be an increase in the school districts' contribution rates of .12% which would result in a cost of \$355.8 for FY 88 and each year thereafter.

This bill would also result in an increase in accrued liability of \$5,590.0 and a decrease in the TRS funding ratio of .44%.

Sincerely,



Robert F. Stalnaker
Deputy Director

RFS/meg/7