

HB

279

# HOUSE COMMITTEE REPORT

(7)

Date Referred: April 11, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 4/28/89

The HEALTH, EDUCATION, & SOCIAL SERVICES Committee considered: HB 279

HOUSE BILL NO. 279 [TRS VESTING FOR PART-TIME TEACHERS]

"An Act relating to vesting of teachers with parttime membership service under the teachers' retirement system."

- RECOMMENDATIONS:
- [ ] be replaced with \_\_\_\_\_ [ ] the same title
  - [ ] have attached amendment(s) [ ] a new title
  - [ X ] do pass
  - [ ] do not pass
  - [ ] no recommendation
  - [ ] individual recommendations
  - [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S): APPROVES PREVIOUS: (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_ [ ] zero fiscal note(s) \_\_\_\_\_
- [ X ] zero with analysis Appropriation [ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

J. Ellis  
[Signature]  
[Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend

J. Ellis  
 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An Act relating to vesting of BRU: Retirement and Benefits  
teachers with part-time service.  
 Sponsor: Davis Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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)

Please refer to page 2 for discussion of financial implications.

Prepared By: Sally Smith, Director *Sally Smith* Phone: 465-4470  
 Division: Retirement and Benefits Date: 11-25-89

Approved by Commissioner: John M. Andrews Date: \_\_\_\_\_  
 Agency: Department of Administration *Walter Taylor*

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

House Bill 279  
 Analysis of the Fiscal Implications to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 April 21, 1989

Analysis: Passage of this bill will allow teachers to vest in benefits under the Teachers' Retirement System after eight full school years as either a full-time or part-time teacher. Passage of this bill is estimated to increase the state TRS contribution rate for FY90 by .34%. The FY90 state TRS payroll is estimated to be \$55,085,786 (Department of Education, \$5,025,700; and University of Alaska, \$50,060,086) and remain level for each year thereafter.

The cost to the state of \$187.3 is calculated as follows:

Estimated U of A FY90 payroll	\$ 50,060,086	
TRS contribution rate increase	X <u>          .34%</u>	
Total U of A cost.....	\$	170,200
Estimated D.O.E. FY90 payroll	\$ 5,025,700	
TRS contribution rate increase	X <u>          .06%</u>	
Total D.O.E. cost.....	\$	17,100
Total State Cost	\$	<u>187,300</u>

In addition to the state cost, there would also be an increase in the school districts' contribution rate of .34%, resulting in a total contribution increase of \$1,153.3 for FY90 and for each year thereafter.

Estimated School District FY90 payroll	\$ 339,201,043	
TRS contribution rate increase	X <u>          .34%</u>	
Total School District cost....	\$	<u>1,153,300</u>

The unfunded liability of the TRS would increase by \$7,994,000 and the funding ratio of the TRS would decrease by approximately .59%.

RECEIVED

APK 24 1963

Representative Cheri Davis

Pouch V

Juneau, Alaska 99801

\*

Dear Cheri,

My name is Carolyn Frye. I've lived in Alaska 12 years and taught in the correspondence program of the school district here for 9 years on a halftime basis. My plans right now are to stay in teaching until the day I drop dead or at least to fulfill the 20 years necessary for retirement. I love my job and the people I work with.

BUT...I'm realistic enough to know that I may not be able to teach that long. My father died of cancer, and there's the possibility that I too may have to quit teaching and deal with cancer or some other dread illness. Then too, my husband has been in the church much longer than any other pastor here and might get transferred at some future date. Other circumstances might prevent me from teaching that long. I'd like to think that I could get some retirement salary and medical benefits from this state that I feel I have put a lot into.

I consider Alaska my home. I've lived here longer than any other place in my life. We own a home here, we stimulate the economy and have brought up our children here. When I'm not teaching, I'm busy with volunteer work to help Alaskan youth-- Girl Scouts, Sunday school, work with kids on homework, youth work in and out of institutions. I have several young people who think of me as a mom, and I do everything I can for them. It isn't a state funded program but something I do because I care and like young people. I've held two jobs at times to supplement our incomes.

I've applied for other full-time and half-time positions within the district but have not been given even the courtesy of an interview or consideration for those jobs. People in the district who are hired at half-time are told not to expect to ever be given the chance to go full-time. As a consequence, I

remain at half-time and have filled the other hours of my day with many worthwhile things. I remain happy with my job. I'm not bitter.

I've compared the retirement system of other jobs and find that at the state level, the national level, and in private business, there is provision for retirement between 5-10 years. There is no other system where the vesting period is 16 years, and I feel that is too long. Across the United States, health care and retirement are being examined, and the trend is to lower the vesting requirements. Teachers who teach part-time aren't eligible for any other system of health benefits or retirement salary. H. B. 279 needs consideration, therefore, to grant these rights to the public servants called "part-time teachers". It's been under consideration for 5 years and needs passage.

This will not be costly either to the state or to the local district because so few will actually take advantage of it. They must still meet the age requirement for retirement, and most teachers do not stay at half-time very long. When benefits are calculated, these half-time years would still be counted as half. It's just the vesting time which would add up to 8 years.

Please do what you can to get immediate passage of this bill.

Sincerely,  
Carolyn Gay

RECEIVED

APR 24 1969

Representative Cheri Davis  
Pouch V  
Juneau, Alaska 99801

Dear Mrs. Davis,

I'm very glad you introduced H. B. 279 regarding vesting time for part-time teachers. They deserve to retire with dignity, and the cost should be minimal since they must still meet the age requirements and have contributed the same percentage of their incomes to T.R.S. as a full time teacher.

Other systems allow part-time years to count toward vesting, and there is no other system which requires 16 years for vesting. Federal jobs such as the Forest Service, state jobs with the Pioneer Home, union jobs such as I.B.E.W., and jobs in the private sector recognize part-time service toward vesting. These are public servants who deserve to have a minimal salary and health benefits. Their salary would only be half that of an 8-year full-time teacher.

Please do what you can to calendar H. B. 279 and get it through HESS this year. Although it is late in starting, we can push it that far this year. Do what you can.

Sincerely,

*John F. Landis*  
*1.1.11.11.11*  
*Retirement, AK*  
*00911*



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

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

April 24, 1989

To: Representative Johnny Ellis, Chair  
Members, House HESS Committee

Re: House Bill No. 279; "An Act relating to vesting  
of teachers with part-time membership service  
under the teachers' retirement system."

NEA-Alaska supports and encourages your favorable  
consideration of HB 279.

It is our feeling that this is an equity issue and that  
part-time teachers should be afforded the same opportunity  
to acquire vested retirement benefits as those who are  
teaching full time.

Part-time teaching service is valuable to many school  
districts and in many instances part-time teachers are  
providing services to the district far in excess of their  
specific part-time definition.

Part-time teachers represent a cost saving to districts in  
that their fringe benefits may be less and, in some  
instances, non-existent.

School funding cuts have necessitated more part-time  
teaching positions even though many of those who occupy them  
would much prefer full time teaching.

We encourage your support of HB 279 because it brings back a  
part of the equity which should be available to part-time  
teachers.

Thank you for your consideration of our position.

Respectfully submitted,

*Bob Manners*

Bob Manners  
Executive Secretary

*Judy Salo*  
Judy Salo  
President

cc: Representative Cheri Davis