

ALASKA LEGISLATIVE REPORT

RESULTS OF THE
RETIREE RETURN PROGRAM
ENACTED BY HB 161 IN 2005 ON

THE PUBLIC EMPLOYEES'
AND
TEACHERS' RETIREMENT SYSTEM



Submitted by
State of Alaska
Department of Administration
Division of Retirement and Benefits
Division of Personnel
January 31, 2006

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF ADMINISTRATION

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January 31, 2006

The Honorable Ben Stevens
Senate President
The Honorable John Harris
House Speaker
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Mr. President and Mr. Speaker:

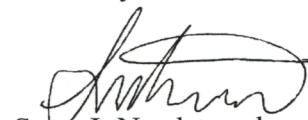
In 2005, the Twenty-Fourth Legislature enacted House Bill 161 relating to reemployment of retired members of the Teachers' (TRS) and Public Employees' Retirement Systems (PERS) to address a shortage of qualified applicants for teaching and public employment throughout the State of Alaska. Section 12 of this legislation will act to repeal the Retiree Return Program effective July 1, 2009, unless extended by the Legislature.

In accordance with Section 13 of this legislation, the Department of Administration has prepared this report on the effect of this Act, as amended, on the retirement systems. This report is divided into two separate sections as outlined below:

- Section 1 includes information from the Division of Retirement and Benefits collected from the PERS and TRS employers and retirees participating in HB 161.
- Section 2 includes information from the Division of Personnel regarding the efforts by the State of Alaska to address recruitment difficulties experienced by the executive branch in specific job classes.

Please let me know if you have any questions about this report.

Sincerely,



Scott J. Nordstrand
Commissioner
Department of Administration



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Section 1

Division of Retirement and Benefits

HB 161 Background

Section 1 of this report was prepared by the Division of Retirement and Benefits. It includes information collected from the PERS and TRS employers and retirees participating in HB 161. In 2001 the Twenty-First Legislature enacted HB 242, which, among other things, amended the statutes to allow certain Public Employees' (PERS) and Teachers' Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive participation in the retirement systems. Once participation was waived, no contributions were required from the employer or the employee. The legislation sunset on July 1, 2005. Prior to the passage of this legislation members who retired and then reemployed in a PERS or TRS participating position would have their retirement benefit stopped during the period of reemployment. The member would accrue an additional pension benefit for the second period of employment.

HB 161 was introduced April 5, 2005. This legislation allows the rehire of certain PERS and TRS employees who retired with a normal retirement. These rehires can continue to receive normal retirement benefits by waiving further participation in the retirement systems. During the period of reemployment, no contributions to PERS and TRS are required from the employee. HB 161 addressed concerns regarding the affect on rehiring retirees under this program on the funding of the retirement systems by requiring employers to make contributions toward their unfunded liability for each rehired retiree. Retirees are also required to enroll in the employer's active health insurance plan. Retirees hired under HB 161 have their retirement health insurance benefits suspended while reemployed.

HB 161 also addressed retirees who reemployed under the prior Retiree Rehire Program enacted in 2001 by HB 242/SB149. An attorney general opinion issued in 2004 regarding the HB 242/SB 149, stating that retirees could not continue in employment without affecting their retirement benefits if they rehired prior to the sunset date. The Division notified all participants in the Retiree Rehire Program on November 3, 2004 of this interpretation. HB 161 provides retirees who reemployed prior to November 3, 2004 an extension of participation in the program to December 31, 2006. After that date, continued employment in the program would be contingent on meeting the requirements and conditions of HB 161.

Reporting

This report comprises a summary of the waiver activity since the Retiree Return program under HB 161 became effective on July 1, 2005 to the last reporting period, December 31, 2005 for both the TRS and the PERS.

TRS Results

Since July 1, 2005, 13 out of 57 or (22.8%) of TRS employers have participated and 21 waivers were filed with the Division of Retirement and Benefits. As of December 31, 2005, 6 out of 13 or 46% of participating employers have submitted a knowledge transfer plan. The largest number of retirees rehired within 30-60 months of their termination and retirement. The second largest number of returned retirees were those who had been retired for 12-24 months. The largest number of positions rehired was general teachers with the second highest being Special Education teachers.

Additional information regarding the employers that have participated in the program and how they have participated is included in the statistical section of this report.

PERS Results

Since July 1, 2005, 17 out of 160 or (10.6%) of PERS employers have participated in the program with a total of 25 waivers filed with the Division of Retirement and Benefits. As of December 31, 2005, 9 out of 17 or 52% of participating employers have submitted a knowledge transfer plan.

The largest number of retirees rehired over 20 months from their termination and retirement. The second largest number of returned retirees were those who had been retired for 6-9 months. Positions filled with rehired retirees were varied.

Additional information regarding the PERS employers that have participated in the program and detailed information regarding the type of positions rehired is included in the statistical section of this report.

Financial Impact on the PERS and TRS Systems

HB 161 requires employers to make payments of employer contributions sufficient to cover any unfunded liability created by the program. A copy of the rates are included in this report. Retirees who rehire under HB 161 have their retiree medical benefits suspended for the period of reemployment. Retirees who rehired under HB 242 prior to November 3, 2004 are required to participate in the employer's medical plan making the retiree health plan secondary coverage.

Reconciliation of PERS HB 242 Rehired Retirees as of July 1, 2005

Summary of HB 242 Activity

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from July 1, 2001 through June 30, 2005.

| | |
|---|-------|
| Total number of PERS employers | 160 |
| Total number of PERS employers who participated in HB 242 | 49 |
| Percentage of total PERS employers who participated in HB 242 | 30.6% |
| Total number of waivers received | 358 |

Under HB 161, retirees who rehired prior to November 3, 2004 were allowed to continue working under a waiver until December 30, 2006 without terminating their current employment.

Retirees who rehired on or after November 3, 2004 are subject to the provisions of HB 161 and must terminate employment for a minimum of 30 days before rehire. Their employer must recruit the position and have fewer than 5 applicants, excluding the retiree, before they can declare a shortage of qualified applicants and adopt a policy to rehire retirees.

Status of HB 242 Rehired Retirees after July 1, 2005

Rehired prior to November 3, 2004

| | |
|---|-----|
| Total continuing under HB 161 with waivers | 183 |
| Total who terminated employment | 124 |
| Total who rehired under the standard PERS rehire provisions | 1 |

Rehired on or after November 3, 2004

| | |
|--|-----|
| Total continuing under HB 161 with waivers | 0 |
| Total who terminated employment | 43 |
| Total who rehired under the standard PERS rehire | |
| Provision | 7 |
| Total | 358 |

Analysis of Retiree Rehire Program - PERS (HB 161)

Summary

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from July 1, 2005 through December 31, 2005.

| | |
|--|-------|
| Total number of PERS employers | 160 |
| Total number of PERS employers participating in HB 161 | 17 |
| Percentage of total PERS employers participating in HB 161 | 10.6% |
| Total number of PERS waivers received | 25 |
| Total number of employers submitting a knowledge transfer plan | 9 |

Job Classes Rehired Under PERS HB 161

| | |
|--|------------------------------|
| Administrative Services Director | State of Alaska |
| Attorney V | State of Alaska |
| Chinook Salmon Advisor | State of Alaska |
| Custodian | Ketchikan Gateway Borough SD |
| Deputy Clerk III | State of Alaska |
| Deputy Clerk IV | State of Alaska |
| Economist III | State of Alaska |
| Engineer IV | State of Alaska |
| Engineering Associate | State of Alaska |
| Executive Secretary/System Coordinator | State of Alaska |
| Fisheries Scientist | State of Alaska |
| Fishery Biologist IV | State of Alaska |
| Language Teacher Aide | Anchorage School District |
| Maintenance Foreman | State of Alaska |
| Police Officer | Ketchikan Gateway Borough |
| Project Assistant | State of Alaska |
| Project Manager | Fairbanks North Star Borough |
| Quality Assurance Coordinator | Bartlett Regional Hospital |
| Safety/Security Coordinator | Matanuska-Susitna Borough SD |
| Special Assistant/Legis Liaison | State of Alaska |
| Student Services Director | City of Palmer |
| Supervisor Building/Grounds | Ketchikan Gateway Borough SD |

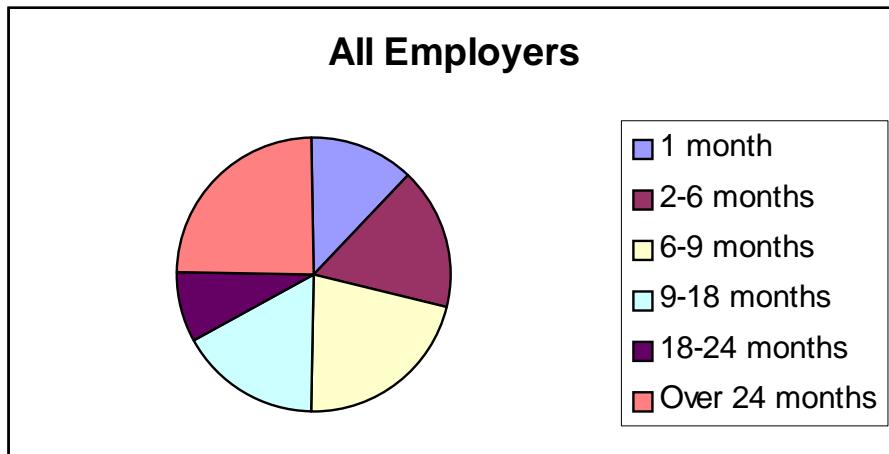
Detail of number of Retirees rehired by Each Participating Employer

| Employer | No. of Waivers |
|------------------------------|---------------------------|
| Anchorage School District | 1 |
| Bartlett Regional Hospital | 1 |
| City of Palmer | 1 |
| Fairbanks North Star Borough | 1 |
| Ketchikan Gateway Borough | 1 |
| Ketchikan Gateway Borough SD | 2 |
| Mat-Su Borough | 1 |
| State of Alaska | 17 |

PERS Rehired Retiree Employer Rates For Fiscal Year 2007

| Employer | (Percentage) | Less: | Past Service |
|---|----------------------|---------------------|----------------------|
| Name | Employer Rate | Consolidated | Employer Rate |
| | for FY 2007 | Rate | for FY 2007 |
| Alaska, State of | 22.65 | 13.32 | 9.33 |
| Alaska, State of -- Police and Fire members | 23.42 | 13.32 | 10.10 |
| Anchorage SD | 24.25 | 13.32 | 10.93 |
| Bartlett Regional Hospital | 17.20 | 13.32 | 3.88 |
| Fairbanks North Star Borough | 20.93 | 13.32 | 7.61 |
| Ketchikan Gateway Borough | 20.49 | 13.32 | 7.17 |
| Ketchikan Gateway Borough SD | 20.86 | 13.32 | 7.54 |
| Matanuska-Susitna Borough | 20.99 | 13.32 | 7.67 |
| Palmer, City of | 23.54 | 13.32 | 10.22 |

Number of Months Retired Before Rehired under HB 161



| Employer | No. of Months Retired Before Rehire |
|------------------------------|--|
| State of Alaska | |
| 1 month | 3 |
| 2-6 months | 4 |
| 6-9 month | 3 |
| 9-18 months | 3 |
| 18-24 months | 2 |
| Over 24 months | 2 |
| Mat-Su Borough | 19 |
| Anchorage School District | 79 |
| Fairbanks North Star Borough | 7 |
| Ketchikan Gateway Borough | 47 |
| City of Palmer | 62 |
| Ketchikan Gateway Borough SD | 49 |
| Ketchikan Gateway Borough SD | 6 |
| Bartlett Regional Hospital | 11 |

Reconciliation of TRS HB 242 Rehired Retirees as of July 1, 2005

Summary of HB 242 Activity

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from July 1, 2001 through June 30, 2005.

| | |
|--|-------|
| Total number of TRS employers | 57 |
| Total number of TRS employers who participated in HB 242 | 32 |
| Percentage of total TRS employers who participated in HB 242 | 56.1% |
| Total number of waivers received | 181 |

Under HB 161, retirees who rehired prior to November 3, 2004 were allowed to continue working under a waiver until December 30, 2006 without terminating their current employment.

Retirees who rehired on or after November 3, 2004 are subject to the provisions of HB 161 and must terminate employment for a minimum of 30 days before rehire. Their employer must recruit the position and have fewer than 5 applicants, excluding the retiree, before they can declare a shortage of qualified applicants and adopt a policy to rehire retirees.

Status of HB 242 Rehired Retirees after July 1, 2005

Rehired prior to November 3, 2004

| | |
|--|-----|
| Total continuing under HB 161 with waivers | 60 |
| Total who terminated employment | 114 |
| Total who rehired under the standard TRS rehire provisions | 2 |

Rehired on or after November 3, 2004

| | |
|---|-----|
| Total continuing under HB 161 with waivers | 0 |
| Total who terminated employment | 5 |
| Total who rehired under the standard TRS rehire Provision | 0 |
| Total | 181 |

Analysis of Retiree Rehire Program - TRS (HB 161)

Summary

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from July 1, 2005 through December 31, 2005.

| | |
|--|-------|
| Total number of TRS employers | 57 |
| Total number of TRS employers participating in HB 161 | 13 |
| Percentage of total TRS employers participating in HB 161 | 22.8% |
| Total number of TRS waivers received | 21 |
| Total number of employers submitting a knowledge transfer plan | 6 |

Job Classes Rehired Under TRS HB 161

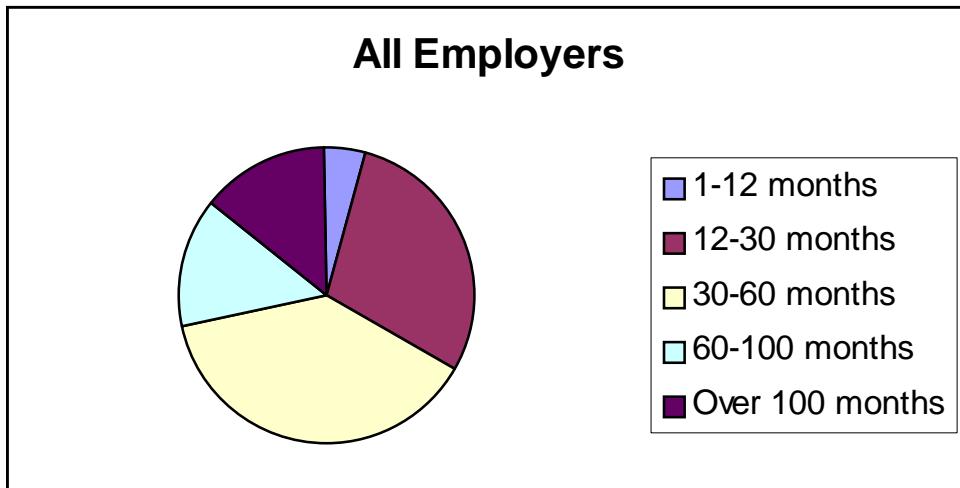
| | |
|------------------------------------|------------------------------|
| Certified Director | Matanuska-Susitna Borough SD |
| Counselor | North Slope Borough SD |
| Counselor | Anchorage SD |
| Health Teacher | Anchorage SD |
| Librarian | Petersburg SD |
| Life Skills Teacher | Anchorage SD |
| Resource Teacher | Matanuska-Susitna Borough SD |
| School Psychologist | Anchorage SD |
| School Psychologist | Anchorage SD |
| Speech Pathologist | Anchorage SD |
| Special Education Teacher | Anchorage SD |
| Special Education Teacher | Arctic Borough SD |
| Special Education Department Chair | Anchorage SD |
| Student Services Director | Juneau SD |
| Superintendent | Valdez SD |
| Teacher | Bering Straits SD |
| Teacher | Petersburg SD |
| Teacher | Lower Kuskokwim SD |
| Teacher | Lower Kuskokwim SD |
| Teacher | Anchorage SD |
| Teacher | Matanuska-Susitna Borough SD |

Detail of number of Retirees rehired by Each Participating Employer

| Employer | No. of Waivers |
|-------------------------------|---------------------------|
| Anchorage School District | 9 |
| Bering Strait School District | 1 |
| Juneau School District | 1 |
| Lower Kuskokwim SD | 2 |
| Matanuska-Susitna Borough SD | 3 |
| North Slope Borough SD | 1 |
| Northwest Arctic SD | 1 |
| Petersburg SD | 2 |
| Valdez City Schools | 1 |

TRS Rehired Retiree Employer Rate for Fiscal Year 2007 is 24.24%

Number of Months Retired Before Rehired under HB 161



| Employer | No. of Months Retired Before Rehire |
|-------------------------------------|--|
| Anchorage School District | |
| 1 rehire | 26 |
| 7 rehires | 37-39 |
| 1 rehire | 110 |
| Bering Straits School District | 26 |
| Juneau School District | 13 |
| Lower Kuskokwim School District (1) | 26 |
| Lower Kuskokwim School District (1) | 124 |
| Mat-Su Borough School District (1) | 1 |
| Mat-Su Borough School District (1) | 28 |
| Mat-Su Borough School District (1) | 76 |
| North Slope School District | 62 |
| Northwest Arctic School District | 86 |
| Petersburg School District (1) | 26 |
| Petersburg School District (1) | 124 |
| Valdez City Schools | 37 |



LAWS OF ALASKA

2005

Source

SCS CSHB 161(FIN) am S

Chapter No. _____

AN ACT

Relating to reemployment of and benefits for or on behalf of retired teachers and public employees and to teachers or employees who participated in retirement incentive programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and 9, ch. 58, SLA 2001; providing for an effective date by amending the delayed effective date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001, which is the delayed effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Enrolled HB 161

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AN ACT

1 Relating to reemployment of and benefits for or on behalf of retired teachers and public
2 employees and to teachers or employees who participated in retirement incentive programs
3 and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and 9, ch. 58, SLA
4 2001; providing for an effective date by amending the delayed effective date for secs. 3, 5, 9,
5 and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001, which is the delayed
6 effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing for an effective date.

7

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 **FINDINGS AND INTENT.** (a) The legislature finds that provisions of ch. 57, SLA
11 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003, that provide for the reemployment of certain
12 retired members of the teachers' and public employees' retirement systems provide a valuable

1 tool for school districts and public employers to manage workforce shortages, especially in
2 teaching positions and job classes that require specialized knowledge and skills.

3 (b) The legislature also finds that school districts and public employers must plan to
4 meet their future workforce needs without reliance on retired workers. In extending the
5 termination date of the reemployment provisions, it is the intent of the legislature to allow
6 school districts and public employers to continue to use this management tool, while
7 developing plans that address the knowledge, skills, and abilities that need to be transferred or
8 developed to assure the work can be accomplished when the reemployment provisions
9 terminate. It is the intent of the legislature that all participation in the retiree reemployment
10 provisions by employers and reemployed retirees will end on July 1, 2009, unless that date is
11 extended by law.

12 (c) The legislature also finds that there have been unintended consequences resulting
13 from implementation of the retiree reemployment provisions, including an increase in the
14 unfunded liability of the retirement systems and the failure to realize savings in the health
15 expenses of the retirement systems as a result of the practice of some employers of
16 withdrawing health and medical coverage for reemployed retirees. It is the intent of the
17 legislature that employers that benefit from the provisions of the retiree reemployment
18 provisions pay any increase in unfunded liability that results to the retirement systems and
19 that employers provide reemployed retirees with the same health and medical benefits
20 provided to other active employees.

21 (d) Notwithstanding (b) of this section and secs. 10 and 17 of this Act, it is the intent
22 of the legislature that the provisions of ch. 57, SLA 2001, ch. 58, SLA 2001, and ch. 15, SLA
23 2003, that provide for the reemployment of retired members of the teachers' and public
24 employees' retirement systems sunset on June 30, 2005, and the rights of retirees who were
25 reemployed before July 1, 2005, and whose extended periods of reemployment are created by
26 this Act are governed by this Act.

27 * Sec. 2. AS 14.20.135 is amended by adding a new subsection to read:

28 (e) If a school district or regional educational attendance area hires a retired
29 teacher under this section and the retired teacher who has been rehired elects to
30 continue receiving benefit payments during the period of reemployment under
31 AS 14.25.043(b), the employer of a retired teacher who has been rehired under this

1 section shall provide health and medical benefits to the retired teacher who has been
2 rehired. If the retired teacher has been rehired as a full-time teacher, the teacher's
3 employer shall provide the same health and medical benefits to that teacher as the
4 employer provides to other full-time teachers, and the teacher may not receive
5 retirement medical benefits during the period of reemployment.

6 * Sec. 3. AS 14.25.043(a) is amended to read:

7 (a) If a retired member again becomes an active member, benefit payments
8 may not be made during the period of reemployment [UNLESS THE TEACHER
9 MAKES AN ELECTION UNDER (b) OR (e) OF THIS SECTION]. The retirement
10 benefit must be suspended for the entire school year if the teacher is reemployed as an
11 active teacher for a period equivalent to a year of service. During the period of
12 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050, AND] deductions
13 from the member's salary will be made in accordance with AS 14.25.050.

14 * Sec. 4. AS 14.25.043(b) is amended to read:

15 (b) A school district or regional educational attendance area that has adopted a
16 policy that permits the employment of retired teachers in accordance with
17 AS 14.20.135 shall notify the administrator that it is hiring retired teachers under
18 AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently
19 becomes an active member under a policy adopted in accordance with AS 14.20.135
20 may, within 30 days after the date of reemployment, elect to continue receiving benefit
21 payments during the period of reemployment by filing a waiver of coverage with the
22 administrator on a form provided by the administrator. An election under this
23 subsection waives coverage for the period of reemployment and is irrevocable during
24 the period of reemployment. The period of reemployment is considered to end
25 when this subsection is repealed or the person stops working, whichever occurs
26 first. A teacher hired to work as a full-time teacher who makes the election to
27 continue to receive benefit payments may not receive retirement medical benefits
28 during reemployment but, instead, shall be covered under the medical coverage
29 provided by the employer to active teachers. A teacher hired to work as a less
30 than full-time teacher who makes the election to continue to receive benefit
31 payments may continue to receive retirement medical benefits. Deductions from

1 the member's salary may not be made under AS 14.25.050 during the period of
2 reemployment, and the member may not receive credited service for the period of
3 reemployment. A member who participated in a retirement incentive program under
4 ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch.
5 92, SLA 1997, is not eligible to make an election under this subsection.

6 * **Sec. 5.** AS 14.25.043(e) is amended to read:

7 (e) A member who retired under AS 14.25.110(a) and participated in a
8 retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA
9 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who is subsequently reemployed as a
10 commissioner and becomes an active member may, within 30 days of the date of
11 reemployment, elect to continue receiving benefit payments during the period of
12 reemployment by filing a waiver of coverage with the administrator on a form
13 provided by the administrator. An election under this subsection waives coverage for
14 the period of reemployment and is irrevocable during the period of reemployment.

15 The period of reemployment is considered to end when this subsection is repealed
16 or the person stops working, whichever occurs first. A commissioner hired to
17 work as a full-time employee who makes the election to continue to receive
18 benefit payments may not receive retirement medical benefits during
19 reemployment but, instead, shall be covered under the medical coverage
20 provided by the employer to active employees. A commissioner hired to work as
21 a less than full-time employee who makes the election to continue to receive
22 benefit payments may continue to receive retirement medical benefits.

23 Deductions from the member's salary may not be made under AS 14.25.050 during the
24 period of reemployment, and the member may not receive credited service for the
25 period of reemployment. A member who makes an election under this subsection
26 does not lose the incentive credit provided under the applicable retirement incentive
27 plan and is not subject to any related reemployment indebtedness.

28 * **Sec. 6.** AS 14.25.070 is amended by adding a new subsection to read:

29 (b) Each employer of a retired teacher rehired under the authority of
30 AS 14.20.135 shall make contributions to the unfunded liability of the system on
31 behalf of that retired teacher at the rate that the employer is making contributions to

the unfunded liability of the system for other teachers.

* Sec. 7. AS 39.35.150(b) is amended to read:

(b) A member who retired under AS 39.35.370(a) and subsequently becomes an active member may, within 30 days of the date of reemployment, elect to continue receiving benefit payments during the period of reemployment by filing an election with the administrator on a form provided by the administrator. An election under this subsection waives coverage for the period of reemployment and is irrevocable during the period of reemployment. The period of reemployment is considered to end when this subsection is repealed or the person stops working, whichever occurs first. A member hired to work as a full-time employee who makes the election to continue to receive benefit payments may not receive retirement medical benefits during reemployment but, instead, shall be covered under the medical coverage provided by the employer to active employees. A member hired to work as a less than full-time employee who makes the election to continue to receive benefit payments may continue to receive retirement medical benefits. During the period of reemployment, deductions from the member's salary may not be made under AS 39.35.160 and the member may not receive credited service. A member who participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to make an election under this subsection unless the member is reemployed as a commissioner.

* Sec. 8. AS 39.35.150 is amended by adding new subsections to read:

(f) Notwithstanding (b) of this section, a member employed by a political subdivision or a public organization may not make the election provided in (b) of this section unless the member's employer has adopted a policy that permits the employment of retired employees in accordance with (g) of this section. The administrator shall accept the election of a member subject to this subsection if the governing body or the person with hiring authority for the political subdivision or public organization certifies that the appointment to the position being filled by the retired member was the result of the competitive hiring process required under (g) of this section.

(g) In accordance with this section, a political subdivision or a public organization that has or anticipates having a shortage of employees qualified for particular job classes may, by resolution, adopt a policy that permits the employment of employees who retired under AS 39.35.370(a), who have been separated from employment for at least 30 days, and who are qualified for particular job classes. The policy adopted by resolution must describe the circumstances that constitute the shortage. The policy must require recruitment procedures similar to the procedure described in (h) of this section for any position filled by a retired employee under (f) of this section. If a shortage of qualified employees exists as described in the policy, the political subdivision or the public organization shall notify the administrator that it is hiring retired members under (f) of this section and shall provide a copy of the resolution and policy adopted by the resolution to the administrator of the public employees' retirement system (AS 39.35).

(h) Notwithstanding (b) of this section, an employer in the executive branch of state government may not allow a member hired to fill a position that requires recruitment to make the election provided in (b) of this section unless

(1) the employer conducted an initial recruitment for at least 15 days for the position to be filled by the member making an election under (b) of this section that resulted in fewer than five qualified, eligible, and available applicants, including the retired member; and

(2) the employer then conducted an additional recruitment and the additional recruitment resulted in fewer than five qualified, eligible, and available applicants, including the retired member; this additional recruitment period added to the initial recruitment period must be at least 30 days total.

* Sec. 9. AS 39.35.270 is amended by adding a new subsection to read:

(b) Each employer of a retired member rehired under the authority of AS 39.35.150(b) shall make contributions to the unfunded liability of the system on behalf of that retired member at the rate that the employer is making contributions to the unfunded liability of the system for that employer's other members.

* Sec. 10. Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is amended to read:

1 Sec. 12. AS 14.20.135, as amended by sec. 2 of this Act; AS 14.25.043(b),
2 as amended by sec. 4 of this Act, 14.25.043(e), added by sec. 3, ch. 15, SLA 2003,
3 and as amended by sec. 5 of this Act [OF THIS 2003 ACT]; AS 39.35.120(b)(2),
4 39.35.150(b), as amended by sec. 4, ch. 15, SLA 2003, and by sec. 7 of this Act [OF
5 THIS 2003 ACT], and 39.35.150(c) are repealed July 1, 2009 [2005].

6 * Sec. 11. The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001,
7 is amended to read:

8 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and
9 ending in 2010 [2006], the administrator of the teachers' retirement system and the
10 administrator of the public employees' retirement system shall report to the
11 legislature by the 30th day of the regular legislative session concerning the effect of
12 this Act, as amended, on the retirement systems. The administrator of the public
13 employees' retirement system shall include information in the report regarding
14 the efforts of employers in the executive branch to address the recruitment
15 difficulties in job classes in which retired members have been rehired.

16 * Sec. 12. AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and 39.35.270(b)
17 are repealed July 1, 2009.

18 * Sec. 13. Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

19 * Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 APPLICABILITY OF SECS. 2, 4, AND 5 OF THIS ACT TO RETIRED TEACHERS
22 MAKING AN ELECTION UNDER AS 14.25.043(b) OR (e) BEFORE JULY 1, 2005. (a) A
23 retired teacher who was rehired and made an election under AS 14.25.043(b) or (e) before
24 November 3, 2004, may continue to receive retirement benefits and medical benefits under
25 AS 14.25.043(b) or (e) from July 1, 2005, through December 31, 2006, if that teacher
26 continues to serve in the same position. However, on January 1, 2007, the period of
27 reemployment to which the teacher's original election under AS 14.25.043(b) or (e) applied is
28 considered terminated. If the teacher continues as an active teacher, that teacher may not
29 continue to receive benefit payments while working as an active teacher unless the employer
30 rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on
31 or after January 1, 2007.

(b) A retired teacher who was rehired and made an election under AS 14.25.043(b) or (e) on or after November 3, 2004, may not continue to receive retirement benefits and medical benefits under AS 14.25.043(b) or (e) after June 30, 2005. On July 1, 2005, the period of reemployment to which the teacher's original election under AS 14.25.043(b) or (e) applied is considered terminated. If the teacher continues as an active teacher, that teacher may not continue to receive benefit payments while working as an active teacher unless the employer rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on or after July 1, 2005.

(c) This section does not apply to an employer who may be required to provide health and medical benefits under AS 14.25.043(b), as amended by sec. 4 of this Act, regardless of whether a teacher receives retirement medical benefits under this section.

* Sec. 15. The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY OF SECS. 7 AND 8 OF THIS ACT FOR RETIRED
EMPLOYEES MAKING AN ELECTION UNDER AS 39.35.150(b) OR (e) BEFORE JULY

1, 2005. (a) A retired employee who was rehired and made an election under AS 39.35.150(b) or (e) before November 3, 2004, may continue to receive retirement benefits and medical benefits under AS 39.35.150(b) or (e) from July 1, 2005, through December 31, 2006, if that employee continues to serve in the same position. However, on January 1, 2007, the period of reemployment to which the employee's original election under AS 39.35.150(b) or (e) applied is considered terminated, and, as to that employee,

(1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e) applies; and

(2) if the employee continues as an active member, that employee may not continue to receive benefit payments unless the employer hires the employee as a result of the competitive hiring process required by the applicable subsection of AS 39.35.150(f), (g), and (h), added by sec. 8 of this Act, on or after January 1, 2007.

(b) A retired employee who was rehired and made an election under AS 39.35.150(b) or (e) on or after November 3, 2004, may not continue to receive retirement benefits and medical benefits under AS 39.35.150(b) or (e) after June 30, 2005. On July 1, 2005, the period of reemployment to which the employee's original election under AS 39.35.150(b) or

1 (e) applied is considered terminated, and, as to that employee,
2 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
3 applies; and
4 (2) if the employee continues as an active member, that employee may not
5 continue to receive benefit payments while an active member unless the employer hires the
6 employee as a result of the competitive hiring process required by the applicable subsection of
7 AS 39.35.150(f), (g), and (h), added by sec. 8 of this Act, on or after July 1, 2005.

(c) This section does not apply to an employer who may be required to provide health and medical benefits under AS 39.35.150(b), as amended by sec. 7 of this Act, regardless of whether a member receives retirement medical benefits under this section.

11 * Sec. 16. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 CONDITIONAL RETROACTIVITY. If secs. 2, 4 - 10, and 13 of this Act take effect
14 after July 1, 2005, secs. 2, 4 - 10, and 13 of this Act are retroactive to July 1, 2005.

* Sec. 17. Section 15, ch. 57, SLA 2001, is amended to read:

16 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2009 [2005].

¹⁷ * Sec. 18. Section 13, ch. 58, SLA 2001, is repealed.

¹⁸ * Sec. 19. Section 3 of this Act takes effect July 1, 2009.

¹⁹ * Sec. 20. Sections 2, 4, 5, 7, and 8 of this Act take effect July 1, 2005.

* Sec. 21. Except as provided in secs. 19 and 20 of this Act, this Act takes effect immediately under AS 01.10.070(c).

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Section 2

Division of Personnel

Division of Personnel – Retiree Rehire, HB161 Report

Section 2 of this legislative report was prepared by the Division of Personnel. The section of the report is focused on the State of Alaska as the largest employer in the PERS system. It includes the number of employees who returned to work under retire/rehire program and the efforts of the executive branch to address the recruitment difficulties in job classes in which retired members have been rehired.

HB 161 went into effect on July 1, 2005 and established three new sunset dates for re-employed retirees, based upon their date of rehire. In extending the sunset dates of the retiree rehire program, the legislature intended to allow public employers the ability to continue to use this management tool while developing plans to address the knowledge, skills, and abilities that needed to be transferred or developed to assure work can be accomplished when HB 161 sunsets on July, 1, 2009.

The Division of Personnel prepared the following analysis of the number of Executive Branch employees who are working under each of the three sunset date provisions.

1. PERS waivered employees hired on or after November 3, 2004 continued their PERS Waiver status until June 0, 2005.

16 employees working under a PERS waiver were hired on or after November 3, 2004.

14 employees separated from state service on or before June 30, 2005.

02 employees choose to continue to work without a PERS waiver.

2. PERS waivered employees hired prior to November 3, 2004 continue their current employment and PERS waiver status until December 31, 2006.

97 employees were working under a PERS waiver which will expire on December 31, 2006.

22 employees working under a PERS waiver have separated from the retiree rehire program to date.

75 employees working under a PERS waiver continue employment (anticipated until December 31, 2006).

3. PERS waivered employees hired on or after July 1, 2005 continue their employment conditions until June 30, 2009.

12 PERS waivered employees have been hired since July 1, 2005.

11 employees are currently employed.

01 employee separated from service.

Of the initial twelve employees working under a PERS waiver hired on or after July 1, 2005 six were hired into positions in the classified service, the remaining six were hired into positions in the partially exempt service.

To make the most effective use of the retiree return program as a management tool, HB 161 requires the hiring authority to work with the Division of Personnel to develop a plan that addresses efforts to reduce the recruitment difficulties in job classes in which retirees have been hired. The development plan addresses:

The critical components of the position;

The knowledge, skills, and abilities that need to be developed in the workplace to assure that the work can be accomplished when the rehired retiree leaves state service; and

A development plan for accomplishing the transfer of knowledge.

The Division of Personnel, Management Services Section has been proactively working with the operating agencies to develop these plans. As soon as the Division of Personnel approves an individual for hire that will work under a PERS waiver, a Management services consultant contacts the agency to begin to develop the knowledge transfer plan process.

The Management Services Section works with the operating agencies to identify the critical components of the job, to identify the knowledge, skills and abilities required to perform the critical components of the job, and to conduct a skill gap analysis of the operating group to determine where the development areas are. Once the areas have been identified, Management Services staff work with the agency to develop knowledge transfer plans to address those development needs. A knowledge transfer plan can be as simple as developing a desk manual for a less complex position, or as detailed as an intensive training program.

To date the Director of the Division of Personnel has received and approved knowledge transfer plans for the six classified positions filled by an employee working under a PERS waiver in the retiree/return program. A knowledge transfer plan prepared jointly by the Department of Fish and Game and Division of Personnel, Management Services is attached for review.

In addition, HB 161 encourages, state agencies to develop a strategic view of human resource needs, including the development of workforce plans, with the assistance of the Division of Personnel. Currently the Division of Personnel is actively partnering with agency Administrative Service Directors in developing strategic workforce plans to mitigate future recruitment difficulties.

Group 3

**Retirees hired on or after
July 1, 2005 continued their employment conditions until
June 30, 2009.**

| Department | Job Class Title | Position Range | Bargaining Unit | Reemployment Date | Separation Date / Status |
|-------------------|--------------------------|-----------------------|------------------------|--------------------------|---------------------------------|
| DF&G | Fishery Biologist IV | 20 | SS | | |
| DF&G | Fisheries Scientist I | 22 | SS | | |
| DCCED | Executive Administrator | 21 | XE | 11/7/2005 | |
| DMVA | Executive Secretary | 12 | XE | | |
| DEED | Maint. Spec. BFC Foreman | 50 | LL | | |
| DOL | Economist III | 20 | GG | 7/1/2005 | |
| DOT/PF | Engineer / Architect IV | 25 | SS | 7/11/2005 | |
| DOT/PF | Engineering Associate | 20 | GG | | |
| DPS | Special Assistant | 21 | XE | 10/3/2005 | |
| DCCED | Admin. Services Director | 26 | XE | | |
| DNR | Project Assistant | 23 | XE | | Sep. 11/16/2005 |
| DOC | Special Assistant | 23 | XE | | |

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STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

DIVISION OF WILDLIFE CONSERVATION

Frank Murkowski, GOVERNOR

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 465-4190
FAX: (907) 465-6142

MEMORANDUM

TO: Mila Cosgrove, Director Division of Personnel

THRU:

FROM: Gene Sandone, CF/ AYK Regional Supervisor

DATE: 3 October 2005

SUBJECT: Knowledge Transfer Plan for PCN 11-1099, Fishery Biologist IV

I am requesting approval for the knowledge transfer plan outlined in this memorandum. The knowledge transfer plan was developed in accordance with Administrative Order 225. Mr. [REDACTED] [REDACTED] is working under a PERS waiver and he is the incumbent of a permanent fulltime position, PCN 11-1099. His first day of work was August 2, 2005. The 60 day deadline for the knowledge transfer plan is Tuesday, October 4, 2005.

Three primary development areas were identified through skill gap analysis using the Knowledge Transfer Worksheet. They are included in the knowledge transfer plan. The areas are:

1. Consultation on fisheries management and emergency orders,
2. Training and mentoring area biologist position in federal and state subsistence fisheries management issues and state liaison duties,
3. Train less experienced managers in regional review and coordination of Alaska Board of Fisheries staff comments on proposals and written and oral reports.

It is anticipated the knowledge transfer plan will take up to 24 months to complete and that some knowledge transfer will be ongoing as business practices and needs evolve. The majority of the knowledge transfer will be provided to four area management biologists in the AYK Region, Jim Menard, Fred Bue, John Linderman and Dr. Steve Hayes, by [REDACTED] Mr. John Hilsinger, also a regional management supervisor for AYK Region, will assist in this plan. Providing knowledge transfer to Fishery Biologist I and IIs will also be a part of this plan to increase fishery management experience and depth. I will monitor the knowledge transfer on a monthly basis and make adjustments as needed on a quarterly basis to assure that staff are trained to take over the work when Mr. [REDACTED] separates from service. I will also report the plan's progress to my Management Services Consultant, Stacie Bentley, on a regular basis.

Knowledge Transfer Plan Approved

Mila Cosgrove
Mila Cosgrove, Director, Division of Personnel

10/19/05
Date

Knowledge Transfer Plan Disapproved

Mila Cosgrove, Director, Division of Personnel

Date

Knowledge Transfer Plan

| Development Area | Transfer Type | Recipient(s) | Target Completion Date | Successful Transfer Measurement |
|---|---|---|--|--|
| Consultation on fisheries management and emergency orders | <p>Returned Retiree: [REDACTED] has the greatest cumulative knowledge and experience in herring and salmon management in the region (providing for subsistence priority, achieving escapement goals, allowing harvest of surplus, and stock status trends).</p> <p>Job Rotation programs: [REDACTED] and Hilsinger will implement a form of job rotation program as a training and experience tool for area and assistant area biologists in the region. Most area management biologists know a lot about a single area, but a regional management position should have broader experience.</p> <p>Job aids: [REDACTED] will develop an inventory of example emergency orders for area management staff to increase efficiency in completing these documents and for consistency within the region.</p> | <p>Menard, Bue, Hayes, and Linderman</p> <p>Menard, Bue, Hayes, and Linderman</p> <p>Jones, Kohler, Clark, Busher, Martz, D. Bue, and Newland</p> | <p>7/15/07 (24 months)</p> <p>7/15/07 (24 months)</p> <p>7/15/06 (9months)</p> | <p>Sharing this specialized knowledge will aid in the development of our next regional management supervisor.</p> <p>Sharing this specialized knowledge will aid in the development of our next regional management supervisor through supervisors and colleagues observing ability of area management staff to have working knowledge of fisheries in two or more areas within the region.</p> <p>Completed inventory</p> |

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| Mentoring experience in state and federal subsistence policy issues. | Returned Retiree and Mentoring programs: [REDACTED] and Hilsinger will directly mentor Yukon Area Management position in federal and state subsistence policy issues, role of state liaison position, and working with federal agency employees involved with subsistence fisheries management. | Hayes | 7/15/07 (24 months) | Supervisors observe ability of Yukon Area management biologist to: <ul style="list-style-type: none"> • Articulate knowledge of federal and state subsistence management issues to others • Work with federal agencies |
| | Critical incident reviews – [REDACTED] will discuss the outcomes of previous state and federal subsistence liaison events with the Yukon Area management biologist to aid in development as a state liaison. Specific examples are the events and results of previous and ongoing state and federal subsistence protocols and Federal Subsistence Board regulatory actions. | Hayes | 7/15/07 (24 months), ongoing | Supervisors observe ability of Yukon Area management biologist to: Apply knowledge appropriately to state liaison situations |
| Train less experienced managers in regional review and coordination of Alaska Board of Fisheries | Returned Retirees and Job Shadowing programs: [REDACTED] will work closely with area managers to develop broader experience in Board of Fisheries preparation. During the next Board | Menard, Bue, Hayes, and Linderman Jones, Clark, Busher, Martz, D. | Ongoing 7/15/07 (24 months) | Supervisors and colleagues observe ability of area management staff to: have working knowledge of fisheries in two or more areas within the region. Participate as productive staff members at Board of Fisheries |

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|---|--|------------------|--|---|
| staff comments on proposals and written and oral reports. | of Fisheries cycle, one area biologist will be selected to assist Boards Section and other division staff to complete the proposal road map, assign proposals to staff for comments, review comments and coordinate review by other divisions. All area biologists will be assigned to review and comment on staff written reports for other areas of the region. Assistant area management biologists for each area will be assigned to provide staff comments at the board meeting for a selected number of proposals. Select assistant area biologists may be assigned oral reports to the board to gain more experience and depth. | Bue, and Newland | | meeting. Coordinate area staff development of proposal comments and written and oral reports. |
| | | | | |