

To save money, Sitka schools will negotiate early retirement plan with teacher's union

Posted by Robert Woolsey, KCAW | Jan 15, 2021



According to interim Superintendent John Holst, around a dozen of Sitka's senior teachers are eligible for early retirement, several of whom work at the high school. (KCAW file photo)

The Sitka School District is considering an early retirement incentive for teachers, as a way of helping make ends meet next year.

At its last meeting earlier this month (1-6-21), the Sitka School Board authorized the interim superintendent to open negotiations with the local teachers union.

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Early retirement is a tool that has been used before by the Sitka School District, as well as by other communities in the state. Alaska's educators belong to a pension program called "TRS" — or the Teachers' Retirement System — which mirrors the state's program for municipal and government employees called "PERS" — the Public Employees Retirement System.

TRS is a state obligation, and frees school districts from any expense toward teachers once they're retired.

Interim superintendent John Holst told the Sitka School Board on January 6 that having some teachers retire was going to be critical to balancing the budget.

"I do not think it's going to be possible to pass a budget this year that isn't going to lead to a reduction in staffing," Holst said. "And we've got 11 people that we've hired this year — eleven first-year teachers — and roughly speaking for each person who retires, that keeps two people on the bottom end of the salary schedule employed."

But early retirement is not quite the slam-dunk it used to be. The Sitka District has only one teacher remaining on staff who has the venerable "Tier 1" retirement — which pays a large fraction of a teacher's final salary annually, plus lifetime health benefits — and that person, said Holst, was going to retire anyway. Newer teachers have Tier 2 and Tier 3 retirements which function more like savings accounts, and those teachers might not be so willing to sacrifice both a paycheck and the chance to accrue more savings.

(Note: In the terminology used to describe retirement plans, Tier 1 is a "defined benefit plan" as is Tier 2 (although far less robust than Tier 1). Tier 3 is a "defined contribution plan" similar to 401k and 403b plans in the private and nonprofit sectors. One key difference, however, is that Alaskan educators in TRS aren't eligible for Social Security — which the Sitka Education Association would like to see changed by the Alaska Legislature.)

So, Holst had another idea.

"The question will also be: Are we just going to offer this for retirement, or could we offer it also as an incentive to maybe go on and do something else different in life, or go somewhere else to teach, or whatever?" he asked. "I mean, people are sometimes looking for a new adventure, and may not be at the end of their career."


The tradeoff is more than financial. Early retirement drains a district of experienced talent. Nevertheless, Sitka Education Association president Mike Vieira said many of his members had been asking him about it.

"There is definitely significant interest there I think in a group of our staff," Vieira said. "And as disappointed as we would be to lose veteran staff, we also want to keep our new staff who are excited to be here."

Vieira voiced support for offering an incentive for teachers to retire early, or to move on to other districts or careers.

Around a dozen Sitka teachers are eligible for early retirement. Superintendent Holst recommended that negotiations take place sooner rather than later, so that the candidates had adequate time to think about it. "It's a life-changing decision," he said.

The board unanimously approved authorizing the district and the teachers' union to negotiate an early retirement incentive, with a final decision to be made on the matter by February 15.

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