

**CS FOR HOUSE BILL NO. 161(HES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 4/19/05

Referred: State Affairs

Sponsor(s): REPRESENTATIVE ELKINS

**A BILL**

**FOR AN ACT ENTITLED**

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

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

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

11            FINDINGS AND INTENT. (a) The legislature finds that provisions of ch. 57, SLA  
12 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003 that provide for the reemployment of certain  
13 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, 2008, unless that date is  
11 extended by law.

12 (c) It is the intent of the legislature that employers that benefit from the provisions of  
13 the retiree reemployment provisions pay any increase in unfunded liability that results to the  
14 retirement systems.

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

16 (e) A school district or regional educational attendance area that hires a retired  
17 teacher in accordance with this section shall provide, and the retired teacher shall  
18 accept, the same health and medical benefits provided to other active teachers. If a  
19 retired teacher who has been rehired elects to continue receiving benefit payments  
20 during the period of reemployment under AS 14.25.043(b), the teacher may not  
21 receive retirement medical coverage if that person is an active member employed by a  
22 school district or regional educational attendance area.

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

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

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

1 (b) A school district or regional educational attendance area that has adopted a  
 2 policy that permits the employment of retired teachers in accordance with  
 3 AS 14.20.135 shall notify the administrator that it is hiring retired teachers under  
 4 AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently  
 5 becomes an active member under a policy adopted in accordance with AS 14.20.135  
 6 may, within 30 days after the date of reemployment, elect to continue receiving benefit  
 7 payments during the period of reemployment by filing a waiver of coverage with the  
 8 administrator on a form provided by the administrator. An election under this  
 9 subsection waives coverage for the period of reemployment and is irrevocable during  
 10 the period of reemployment. **A teacher making the election to continue to receive**  
 11 **benefit payments may not receive retirement medical benefits during**  
 12 **reemployment but, instead, shall be covered under the medical coverage**  
 13 **provided by an employer to active members.** Deductions from the member's salary  
 14 may not be made under AS 14.25.050 during the period of reemployment, and the  
 15 member may not receive credited service for the period of reemployment. A member  
 16 who participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89,  
 17 SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible  
 18 to make an election under this subsection.

19 \* **Sec. 5.** AS 14.25.070 is amended by adding a new subsection to read:

20 (b) Each employer of a retired teacher rehired under the authority of  
 21 AS 14.20.135 shall make contributions to the unfunded liability of the system on  
 22 behalf of that retired teacher at the rate that the employer is making contributions to  
 23 the unfunded liability of the system for other teachers.

24 \* **Sec. 6.** AS 39.35.150(b) is amended to read:

25 (b) A member who retired under AS 39.35.370(a) and subsequently becomes  
 26 an active member may, within 30 days of the date of reemployment, elect to continue  
 27 receiving benefit payments during the period of reemployment by filing an election  
 28 with the administrator on a form provided by the administrator. An election under this  
 29 subsection waives coverage for the period of reemployment and is irrevocable during  
 30 the period of reemployment. **A member making the election to continue to receive**  
 31 **benefit payments may not receive retirement medical benefits during**

1        **reemployment but, instead, will be covered under the medical coverage provided**  
 2        **by an employer to active members.** During the period of reemployment, deductions  
 3        from the member's salary may not be made under AS 39.35.160 and the member may  
 4        not receive credited service. A member who participated in a retirement incentive  
 5        program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA  
 6        1996; or ch. 92, SLA 1997, is not eligible to make an election under this subsection  
 7        unless the member is reemployed as a commissioner.

8        \* **Sec. 7.** AS 39.35.150 is amended by adding new subsections to read:

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

17              (g) In accordance with this section, a political subdivision or a public  
 18              organization that has or anticipates having a shortage of employees qualified for  
 19              particular job classes may, by resolution, adopt a policy that permits the employment  
 20              of employees who retired under AS 39.35.370(a), who have been separated from  
 21              employment for at least 30 days, and who are qualified for particular job classes. The  
 22              policy adopted by resolution must describe the circumstances that constitute the  
 23              shortage. If a shortage of qualified employees exists as described in the policy, the  
 24              political subdivision or the public organization shall notify the administrator that it is  
 25              hiring retired members under (f) of this section and shall provide a copy of the  
 26              resolution and policy adopted by the resolution to the administrator of the public  
 27              employees' retirement system (AS 39.35).

28              (h) Notwithstanding (b) of this section, an employer may not allow a member  
 29              who is hired to fill a position subject to competitive recruitment procedures to make  
 30              the election provided in (b) of this section unless

31                      (1) the employer conducted an initial recruitment for at least 15 days

1 for the position to be filled by the member making an election under (b) of this section  
 2 resulted in fewer than five qualified, eligible, and available applicants, including the  
 3 retired member; and

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

8 \* **Sec. 8.** AS 39.35.270 is amended by adding a new subsection to read:

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

13 \* **Sec. 9.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is  
 14 amended to read:

15 Sec. 12. AS 14.20.135; AS 14.25.043(b), 14.25.043(e), added by sec. **3, ch.**  
 16 **15, SLA 2003** [OF THIS 2003 ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended  
 17 by sec. 4, **ch. 15, SLA 2003** [OF THIS 2003 ACT], and 39.35.150(c) are repealed  
 18 July 1, **2008** [2005].

19 \* **Sec. 10.** The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001,  
 20 is amended to read:

21 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and  
 22 ending in **2009** [2006], the administrator of the teachers' retirement system **and the**  
 23 **administrator of the public employees' retirement system** shall report to the  
 24 legislature by the 30th day of the regular legislative session concerning the effect of  
 25 this Act, as amended, on the retirement system. **The administrator of the public**  
 26 **employees' retirement system shall include information in the report regarding**  
 27 **the efforts of employers in the executive branch to address the recruitment**  
 28 **difficulties in job classes in which retired members have been rehired.**

29 \* **Sec. 11.** AS 14.25.070(b) and AS 39.35.270(b) are repealed July 1, 2008.

30 \* **Sec. 12.** Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

31 \* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2           CONDITIONAL RETROACTIVITY. If secs. 9, 12, and 15 of this Act take effect  
3 after July 1, 2005, secs. 9, 12, and 15 of this Act are retroactive to July 1, 2005.

4       \* **Sec. 14.** Section 15, ch. 57, SLA 2001, is amended to read:

5                       Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2008 [2005].

6       \* **Sec. 15.** Section 13, ch. 58, SLA 2001, is repealed.

7       \* **Sec. 16.** Section 3 of this Act takes effect July 1, 2008.

8       \* **Sec. 17.** Except as provided in sec. 16 of this Act, this Act takes effect immediately under  
9 AS 01.10.070(c).