

CS FOR HOUSE BILL NO. 161(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 5/3/05

Referred: Rules

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 shall [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, shall be covered under the medical coverage**
 2 **provided by an employer to active members.** During the period of reemployment,
 3 deductions from the member's salary may not be made under AS 39.35.160 and the
 4 member may not receive credited service. A member who participated in a retirement
 5 incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch.
 6 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to make an election under this
 7 subsection 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 amended by sec. 2 of this Act**; AS 14.25.043(b),
 16 **as amended by sec. 4 of this Act**; 14.25.043(e), added by sec. 3, **ch. 15, SLA 2003**
 17 [OF THIS 2003 ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended by sec. 4, **ch.**
 18 **15, SLA 2003, and by sec. 6 of this Act** [OF THIS 2003 ACT], and 39.35.150(c) are
 19 repealed July 1, **2008** [2005].

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

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

30 * **Sec. 11.** AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and 39.35.270(b)
 31 are repealed July 1, 2008.

1 * **Sec. 12.** Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

2 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 APPLICABILITY OF SECS. 2 AND 4 OF THIS ACT TO RETIRED TEACHERS
5 MAKING AN ELECTION UNDER AS 14.25.043(b) BEFORE JULY 1, 2005. (a) A retired
6 teacher who was rehired and made an election under AS 14.25.043(b) before November 3,
7 2004, may continue to receive retirement benefits and medical benefits under
8 AS 14.25.043(b) from July 1, 2005, through December 31, 2006, if that teacher continues to
9 serve in the same position. However, on January 1, 2007, the period of reemployment to
10 which the teacher's original election under AS 14.25.043(b) applied is considered terminated.
11 If the teacher continues as an active teacher, that teacher may not continue to receive benefit
12 payments while working as an active teacher unless the employer rehires the teacher under
13 AS 14.25.043(b), as amended by sec. 4 of this Act on or after January 1, 2007.

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

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

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

27 APPLICABILITY OF SECS. 6 AND 7 OF THIS ACT FOR RETIRED
28 EMPLOYEES MAKING AN ELECTION UNDER AS 39.35.150(b) BEFORE JULY 1,
29 2005. (a) A retired employee who was rehired and made an election under AS 39.35.150(b)
30 before November 3, 2004, may continue to receive retirement benefits and medical benefits
31 under AS 39.35.150(b) from July 1, 2005, through December 31, 2006, if that employee

1 continues to serve in the same position. However, on January 1, 2007, the period of
 2 reemployment to which the employee's original election under AS 39.35.150(b) or (e) applied
 3 is considered terminated, and, as to that employee,

4 (1) AS 39.35.150(b), as amended by sec. 6 of this Act applies; and

5 (2) if the employee continues as an active member, that employee may not
 6 continue to receive benefit payments unless the employer hires the employee as a result of the
 7 competitive hiring process required by the applicable subsection of AS 39.35.150(f), (g), and
 8 (h), added by sec. 7 of this Act, on or after January 1, 2007.

9 (b) A retired employee who was rehired and made an election under AS 39.35.150(b)
 10 on or after November 3, 2004, may not continue to receive retirement benefits and medical
 11 benefits under AS 39.35.150(b) after June 30, 2005. On July 1, 2005, the period of
 12 reemployment to which the employee's original election under AS 39.35.150(b) applied is
 13 considered terminated, and, as to that employee,

14 (1) AS 39.35.150(b), as amended by sec. 6 of this Act applies; and

15 (2) if the employee continues as an active member, that employee may not
 16 continue to receive benefit payments while an active member unless the employer hires the
 17 employee as a result of the competitive hiring process required by the applicable subsection of
 18 AS 39.35.150(f), (g), and (h), added by sec. 7 of this Act, on or after January 1, 2007.

19 (c) This section does not apply to an employer who may be required to provide health
 20 and medical benefits under AS 39.35.150(b), as amended by sec. 6 of this Act, regardless of
 21 whether a member receives retirement medical benefits under this section.

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

24 **CONDITIONAL RETROACTIVITY.** If secs. 9, 12, and 17 of this Act take effect
 25 after July 1, 2005, secs. 9, 12, and 17 of this Act are retroactive to July 1, 2005.

26 * **Sec. 16.** Section 15, ch. 57, SLA 2001, is amended to read:

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

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

29 * **Sec. 18.** Section 3 of this Act takes effect July 1, 2008.

30 * **Sec. 19.** Sections 2, 4, 6, and 7 of this Act take effect July 1, 2005.

31 * **Sec. 20.** Except as provided in secs. 18 and 19 of this Act, this Act takes effect

1 immediately under AS 01.10.070(c).