

SENATE CS FOR CS FOR HOUSE BILL NO. 161(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/9/05

Referred: Rules

Sponsor(s): REPRESENTATIVE ELKINS

A BILL

FOR AN ACT ENTITLED

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

1 the unfunded liability of the system for other teachers.

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

3 (b) A member who retired under AS 39.35.370(a) and subsequently becomes
 4 an active member may, within 30 days of the date of reemployment, elect to continue
 5 receiving benefit payments during the period of reemployment by filing an election
 6 with the administrator on a form provided by the administrator. An election under this
 7 subsection waives coverage for the period of reemployment and is irrevocable during
 8 the period of reemployment. **The period of reemployment is considered to end**
 9 **when this subsection is repealed or the person stops working, whichever occurs**
 10 **first. A member hired to work as a full-time employee who makes the election to**
 11 **continue to receive benefit payments may not receive retirement medical benefits**
 12 **during reemployment but, instead, shall be covered under the medical coverage**
 13 **provided by the employer to active employees. A member hired to work as a less**
 14 **than full-time employee who makes the election to continue to receive benefit**
 15 **payments may continue to receive retirement medical benefits.** During the period
 16 of reemployment, deductions from the member's salary may not be made under
 17 AS 39.35.160 and the member may not receive credited service. A member who
 18 participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA
 19 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to
 20 make an election under this subsection unless the member is reemployed as a
 21 commissioner.

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

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

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

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

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

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

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

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

30 * **Sec. 10.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is
 31 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.

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

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

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

14 **APPLICABILITY OF SECS. 7 AND 8 OF THIS ACT FOR RETIRED**
 15 **EMPLOYEES MAKING AN ELECTION UNDER AS 39.35.150(b) OR (e) BEFORE JULY**
 16 **1, 2005.** (a) A retired employee who was rehired and made an election under
 17 AS 39.35.150(b) or (e) before November 3, 2004, may continue to receive retirement benefits
 18 and medical benefits under AS 39.35.150(b) or (e) from July 1, 2005, through December 31,
 19 2006, if that employee continues to serve in the same position. However, on January 1, 2007,
 20 the period of reemployment to which the employee's original election under AS 39.35.150(b)
 21 or (e) applied is considered terminated, and, as to that employee,

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

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

28 (b) A retired employee who was rehired and made an election under AS 39.35.150(b)
 29 or (e) on or after November 3, 2004, may not continue to receive retirement benefits and
 30 medical benefits under AS 39.35.150(b) or (e) after June 30, 2005. On July 1, 2005, the
 31 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 January 1, 2007.

8 (c) This section does not apply to an employer who may be required to provide health
9 and medical benefits under AS 39.35.150(b), as amended by sec. 7 of this Act, regardless of
10 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.

15 * **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.

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