

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/18/05

Referred: State Affairs, Finance

Sponsor(s): SENATORS GARY STEVENS, Davis, Elton

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 sec. 15, ch. 57, SLA
5 2001, which is the delayed effective date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and
6 repealing sec. 13, ch. 58, SLA 2001, which is the delayed effective date for secs. 5, 7, and
7 9, ch. 58, SLA 2001; and 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, 2009, 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 14.25.043(a) is amended to read:

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

23 * **Sec. 3.** AS 14.25.070 is amended by adding a new subsection to read:

24 (b) If the administrator determines that reemployment of a retired teacher
25 under the authority of AS 14.20.135 results in an increase in the unfunded liability of
26 the system, the administrator shall include the base salary of the reemployed teacher in
27 the determination of the amount of contributions due from the employer of the
28 reemployed teacher to the extent determined by the administrator as necessary to pay
29 the liability.

30 * **Sec. 4.** AS 39.35.150 is amended by adding new subsections to read:

31 (f) Notwithstanding (b) of this section, a member employed by a political

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

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

19 * **Sec. 5.** AS 39.35.270 is amended by adding a new subsection to read:

20 (b) If the administrator determines that reemployment of a retired member
 21 under AS 39.35.150(b) results in an increase in the unfunded liability of the system,
 22 the administrator shall include the base salary of the reemployed member in the
 23 determination of the amount of contributions due from the employer of the
 24 reemployed member to the extent determined by the administrator as necessary to pay
 25 the liability.

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

28 Sec. 12. AS 14.20.135; AS 14.25.043(b), 14.25.043(e), added by sec. **3, ch.**
 29 **15, SLA 2003** [OF THIS 2003 ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended
 30 by sec. **4, ch. 15, SLA 2003** [OF THIS 2003 ACT], and 39.35.150(c) are repealed
 31 July 1, **2009** [2005].

1 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 RETROACTIVE APPLICATION OF SECTION 3 TO EMPLOYERS OF REHIRED
4 RETIRED TEACHERS. If the administrator determines that retired teachers rehired by an
5 employer caused an increase in the unfunded liability of the teachers' retirement system, the
6 employer shall pay the amount of the increase attributable to that employer's rehired retired
7 teachers within the next annual budget cycle following the determination by the administrator.
8 This section only applies to an employer in regard to the unfunded liability attributable to a

9 (1) retired teacher rehired under AS 14.20.135 between July 1, 2001, and the
10 effective date of this Act; and

11 (2) retired commissioner rehired under AS 14.25.043(d) and 14.25.043(e)
12 between May 1, 2003, and the effective date of this Act.

13 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 RETROACTIVE APPLICATION OF SECTION 5 TO EMPLOYERS OF REHIRED
16 RETIRED PUBLIC EMPLOYEES. If the administrator determines that retired members
17 rehired by an employer caused an increase in the unfunded liability of the public employees'
18 retirement system, the employer shall pay the amount of the increase attributable to that
19 employer's rehired retired members within the next annual budget cycle following the
20 determination by the administrator. This section only applies to an employer in regard to the
21 unfunded liability attributable to a

22 (1) retired member rehired under AS 39.35.150(b) between July 1, 2001, and
23 the effective date of this Act; and

24 (2) retired commissioner rehired under AS 39.35.150(b) and (e) between
25 May 1, 2003, and the effective date of this Act.

26 * **Sec. 9.** The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001, is
27 amended to read:

28 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and
29 ending in 2010 [2006], the administrator of the teachers' retirement system **and the**
30 **administrator of the public employees' retirement system** shall report to the
31 legislature by the 30th day of the regular legislative session concerning the effect of

1 this Act, as amended, on the retirement systems.

2 * **Sec. 10.** AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), and 39.35.270(b) are repealed
3 July 1, 2009.

4 * **Sec. 11.** Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

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

7 **CONDITIONAL RETROACTIVITY.** If secs. 1, 3 - 8, 11, and 13 of this Act take
8 effect after July 1, 2005, secs. 1, 3 - 8, 11, and 13 of this Act are retroactive to July 1, 2005.

9 * **Sec. 13.** Section 15, ch. 57, SLA 2001, is amended to read:

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

11 * **Sec. 14.** Section 13, ch. 58, SLA 2001, is repealed.

12 * **Sec. 15.** Section 2 of this Act is effective July 1, 2009.

13 * **Sec. 16.** Except as provided in sec. 15 of this Act, this Act takes effect immediately under
14 AS 01.10.070(c).