

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

March 7, 2005

1:34 p.m.

MEMBERS PRESENT

Senator Fred Dyson, Chair
Senator Gary Wilken, Vice Chair
Senator Lyda Green
Senator Kim Elton
Senator Donny Olson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24

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

HEARD AND HELD

SENATE BILL NO. 31

"An Act eliminating the sunset provisions applicable to reemployment of retired members of the teachers' retirement system and the public employees' retirement system; repealing the effective date of secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and secs. 5, 7, and 9, ch. 58, SLA 2001; and providing for an effective date."

SCHEDULED BUT NOT HEARD

SENATE BILL NO. 4

"An Act requiring cardiopulmonary resuscitation and first aid certifications for issuance of a secondary school diploma."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 24

SHORT TITLE: REEMPLOYMENT OF RETIREES

SPONSOR(s): SENATOR(s) STEVENS G

01/11/05 (S) PREFILE RELEASED 12/30/04
01/11/05 (S) READ THE FIRST TIME - REFERRALS
01/11/05 (S) HES, STA
01/26/05 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
01/26/05 (S) HES, STA
03/07/05 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 4

SHORT TITLE: REQUIRE CPR FOR HIGH SCHOOL GRADUATION

SPONSOR(s): SENATOR(s) COWDERY

01/11/05 (S) PREFILE RELEASED 12/30/04
01/11/05 (S) READ THE FIRST TIME - REFERRALS
01/11/05 (S) HES, FIN
03/07/05 (S) HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Mary Francis, Executive Director
The Alaska Council of School Administrators
326 4th St.
Juneau, Alaska 99801

POSITION STATEMENT: Supports SB 24.

Carl Rose, Executive Director
Association of Alaska School Boards
1111 9th St.
Juneau, Alaska 99801

POSITION STATEMENT: Supports SB 24.

Joe Dinnocenzo
Kodiak, Alaska 99615
POSITION STATEMENT: Opposes SB 24.

Chris Christenson, Deputy Administrative Director
Alaska Court System
303 K St.
Anchorage, AK 99501-2084

POSITION STATEMENT: Supports SB 24.

Barbara Huff Tuckers
Director of Governmental and Legislative Affairs
Teamsters Local 959

520 E 34th St.
Anchorage, Alaska 99501
POSITION STATEMENT: Supports SB 24.

John Davis
Alaska Bearing Straights School District
No address provided
POSITION STATEMENT: Supports SB 24.

Jeff Jicha
No address provided
POSITION STATEMENT: Opposes SB 24.

Kathleen Day
No address provided
POSITION STATEMENT: Supports SB 24.

Larry Semmens, Finance Director
City of Kenai
Kenai, Alaska 99611
POSITION STATEMENT: Supports SB 24.

Keith Kornelis
City of Kenai
Kenai, Alaska 99611
POSITION STATEMENT: Supports SB 24.

Fred MacVai
City of Kenai
Kenai, Alaska 99611
POSITION STATEMENT: Supports SB 24.

Bruce Senkow, President
Alaska Employees Association
Fairbanks, Alaska 99701
POSITION STATEMENT: Opposes SB 24.

Richard Roberts
No address provided
POSITION STATEMENT: Supports SB 24.

Larry Wiget, Director,
Government Relations
Anchorage School District
Anchorage, Alaska 99501
POSITION STATEMENT: Supports SB 24.

Uwe Kalenka
Alaskan's for Efficient Government
Anchorage, Alaska 99501
POSITION STATEMENT: Opposes SB 24, Supports SB 4.

Karen Bretz
Alaskan's for Efficient Government
Anchorage, Alaska 99501
POSITION STATEMENT: Opposes SB 24.

Mike Davidson
Anchorage, Alaska 99501
POSITION STATEMENT: Supports SB 24.

Melanie Millhorn, Director
Division of Retirement and Benefits
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Supports SB 24.

Mike Tibbles, Deputy Director
Division of Retirement and Benefits
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Supports SB 24.

Ruth Keller, Legislative Aide
Staff to Senator Cowdery
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Introduced SB 4.

ACTION NARRATIVE

CHAIR FRED DYSON called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:34:41 PM](#). Present were Senators Gary Wilken, Lyda Green, Kim Elton, and Chair Fred Dyson.

SSSB 24-REEMPLOYMENT OF RETIREES

[1:35:26 PM](#)

CHAIR DYSON announced SSSB 24 to be up for consideration.

SENATOR GARY STEVENS, sponsor of SB 24, advised the bill would extend the retiree program instituted in 2001 and would add an

initial requirement that the administrator of the public employee retirement system (PERS) must make an annual report to the Legislature.

[1:37:37 PM](#)

SENATOR WILKEN moved Version \F committee substitute (CS) for SSSB 24 as the working document before the committee. There being no objections, the motion carried.

SENATOR OLSON arrived at 1:38 PM.

CHAIR DYSON asked whether SSSB 24 was being proposed to relieve the shortage of qualified teachers by allowing administrators access to the retired teacher pool.

SENATOR STEVENS said yes, the bill would allow them to return to the profession without having to forfeit retirement benefits and without having to contribute to the retirement program or make further draws upon it.

[1:39:35 PM](#)

SENATOR STEVENS added the bill applies to retired employees who are difficult to replace. He noted administrators in both systems would have to demonstrate that their positions are, in fact, hard to fill.

CHAIR DYSON asked Senator Stevens to describe the process for certifying that a position is hard to fill.

SENATOR GARY STEVENS deferred the question Mrs. Millhorn.

SENATOR OLSON asked Senator Stevens his feelings on double dipping.

SENATOR STEVENS replied he could not argue with the term "double dipping" since they are receiving retirement benefits and a salary. He reasserted these employees are rehired to fill difficult positions and do not cause the system any additional costs. It is not the intention of the bill to allow employees to retire one day and return to work the next.

[1:42:26 PM](#)

SENATOR GREEN asked whether an employer is required to demonstrate a recruitment challenge before they are allowed to

rehire a retired employee. She would not support the bill if it did not include a firm test to establish the existence of a recruitment challenge.

SENATOR OLSON noted retired employees have an unfair advantage over recent graduates in the hiring process and asked how that would be addressed.

SENATOR STEVENS said qualified entry-level applicants should be given priority over retired applicants.

SENATOR OLSON asked how that could be guaranteed.

SENATOR STEVENS said generally experienced employees are much more expensive to employ than new entries and the consideration of the additional cost would encourage employers to hire new entries.

[1:45:45 PM](#)

SENATOR ELTON said it is necessary to require a verifiable recruitment challenge to prevent people from simply changing hats after their retirement.

SENATOR GREEN asserted an employer should not consider hiring a retired employee if they have an application from a qualified applicant. She noted that the bill does not have such a requirement and it does not require employers to make a strong effort to seek out new employees in their hiring process.

[1:47:42 PM](#)

SENATOR STEVENS advised the administration was considering the concerns forwarded by the committee.

[1:49:04 PM](#)

CHAIR DYSON asked whether retired employees usually start at entry-level salaries or their former salaries.

SENATOR STEVENS believed the salary is determined by experience, knowledge, and education.

SENATOR OLSON asked the number of people currently involved in the program.

SENATOR STEVENS responded the teacher retirement system (TRS) report shows there are 211 PERS and 114 TRS members currently on waiver.

MARY FRANCIS, executive director, Alaska Council of School Administrators, testified in support of SB 24. She said the bill would allow administrators to maintain a highly qualified staff, a factor important in meeting the requirements of the No Child Left Behind Act. Many school superintendents rehire teachers only if they are unable to find new employees or employees willing to transfer.

CHAIR DYSON asked whether rehired teachers typically receive the salary that they received when they retired.

MS. FRANCIS could not give details since the salaries are determined on a case-by-case basis.

SENATOR ELTON asked how the school board ensures they are not showing favoritism for a retired employee by allowing them to return.

MS. FRANCIS responded it is up to the local school board and administration to determine whether this is a useful tool for the district.

SENATOR GREEN asked whether the majority of superintendents in the state discourage the retirement of people with essential skills and experience.

MS. FRANCIS responded a good school administrator has the broad perspective of the school district in mind and acts in its interest.

SENATOR GREEN asked whether superintendents ever ask valuable employees to reconsider retirement.

MS. FRANCIS said as a former superintendent, she never had that sort of conversation with anyone.

[1:55:51 PM](#)

CARL ROSE, executive director, Association of Alaska School Boards, testified in support of SB 24. He said statistics from the Alaska Teacher Placement Center (ATPC) show a recent sharp decline in the number of teachers pursuing jobs in Alaska. There were 900 applicants ten years ago and only 300 last year. He

attributed this to a decrease in the relative amount that Alaskan teachers make, noting in 1982, salaries were the highest in the nation by almost double and now they are the highest by only a small amount. In addition Alaska ranks fourteenth in the nation for average teacher salary. He said allowing retired teachers to return to work helps offset the effects of the recent decline in out of state applications.

MR. ROSE continued he does not recall encountering many incidents of abuse in the program and there is a tremendous need for qualified teachers in Alaska. He noted the universities are making a strong effort to satisfy the demand for teachers, yet graduates only account for about 35 percent of the teaching positions.

CHAIR DYSON asked the process that school administrators use to determine a position is difficult to fill.

[1:59:26 PM](#)

MR. ROSE said they try to fill positions through local recruitment and they also advertise the positions in job fairs throughout the country.

SENATOR ELTON asked whether it is possible for school districts to hire retired teachers on a part time basis.

MR. ROSE answered although there are a number of possible scheduling alternatives, there are several specific core areas in a given curriculum that require specialized training and it is in the best interest of a school district to hire people qualified to fill those positions.

[2:01:21 PM](#)

JOE DINNOCENZO, state TRS employee, testified in opposition to SB 24, and expressed concerned that the lack of contribution from rehires would strain the PERS fund. Most rehires he knows in Kodiak are high-ranking members of their organizations who were rehired to assume their former positions and salaries.

[2:04:21 PM](#)

CHRIS CHRISTENSON, deputy administrative director, Alaska Court System, testified in support of SB 24. He said the court system has two problems that are addressed by the program. It has a number of one-person job classes with unique responsibilities

and it is difficult to provide continuity of services when they become vacant. He noted most positions in the court system have minimal requirements for employment and consequently it has a hard time filling high-level positions through internal promotion.

The second problem of the court system is it frequently has very few qualified applicants for supervisory positions. This is due to the high turnover rate among clerical positions.

[2:07:43 PM](#)

The RIP program created a personnel disaster for the court system since it caused the loss of several qualified employees.

CHAIR DYSON remarked it is management's responsibility to optimize working conditions and arrangements to prevent the aforementioned problems. He asked the reason the court system did not address their problems by increasing the salaries and benefits of its employees.

[2:09:38 PM](#)

MR. CHRISTENSON responded the department was doing the best it could with the funding allotted. The department would still have problems recruiting mid-level specialists from entry-level clerks and the private sector even if it was able to pay what it used to pay.

SENATOR GREEN remarked that participation in the RIP program was optional.

MR. CHRISTENSON said in the interest of fairness, the department decided to let anyone participate so long as they saved money for a judge. Consequently the department saved a little money and lost a lot of ability.

[2:11:07 PM](#)

BARBARA HUFF-TUCKERS, Director, Governmental and Legislative Affairs for the Teamsters Local 959, testified in support of SB 24. Although the employees she represents that are affected by this legislation are limited to the Municipality of Anchorage and number only eight, she has found the bill to be a very valuable resource for coping with the loss of revenue sharing and other budget cuts that affect the city.

MRS. HUFF-TUCKERS said the individuals she represents in Anchorage are public health nurses and engineers. She noted the state has not been able to match the salaries and benefits offered to their private sector counterparts. All of the positions were advertised under a collective bargaining agreement and there was a thirty-day waiting period required after the individuals left the job.

[2:14:21 PM](#)

JOHN DAVIS, Alaska Bearing Straights School District, testified in support of SB 24. Regarding Senator Olson's question, the Bearing Straights School District and many districts throughout rural Alaska cannot come close to filling their vacancies even with the rehire program. Each school board meets and confers with its administration to put forward a resolution that must be submitted to TRS to declare the position is indeed hard to fill.

[2:17:22 PM](#)

JEFF JICHA testified in opposition to SB 24 and to SB 4. He expressed concern that allowing Tier 1 retirees to return to work would strain the PERS and TRS systems. He stated opposition to SB 4.

[2:20:49 PM](#)

SENATOR ELTON noted one provision of the bill prevents the incidence of unfunded liability for the PERS system.

KATHLEEN DAY testified in support of SB 24. She said there was a 30-day grace period between her retirement and rehire and that she received a pay cut when rehired. She said her pay was low compared to salaries in the private sector and noted she was able to return to work only because of her retirement benefits. She felt misinformed by the Division of Retirement and Benefits (DRB) when told she would be grandfathered into the program. She would not have retired had she understood the program would only last three years.

LARRY SEMMENS, Finance Director, City of Kenai, testified in support of SB 24. There were six municipal employees in Kenai who were notified in writing by the DRB that all members participating in the program on the sunset date would be allowed to continue to participate in the program. Thereafter the attorney general's office informed them this was not the case. The City of Kenai feels this represents a fairness issue since

employees made important decisions based on their expectation that the program would continue. Discontinuing benefits after the sunset of the program would have a budgetary impact on the City of Kenai.

[2:27:03 PM](#)

CHAIR DYSON asked the number of Kenai municipal employees currently participating in the program and what the budgetary impact would be.

MR. SIMMONS said there are currently six people participating and the City of Kenai who would incur an expense of \$125,000.

KEITH KORNELIS, City of Kenai, testified in support of SB 24. He said he is representing the six Kenai employees in the PERS waiver program. The division of PERS told his clients that any member participating in the program in continuous employment would be allowed to continue participating in the program. His clients made important decisions based on that statement. The City of Kenai would have vacancies in supervisory positions if the program sunsets with continued benefits.

FRED MACVIE, employee of the City of Kenai, testified in support of SB 24. He was not planning on retiring but decided, with the advent of the program, to retire early. He had an extensive discussion with municipality officials concerning whether or not the program would be continued and was informed it would continue.

[2:35:36 PM](#)

BRUCE SENKOW, president, Alaska Employees Association, testified in opposition to SB 24. He said he does not put a lot of faith in the actuaries' assurance that the program is cost neutral. He supported Senator Green's demand for a provision requiring a verifiable recruitment challenge, but asserted he did not believe it possible to create such a standard. The only way to prevent abuse is to rehire former employees only to non-permanent mentorship positions.

RICHARD ROBERTS, Department of Public Safety (DPS), testified in support of SB 24. He said 78 percent of the troopers serving in the Mat-Su Valley have less than five years of experience and the Alaska State Troopers are falling short of their recruitment goals. There is currently a crisis of leadership as a result of the lack of senior officers.

CHAIR DYSON commented often times public safety employees say they want to retire after twenty years because it is a young man's game, but Mr. Roberts said experience and maturity are also important to these organizations. He asked Mr. Roberts to speak on the relationship between the two observations.

MR. ROBERTS responded young public safety officers need mentoring, leadership, and support in order to fulfill the public's expectations of them.

[2:47:07 PM](#)

LARRY WIGET, Director of Government Relations for the Anchorage School District, testified in support of SB 24. He urged the Legislature to extend the sunset date for the state statute that gives retirees the option to continue to receive both retirement pay and salary with the caveat that similar types of restrictions currently placed on TRS employees such as those of AS.14.21.35 be adopted for PERS employees as well.

He said the school district has a list from which it selects potential rehires for specialized positions and noted they do not rehire anyone until August and only about 30 of their 5,000 employees are rehires.

UWE KALENKA, Alaskan's for Efficient Government, testified in opposition to SB 24. He said SB 24 is extremely unfair to recent graduates. He added the bill wastes state money by allowing senior teachers to earn as much as \$89,000 per year and extensive benefits when new teachers who perform a comparable service earn only \$35,000 with limited benefits.

[2:51:56 PM](#)

KAREN BRETZ, Alaskans for Efficient Government, testified in opposition to SB 24. She compared the financial condition of the PERS and TRS system to beleaguered pension systems such as that of Bethlehem Steel and the federal government. She remarked the bill would create a strain on the PERS and TRS system by increasing the number of its members.

[2:53:56 PM](#)

MIKE DAVIDSON, Fire Captain, City of Anchorage, testified in support of SB 24. He said in fire service people often retire from large towns to work in small towns. This is an important

means of transferring valuable firefighting skills and experience from cities to rural areas. He said SB 24 would offset the pay cut that such retirees receive when working in small towns while still giving the state the benefit of hiring experienced firefighters at lower salary rates and without associated training costs.

[2:59:10 PM](#)

MELANIE MILLHORN, Director, Division of Retirement and Benefits, introduced Deputy Commissioner Mark Tibbles to address concerns raised by the committee and the public.

MIKE TIBBLES, Deputy Commissioner, Division of Retirement and Benefits, testified in support of SB 24. The first concern of his department is to strike a balance between creating opportunities for career advancement and allowing organizations to pursue their interest in maintaining efficiency.

To optimize the balance the department was considering requiring organizations to report their recruitment efforts so recruitment challenge could be evaluated. The department was also considering requiring employers to describe how they plan to transfer knowledge from employee to employee. He noted that HB 242 was intended to be a short-term solution to deal with certain job vacancies but not intended to be a long-term solution.

CHAIR DYSON said someone should determine whether the state has exposed itself to legal action by misinforming people that they would be allowed to participate in the program indefinitely.

MR. TIBBLES remarked the division was operating under the assumption that individuals granted a 242 Waiver would continue to receive benefits after the sunset of the program. Last year they were informed by the Department of Law that this was not the case.

SENATOR GREEN remarked the temporary nature of the program was emphasized during the Legislature's deliberation over the bill.

CHAIR DYSON remarked the law that passed might not have reflected its legislative intention and there may have been a misunderstanding on the part of groups administering the bill. He would enjoy some discussion about the appropriateness of writing the sideboards in regulation instead of in statute.

[3:08:14 PM](#)

SENATOR ELTON noted a considerable amount of skepticism expressed by many testifiers about the actuaries' statement that the bill would be cost neutral to the PERS and TRS system. He asked Mrs. Millhorn her thoughts.

MRS. MILLHORN responded she prepared fiscal notes for the committee's review. Their actuary indicated the cost of the bill would be negligible. Her department asked both of the plan sponsors to craft a methodology that would ensure an additional contribution amount on the past service of those employers who have paid for the cost associated with continuing the program. The report indicates that, due to the unfunded liability to TRS as compared to PERS, when the TRS program reaches 100 participants, it will create an unfunded liability of approximately \$100,000.

SENATOR WILKEN expressed concern over the financial implications of the bill. He said adopting it would add another \$106,000 dollars in liability.

[3:11:33 PM](#)

MS. MILLHORN commented the DRB provided a quote on SB 140 and SB 242, which she feels is beneficial information for the concerned parties to read. She noted former Senator Loren Lehman created the impetus for SB 24 when he observed many teachers were eligible to retire. Thereafter, the bill was introduced by Representative Pete Kott to expand that program to include PERS. The report indicates that 56 percent of the participating TRS employers have filed 187 waivers since 2001 and 124 members enrolled in the program as of November 30, 2004. Thirty-four percent of the enrolled TRS members have since resigned their positions and retired again. Some school districts are employing a mentor program that pairs highly experienced teachers and new teachers. There have been 89 teachers come back from the program to return to 23 rural school districts.

Twenty-six percent of PERS employers have participated in the program since November 30, 2004. There are currently 211 people enrolled and the turnover from inception to date is 30 percent compared to TRS with 34 percent. The leading job classifications among participants are engineers and biologists.

The division acknowledges it was under a different understanding of the program when it issued the aforementioned communications and the Department of Law is looking at the issue.

CHAIR DYSON held SSSB 24 in committee.

SB 4-REQUIRE CPR FOR HIGH SCHOOL GRADUATION

[3:15:48 PM](#)

CHAIR DYSON announced SB 4 to be up for consideration.

RUTH KELLER, staff to Senator John Cowdery, said the bill would require all students in the Alaska public school system be certified in basic first aid and CPR in order to qualify for graduation. It is well known that CPR administered in a timely manner increases the survivability rate of the victim. Knowledge of what to do is as important as knowledge of what not to do in many first aid situations such as those involving body fluids. CPR and first aid skills are particularly important in Alaska where medical care is often less accessible than elsewhere.

Senator Cowdery believes local fire departments, homeland security funds, and volunteers could be employed to minimize the cost of training.

CHAIR DYSON understood the attached fiscal note to show there would be no fiscal impact from this bill. He asked Ms. Keller how school districts could train students in CPR and first aid without creating a significant financial impact.

MS. KELLER informed the committee about a program called the Alaska Citizen Corps Council that would train volunteers with homeland security funding. Fire chiefs in Anchorage said their departments might also be able to train students.

UWE KALENKA testified in support of SB 4. His son was mortally wounded behind the knee and died within a mile of a fire station and a hospital as a result of bleeding. Had his son known first aid he could have saved his own life.

[3:24:06 PM](#)

SENATOR ELTON said he is interested in what the school districts think about the bill.

SENATOR GREEN remarked in her tenure the Legislature has never acted upon an effort to change the state's curriculum because that authority goes to the State Board of Education. She hesitated to support legislative changes to the curriculum.

SENATOR OLSON said his district did not have medically trained volunteers available to train students.

CHAIR DYSON held SB 4 in committee. There being no further business to come before the committee, he adjourned the meeting at [3:25:51 PM](#).