

HB

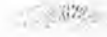
277

ALASKA STATE LEGISLATURE

CO-CHAIR
COMMUNITY AND REGIONAL AFFAIRS

VICE-CHAIR
LABOR AND COMMERCE
TRANSPORTATION

SPECIAL COMMITTEE
ECONOMIC DEVELOPMENT AND TOURISM



REPRESENTATIVE ANDREW HALCRO

District 12

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HB 277

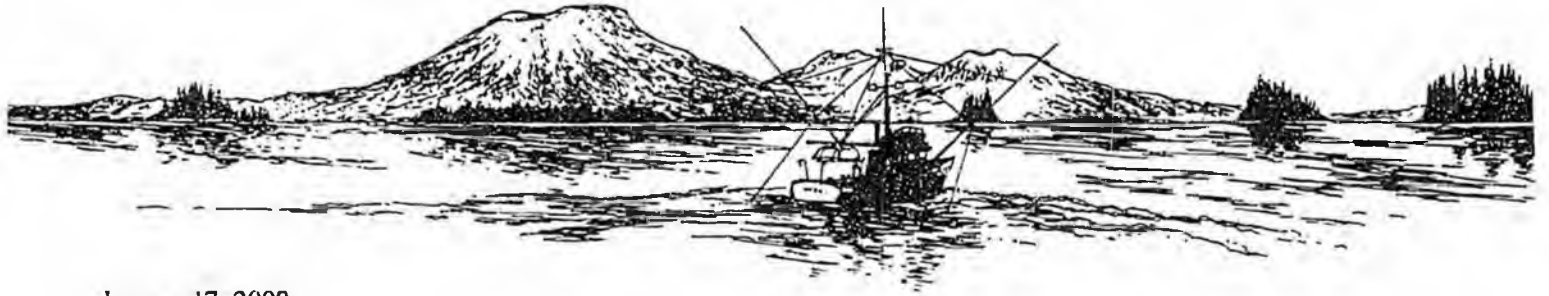
SPONSOR STATEMENT

The pool of qualified teachers in Alaska is shrinking dramatically. The situation is particularly dire in the area of special education. To address this shortage I have sponsored HB 277.

This legislation would allow teachers who have retired to return to teaching in the public schools without forfeiting their retirement benefits. Retired teachers would be able to be re-employed by a school district, but would join as though they were first year teachers for salary purposes. They would continue to receive their retirement benefits, thus reducing the cost to school districts, but compensating experienced teachers through a combination of pay and benefits.

Presently, teachers, once retired, may only work 40% of full-time in a school district without forgoing their retirement benefits. HB 277 would provide school districts with the opportunity to rehire experienced teachers at a lower cost to the public.

SITKA SCHOOL DISTRICT



January 17, 2000

Representative Andrew Halcro
State Capitol, Suite 418
Juneau, AK 99801-1182

Dear Representative Halcro:

Thank you for taking the time to send your proposed legislation to me for comment. I appreciate the opportunity.

The whole area of certification is fraught with huge implications. Both of your bills do address the need for additional teachers and provide potential avenues to solve the problem short-term, but weakening the requirements for certification could have long-term implications that are very dangerous, relegating teaching to those who just cannot get employment elsewhere. I know that isn't your intention, but the outcome needs serious consideration.

Yes, we are experiencing a nation-wide teacher shortage, but Alaska has taken the problem to a new level by capping salaries since 1985. Flat funding of education has had a huge affect on what districts can pay their teachers. We are now nearing a crisis but we are still refusing to face this reality. In Sitka, which is one of the more attractive locations to recruit teachers, we are having a very difficult time finding quality teachers. In the past, we could expect to hire only those in the top 10% of the profession, and in times of shortage, at least in the top half. This past year, we had a more difficult time finding quality teachers, even though we did almost all of our hiring by the end of May! I can only imagine what other districts, hiring in the summer, to much less attractive school districts, must have experienced.

The Legislature **must** begin a dialog of how to resolve this problem. Yes, in this case, more money will matter. For the past 15 years, we have all said it is not a matter of money. Now it is becoming exactly that! This will become a crisis in Alaska during the next 2-3 years, and will eventually require draconian solutions, at least for those of us who want to see public education survive. I have come to believe that many who are currently making these decisions do not have the best interest of public education in mind and are doing their very best to make it collapse. We may be seeing the beginning to that right now!

Please continue to do what you are doing, to solve the short-term problems. Both bills do that pretty well, with the HB 271 doing some questionable things with the quality of teacher candidates. But please also begin to talk about the real problem, salaries that are too low to attract competent people, either to prepare for the profession or to come here to teach after they have the certification. **A yearly adjustment to the per pupil expenditure in the new formula would be a good place to start.** Yes, the crisis is nearly upon us. **Help!**

Sincerely,

John Holst
Superintendent

C: Board
Representative Ben Grussendorf
Senator Robin Taylor



Alaska Association of Elementary Schools Principals
Alaska Association of Secondary School Principals
Alaska Association of School Administrators
Sponsor of the Alaska Staff Development Network

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Alaska Council of School Administrators

Excerpt from the *ACSA Education Bulletin* January 2000 Issue

Where are the Teachers?

**WE NEED
A MORE POWERFUL
MAGNET!**

By Darroil Hargraves,
Executive Director, ACSA

What's the problem?

What's getting the attention?

Interesting isn't it? During the past few years, public attention has been focused on funding, construction, standards, and testing. Each of these issues is important. However, whenever superintendents get together to talk about immediate and future concerns, another issue tops the agenda—the need to recruit, hire, and keep certified and qualified teachers and administrators.

The recent announcement by the University of Alaska that a five-year program will be required for certification will further reduce the number of Alaskans to fill positions in our schools.

Alaska is not alone. In fact, teacher shortages are entering a critical stage across the nation. U.S. Secretary of Education Richard Riley consistently expresses a concern about the ability of our schools to attract the very brightest and best into education careers. As student enrollments continue to climb nationally, demand is outstripping supply at a time when the hurdles are being lifted even higher. For example, the shortage is becoming even more acute because many states are increasing their standards

for teachers and some are requiring them to have majors in the subjects they teach or to pass qualifying tests. The recent announcement by the University of Alaska that a five-year program will be required for certification will further reduce the number of Alaskans to fill positions in our schools.

Salaries have not kept pace with what talented people can make outside the classroom. A recent Quality Counts 2000, 50-state survey, conducted by *Education Week*, found that one in five college graduates who began teaching in 1993-94 left within three years. The brightest novice teachers, as measured by their college-entrance exams, were the most likely to leave, the study revealed.

**There was a time,
not so long ago, when Alaska
was a magnet for educators.**

What's at stake here? The immediate concern for many educators is having excellent teachers in the classroom—preparing students to pass exit exams that are looming in their future. Even more importantly, they are concerned about preparing students for life in the 21st century.

There was a time, not so long ago, when Alaska was a magnet for educators. Our salaries were the highest in the nation. Our recruiters could promise adventure, good hunting and fishing, and a lifestyle that attracted exceptional talent. Let's face it. What worked in the past is not getting us the number and level of certified, qualified educators we need today and will need in the future.

While average teacher salaries in Alaska are still above the national average, we are now caught in what the *New York Times* calls a bidding war. That war has spread from coast to coast, and we are not winning. In fact, we are being out-manuevered as never before. Take, for example, the incentives being offered in several states. California is offering \$10,000

interest-free loans for buying a home, \$30,000 bonuses for attaining advanced certification, and \$11,000 to repay college loans. In Texas, \$2,000 signing bonuses are becoming commonplace. Southern states such as Florida, Georgia and Mississippi have districts paying bonuses of up to \$6,000 to retain quality teachers.

As crises show signs of becoming catastrophes, some state legislatures and state departments of education have gotten the ball rolling on bringing retired teachers and administrators back into the system. Those early retirement incentives that were sold, in some case, as a way to remove the "dead wood" are now looking more like they've caused a "brain drain."

Salaries are a major problem, both for teachers and administrators. Alaska's largest districts provide an example of how noncompetitive our salaries are. These districts have budgets, enrollments, numbers of employees, physical plants, and demands comparable to large districts outside the state that are paying their superintendents nearly double. In fact, an Alaska board member recently admitted to the media that their superintendent is underpaid and speculated that if the present superintendent left and had to be replaced, it would require an additional \$50,000. Even that level of an increase would be low compared to salaries paid in comparable districts outside.

Granted, we need to pay attention to standards, facilities, and a number of other critical issues. At the same time, let's not forget that our ability to attract and keep outstanding teachers and administrators is basic to everything we hope to accomplish. Alaska needs a constant flow of quality, certifiable educators. While the problem may not be completely solved during this session of the Legislature, we simply must make sure that it receives the attention it deserves. The future of our kids depends on it.

BERING STRAIT SCHOOL DISTRICT

DISTRICT OFFICE • P.O. BOX 225 • UNALAKLEET, ALASKA 99684-0225 • (907) 624-3611 • FAX 624-3099

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UNALAKLEET • WALES • WHITE MOUNTAIN

24 January, 2000

The Honorable Andrew Halcro
State Capitol, Room 418
Juneau, AK 99801-1182

Re: HB 277: Retirement benefits re-employed teachers

Dear Representative Halcro,

Thank you listening to me regarding HB 277. I feel this is productive legislation and should enjoy the support of your colleagues. As stated in my comments to you, I feel certain issues, if addressed, would make this more productive for everyone. Here are a few ideas for your consideration.

- Allow retired TRS members to return to the classroom and continue to collect their retirement stipend.
- Do not make TRS contribution - contribute to Social Security.
- Let school districts decide how to pay - do not legislate.
- Retired TRS members should not earn tenure.
- Allow Districts to issue multi-year (two) contracts.
- Returning TRS members should not earn additional years in TRS.

These changes will allow the teacher pool to increase and save Districts money.

Your efforts with issues addressing education are important and should you require information or assistance, please instruct your staff to contact me as needed. I hope this session is productive for you and I look forward to meeting you again.

Sincerely,

A handwritten signature in black ink, appearing to be "John A. Davis".

Dr. John A. Davis
Superintendent

cc. J. Walsh

"OUR MISSION"

The Mission of the Bering Strait School District is to educate students to become self-sufficient productive citizens in a changing world, recognized for their social, academic, and marketable skills, by providing standards of excellence, quality programs, and a supportive environment for both traditional Native and Western styles of learning.



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4.5 ADDRESSING TEACHER, SPECIALIST, AND ADMINISTRATION SHORTAGE

The Association of Alaska School Boards does hereby urge the Alaska State Legislature, Alaska State Board of Education, and Teacher Education Programs in Alaska's universities to address the severe shortage of teachers, specialists, and administrators in the State of Alaska.

Rationale. It has been painfully demonstrated that a severe shortage of teachers, specialists, and administrators is being experienced in the school districts in every region of Alaska. Because of the "flat" funding of school districts imposed by the Alaska State Legislature, districts have been forced to hold salary levels of teachers and administrators at an equally "flat" level, resulting in actual decreases in salary levels. Such decreasing salary levels are highly detrimental to attracting new teachers to Alaska and detrimental to recruiting people into education.

It is equally difficult under the funding structure imposed over the last 10 years to offer district incentives to attract teachers and administrators. At the same time, standards for teachers have been raised significantly, making it more difficult for prospective teacher to gain certification in Alaska. Incentives need to be provided by universities to attract new candidates and by the State Board of Education to attract new teachers to the state, both to be funded by the State Legislature. In addition, the State Legislature needs to provide funding for district incentives to attract new teachers.

Adopted 1999

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 277

Revision Date 2/9/00 Dept. Affected Administration
 Title An act relating to payment of retirement BRU Centralized Administrative Services
benefits for subsequently reemployed retired members Component Retirement and Benefits
 Sponsor Representative Halcro
 Requester (H) HESS Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell Phone 465-4471
 Division Retirement and Benefits Date/Time 2/9/00
 Approved by Commissioner Robert Poe Date 2/9/00
 Agency Department of Administration

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House Bill 277

The fiscal impact of this legislation is difficult to quantify for the following reasons:

1. The Teachers' Retirement System (TRS) is funded with rates charged against the salaries of active members (certificated teachers and administrators), and earnings from fund investments. Teachers currently pay 8.65% and employers pay 12% of salary into TRS.

The State of Alaska employs only approximately 100 of the 9,300 active TRS members. The rest of the members are employed by Alaska school districts. Therefore, the fiscal impact of any legislation falls on school districts, not the State of Alaska. Since a fiscal note reflects the cost of legislation to state government, even legislation with a high cost to TRS could show minimal fiscal note impact.

2. Currently, when a retired TRS member returns to TRS covered employment, the member's retirement benefit is suspended until the member again retires. Under this legislation, the benefit would no longer be suspended, so the member would receive a TRS retirement check and a TRS employer paycheck. System demographics indicate that relatively few TRS retirees currently return to employment covered by TRS. If this were to continue, our actuaries have estimated that the legislation would only increase TRS rates by approximately 0.01 percent of payroll. If this were the case, the long-term employer contribution rate of 12 percent of payroll would be adequate to fund the System.

However, relieving the penalty for retired members to come back to work may increase the number who choose to do so. We asked our actuaries to quantify the possible impact if this occurs.

Our actuaries focused on the portion of the population for whom the legislation produces a measurable cost increase – members who earn 20 years of service before otherwise becoming eligible for retirement. We found that for these members, retiring when they first achieve 20 years of service, returning to work for two years and then re-retiring increases the liability associated with their benefits by about 10%. If half of the members elect to do this, we estimate that the annual cost increase would be approximately 0.75% of total TRS payroll. The cost increase is roughly proportional to the assumptions. For example, if **all** employees who attain 20 years before other retirement eligibility return to work for 2 years, the cost increase should be about 1.5% of payroll. Moreover, if the period of return is doubled, so is the cost.

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 10, 2000

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/10/00

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 277

HOUSE BILL NO. 277

RETIREMENT BENEFITS FOR REHIRED TEACHERS

"An Act relating to payment of retirement benefits for subsequently reemployed retired members of the teachers' retirement system."

recommends it be replaced with the following committee substitute [] the same title [] a new title

[] additional referral to Committee [] attached amendment(s)

ADOPTS: Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date) [x] fiscal note(s) DOA [] fiscal note(s)

[] zero fiscal note(s) [] zero fiscal note(s)

Table with 5 columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Contains handwritten signatures and checkmarks.

CHAIR'S SIGNATURE [Signature] 2/10/00