

HB

416



Alaska State Legislature

House Special Committee on Education
Representative Con Bunde, Chair

State Capitol
Juneau, AK 99801-1182
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Representative_Con_Bunde@legis.state.ak.us

Brian Porter
Joe Green
Peggy Wilson
Gary Stevens
Reggie Joule
Gretchen Guess

MEMORANDUM

DATE: March 1, 2002

TO: Representative Fred Dyson
Chair, House HESS Committee

FROM: Representative Con Bunde, Chair *CBunde*

RE: CSHB 416, "Reemployment of Retired Teachers"

I respectfully request that you schedule a hearing for CSHB 416 at your earliest possible convenience. I have attached copies of the bill, sponsor statement, sectional analysis, fiscal notes, backup information and letters of support.

If you have any questions or concerns about this legislation, I would be happy to discuss them with you.

Thank you for your consideration of this request.



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Sponsor Statement

CSHB 416(EDU)

"An Act relating to reemployment of and benefits for retired teachers and principals who participated in retirement incentive programs; and providing for an effective date."

Alaska, like the rest of the nation, is experiencing a severe shortage of qualified teachers and principals. Research has shown that a qualified teacher in the classroom is the single most important school-based factor in a student's success. It is incumbent upon the Legislature to provide additional tools to Alaskan school districts to ameliorate the current teacher shortage and thus continue to assist school districts in their efforts to improve student learning.

CSHB 416 (EDU) would allow schools experiencing a shortage of education professionals to reemploy teachers and principals who had retired under a Retirement Incentive Program (RIP). *This bill would not require any school district to reemploy any particular retired individual, it would only give them the option to do so.*

A district would be required to certify that they are experiencing a shortage in order to reemploy a RIP-retired teacher or principal. Teachers reemployed under this provision would not be required to pay back their retirement incentive and could elect to either continue receiving their retirement benefits or to accrue new Teacher Retirement System (TRS) credited service during the re-hire period.

Amendments incorporated into CSHB 416(EDU) allow the Department of Education to hire RIP-retired teachers and principals for Alyeska Central School, Mt. Edgecumbe, and AVTEC and would require that any teacher reemployed under this legislation would be paid as a teacher who is new to the district would under the local negotiated salary schedule.

This provision sunsets on July 1, 2005; school districts would not be able to reemploy any additional retirees after that date.

CSHB 416 (EDU) would provide one more tool to school districts suffering from the shortage of education professionals, and I hope that you will give it your support.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 1, 2002

SUBJECT: Sectional Summary (CS HB 416(EDU))
(Work Order No. 22-LS1472\F))

TO: Representative Con Bunde
Attn: Karen McCarthy

FROM: Barbara R. Craver *BRC*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1: Adds the Department of Education and Early Development to this subsection. The department may pass a resolution if it finds teacher shortages in particular specialties, and rehire qualified retired teachers. The department is required to notify the TRS administrator if it rehires retired teachers.

Section 2. Adds the Department of Education and Early Development to this subsection which allows retired teachers to elect to continue receiving retirement benefits while reemployed.

Section 3. Provides that if rehired under this section a teacher who retired under a listed retirement incentive program (RIP) can only be paid the same salary as a new teacher is paid in that school system.

Section 4. Amends the 2001 uncodified law which repeals the sections involving rehiring retired teachers because of shortages to include these changes in the repeal on July 1, 2005.

Section 5. Repeals AS 14.20.135(c) which prohibited districts from hiring RIP teachers.

Section 6. Establishes an immediate effective date for the act.

BRC:med
02-241.med

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: House Bill 416
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title Reemployment of and benefits for BRU Centralized Administrative Services
TRS retirement incentive program participants Component Retirement and Benefits
 Sponsor House Special Committee on Educatio
 Requester House Special Committee on Educatio Component No. 64

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation allows Teachers' Retirement System retirees who participated in a system sponsored retirement incentive program (RIP) to be reemployed under the provisions of AS 14.25.043(b), which was enacted by the legislature in 2001. This will allow RIP retirees to return to teaching and continue receiving their retirement benefits. In exchange, no additional TRS credit will accrue during the period of reemployment.

Enactment of this legislation will have no actuarial impact and, therefore, no impact on the TRS contribution rate. The full actuarial cost of the RIP has already been covered by participating employers and employees. Therefore, the division has prepared a zero fiscal note.

Prepared by: Guy Bell, Director Phone 465-4471
 Division Retirement and Benefits Date/Time February 14, 2002
 Approved by: Jim Duncan, Commissioner Date February 14, 2002
 Agency Department of Administration

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 416 (EDU)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title: Reemployment of Retired Teachers BRU: Teaching and Learning Support
 Component: Teacher Certification
 Sponsor: House Special Committee on Education
 Requester: H EDU Component No.: 1240

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would allow the rehiring of teachers and principals who participated in retirement incentive programs (RIP.)

Prepared by: Cyndy Curran
 Division: Teaching and Learning Support
 Approved by: Ed McLain, Deputy Commissioner of Education
 Agency: Department of Education & Early Development

Phone 465-2857
 Date/Time 2/28/02 9:48 AM
 Date 2/28/2002

What is current statute regarding rehiring retired teachers?

"Normal" Retirement: retiring with either age or service eligibility for an unreduced retirement benefit. Normal age retirement is age 55 for Tier I and age 60 for Tier II, or 20 years of service at any age. Normal retirement does not include RIP retirees.

"Early Retirement": retiring prior to normal age eligibility with a reduced retirement benefit. Early retirement is age 50 for Tier I and 55 for Tier II with a minimum of eight years of paid membership service.

"RIP Retirement": participants of a Retirement Incentive Plan (RIP) who received an incentive to retire early.

Normal Retirees may return to work without any limitations for any entity.

Early Retirees may return to work under two options:

Standard Option:

- Retirement benefits are suspended until the retiree terminates the re-employment period
- TRS contributions will be deducted and TRS service does accrue.
- After second retirement, employee receives benefits from both employment segments
- TRS members required to pay back, in full, benefits received while simultaneously earning TRS credit before retiring again.
- Major medical benefits end during re-employment.
- Dental-Visual-Audio (DVA) insurance benefits may or may not continue
- Re-hired retirees continue to pay for Long Term Care (LTC) insurance

Waiver Option:

- For TRS employees who took early retirement, but specifically excludes RIP retirees.
- Defined by AS 14.25.043 (HB 242 in 2001)
- If retiree files a Waiver Option form with the Division of Retirement and Benefits, s/he may elect to continue receiving retirement benefits while re-employed *and* does not continue to accrue any new TRS benefits.
- Any retiree's insurance is secondary to the employer plan.
- Sunsets July 1, 2005.

Current RIP Retirees Who Return to Work Under PRS or TRS:

- forfeit three years of incentive credits received at retirement
- owe TRS 110% of benefits received, plus cost of health insurance
- accrue interest of 7% on the indebtedness
- are prohibited from entering into a personal services contract with UA or a State agency or being hired by the State as a temporary or nonpermanent employee for three years with the following exceptions:
 - if hired by the University Board of Regents and the Commissioner of the Dept. of Administration due to specialized and extensive experience
 - if hired by the Legislature on an hourly basis; not eligible for retirement, health, or leave benefits.
 - if hired by UA to teach or do research
 - if hired by a State agency or the University for compelling reasons.

Current Statute for Reemployment of Retired TRS Members

Sec. 14.20.135. Employment of retired teachers because of shortages.

(a) A school district or regional educational attendance area that has or anticipates having a shortage of teachers qualified to teach in a particular discipline or specialty may, by resolution, adopt a policy that permits the employment of retired teachers who are qualified to teach in the discipline or specialty in accordance with this section. The policy must describe the circumstances that constitute the shortage. If a shortage of teachers exists as described in the policy, the district or attendance area shall notify the administrator of the teachers' retirement system (AS 14.25) that it is hiring retired teachers under this section.

(b) A teacher who retired under AS 14.25.110 (a) and is subsequently reemployed under this section may, within 30 days after the date of reemployment, elect to continue receiving retirement benefit payments under AS 14.25 during the period of reemployment by filing a waiver of coverage as set out in AS 14.25.043 (b).

(c) A school district or regional educational attendance area may not employ a teacher, principal, or administrator who participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, under this section.

(d) A retired teacher employed under this section is not eligible to acquire, maintain, or reacquire tenure under AS 14.20.150 .

Sec. 14.25.043. Reemployment of retired members.

(a) If a retired member again becomes an active member, benefit payments may not be made during the period of reemployment unless the teacher makes an election under (b) of this section. The retirement benefit must be suspended for the entire school year if the teacher is reemployed as an active teacher for a period equivalent to a year of service. During the period of reemployment, the member is subject to AS 14.25.050 and deductions from the member's salary will be made in accordance with AS 14.25.050 .

(b) A school district or regional educational attendance area that has adopted a policy that permits the employment of retired teachers in accordance with AS 14.20.135 shall notify the administrator that it is hiring retired teachers under AS 14.20.135 . A teacher who retired under AS 14.25.110 (a) and subsequently becomes an active member under a policy adopted in accordance with AS 14.20.135 may, within 30 days of the date of reemployment, elect to continue receiving benefit payments during the period of reemployment by filing a waiver of coverage with the administrator on a form provided by the administrator. An election under this subsection waives coverage for the period of reemployment and is irrevocable during the period of reemployment. Deductions from the member's salary may not be made under AS 14.25.050 during the period of reemployment, and the member may not receive credited service for the period of reemployment. A member who participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to make an election under this subsection.

(c) Upon subsequent retirement, the retired member is entitled to receive an additional benefit based on the credited service and the average base salary during the period of reemployment in accordance with AS 14.25.110 . If the initial benefit payments to which the retired member is eligible have been actuarially reduced because the member retired early under AS 14.25.110 (b), the member shall also receive an incremental benefit based on the amount of the actuarial reduction imposed by AS 14.25.110 (j) on the first benefit and the length of time that the employee was reemployed and not receiving retirement benefits. The amount of the incremental benefit is equal to the difference between the normal retirement benefit to which the member would have been entitled had the member taken a normal retirement and the early retirement benefit that the member has been receiving based on the member's initial period of employment multiplied by the total number of months that the member did not receive retirement benefits because of reemployment and that amount actuarially adjusted to be paid over the expected lifetime of the member.

Examples of Possible Salaries for Reemployed Teachers Who Participated in a Retirement Incentive Program

District	Average Salary at 20 Year Retirement	Average Retirement Benefit (40%) *	Maximum Beginning Salary For Teacher New to District	Maximum Years of Experience Counted for Teacher New to District
Anchorage	\$62,889.00	Annual: \$25,155.60 Monthly: 2,096.30	BA \$33,914 MA \$38,036 (2002-2003)	0 years (currently) 1 year (effective 7-1-02)
NW Arctic Borough (Kotzebue)	\$70,931.00	Annual: \$28,372.40 Monthly: 2,364.37	BA \$46,336 MA \$54,555 (2000 - 2001)	6 years for BA 8 years for MA
Juneau	\$64,694.00	Annual: 25,877.60 Monthly: 2,156.47	BA \$37,806 MA \$40,372 (2002-2003)	4 years
Galena	\$59,701.00	Annual: 23,880.40 Monthly: 1,990.03	BA \$42,972 (\$44, 493) MA \$47,534 (\$49,055) (2001-2002)	5 years (or 6 due to shortage of qualified applicants)
N. Slope Borough (Barrow)	\$65,543.00	Annual: \$26,217.20 Monthly: \$2,184.77	BA \$52,572 MA \$60,266 (2001-2002)	6 years for BA 8 years for MA
Kenai	\$58,650.00	Annual: \$23,460.00 Monthly: \$1,955.00	BA \$38,908 MA \$41,460 (2001-2002)	5 years
* Assumes last three salaries were at the highest pay range. Assumes 20 years of service performed within the same school district.				

MEMORANDUM

STATE OF ALASKA DEPARTMENT OF ADMINISTRATION

To: Guy Bell, Director
Division of Retirement and Benefits

Date: January 8, 2002

Thru: Kathy Lea, Supervisor *Klea*
Retirement Services

Phone: 465-3226

From: Susan Doerflinger *Susan Doerflinger*
Retiree Services

Subject: HB 242/SB149 Waivers

The following employers have hired retirees under HB 242/SB 149

Public Employees' Retirement System (PERS)

<i>Name of Employer</i>	<i># of retirees rehired - July 1 through December 31, 2001</i>
Aleutian Region SD (classified staff)	1
Anchorage SD (classified staff)	1
Bartlett Memorial Hospital	1
Bristol Bay Borough	1
City and Borough of Sitka	1
City of Fairbanks	9
City of North Pole	1
City of Wasilla	1
Fairbanks North Star Borough	2
Kenai Peninsula Bor SD (classified staff)	1
Ketchikan Gateway Borough	1
Lower Kuskokwim	1
Mat-Su Borough	1
Southeast Regional Resource Center	1
State of Alaska	16
University of Alaska (classified staff)	4
<i>Total Employers: 16</i>	<i>Total retiree rehires: 43</i>

Teachers' Retirement System (TRS)

<i>Name of Employer</i>	<i># of retirees rehired - July 1 through December 31, 2001</i>
Anchorage School District	5
Bering Strait School District	1
Denali Borough School District	1
Kuspuk School District	1
Lower Kuskokwim School District	4
North Slope Borough School District	3
Sitka School District	2
Tanana City School District	1
Yukon Flats School District	2
Yukon-Koyukuk School District	1
<i>Total Employers: 10</i>	<i>Total retiree rehires: 21</i>

MEMORANDUM

STATE OF ALASKA

TO: Guy Bell
Director
Division of Retirement and Benefits
Department of Administration

DATE: January 28, 2002

TELEPHONE: 465-4460

FROM: Kathy Lea *klea*
Retirement Supervisor
Division of Retirement and Benefits
Department of Administration

SUBJECT: 1996-2000 RIP

We have received a report from the Combined Retirement System (CRS) benefit module on the number of Retirement Incentive Program (RIP) retirees for both the Public Employees' and Teachers' Retirement Systems (PERS/TRS). The numbers for normal and early retirements are as follows:

NORMAL RETIREMENT

	<u>PERS</u>	<u>TRS</u>	<u>TOTAL BOTH FUNDS</u>
1996	34	87	
1997	532	412	
1998	322	92	
1999	481	326	
2000	150	2	
Total	1,519	919	2,438

EARLY RETIREMENT

	<u>PERS</u>	<u>TRS</u>	
1996	10	1	
1997	87	4	
1998	54	35	
1999	17	0	
2000	0	0	
Total	168	40	208

If you need further information, please let me know.

Anchorage School District Service Recognition Programs:

The Anchorage School District has utilized Service Recognition Programs since 1993, as a way of reducing the rate of growth in average teacher cost. The Programs provide a cash salary supplement to eligible teachers, in their final year of District employment. The amount of supplement this year is \$10,000. It is not a retirement incentive, since retirement is not a precondition of eligibility. Teachers don't even have to terminate their employment. However, if they elect to retain their employment, they return in the fall at the pay rate of a new hire. The District saves money because the difference in pay between a high-end and beginning teacher is often more than \$20,000, so the cost of the recognition payment is recovered in the first year. By using Service Recognition Programs, the District has avoided major lay-offs, and consequent loss of service.

The downside of these programs is they have attracted strong, senior teachers who are not easy to replace. However, very few teachers are really enticed to leave the system simply for \$10,000. Most would leave within a year or two, in any case. It is certainly arguable that the SRP actually delays the retirement of teachers who planned to leave anyway, e.g. many teachers who planned to retire in 2001 actually delayed their plans for one year, in order to participate in the Service Recognition Program this year.

Around 200 teachers will receive Service Recognition in Anchorage this year. Most of those who are leaving the system and currently teach in an area of critical need have indicated that they will apply for reemployment with the District. Their applications will be welcomed.

Subject: FW: Attn: Karen McCarthy / AASB Position: Rehire

Date: Mon, 18 Feb 2002 15:22:21 -0900

From: Greg Giles <ggiles@asb.org>

To: Con Bunde <Representative_Con_Bunde@legis.state.ak.us>

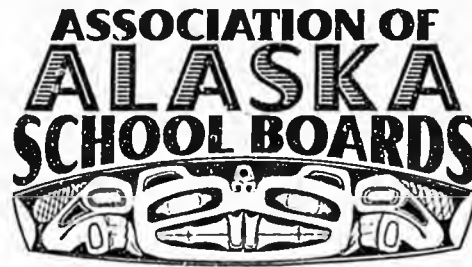
AASB Position In Support of Re-hire of Retired Teachers

As a short term solution to the teacher shortage, the Association of Alaska School Boards supports extending the opportunity for districts to re-hire teachers and administrators who have participated in the state Retirement Incentive Programs. In the short term these highly experienced individuals who desire to return will ease the shortage currently being experienced and provide quality educational experiences for youth.

The predicament that we currently find ourselves has evolved over the past decade because Alaska simply hasn't kept pace with compensation packages offered to teachers and administrators in other states.

Couple this factor with the chronic teachers/administrator shortage across our Nation and Alaska school districts have a significant challenge. It is clear, that given the compensation currently offered in Alaska, many potential teachers and administrators are just not willing to leave the comfort of their extended families and relocate thousands of miles away when comparable salaries and job opportunities exist on the other side of town or in the next community 50 miles away. AASB would encourage and support efforts by the legislature to consider initiatives designed to attract teachers and administrators not only on the short-term but explore in earnest what is necessary to ensure that Alaskan schools have the best possible professional teacher and administrator available to every child in the long term.

February 2002



Advocates for Alaska's Youth

AASB Position HB 416 – Reemployment of Retired Teachers

The Association of Alaska School Boards (AASB) is supportive of maintaining broad latitude for school districts to rehire teachers and administrators retired under the retirement incentive programs. This position is based on the following perspectives:

- School districts participated in the retirement incentive programs primarily due to the saving afforded them during times of challenging budgets. Districts achieved the economies envisioned by the legislature through the retirement of more costly employees in exchange for employees costing less.
- The current challenge of attracting and retaining teachers in Alaska is currently compounded by the growing shortage of teachers nationwide. By permitting high quality retired teachers and administrators back into the Alaska educational system while allowing these individuals to retain their retirement benefit is good for the children of Alaska. These individuals have already demonstrated their commitment to Alaska and because districts retain control as the hiring authority, individuals of less than the highest skill level or those experiencing “burnout” are avoided.
- School districts realize much needed economies of scale even if the teacher/administrator retains the same salary as the benefit (health insurance, TRS district contribution, life insurance, etc.). The cost saving could easily be in the 20-30% range. Given the substantial savings, even as outline in the aforementioned situation, districts are in the best position to determine salary levels for returning retired teachers. Further constraints in HB 416 will diminish a district’s capacity to secure the best available person for the position.
- A bonus to retirement incentive returnees, many of whom have “bottomed out” on the salary schedule, is their retirement stipend plus their ongoing salary to encourage their continued work on behalf of a district’s children.

In summary, Alaska will lose the majority of these retirement incentive professionals to other states who are eager to develop attractive incentive packages to gain their employment. These states are unconcerned about whether the potential employee has a retirement benefit from another state. Let’s keep the opportunity for the rehire of retired teachers and administrators as open as possible and let local districts and negotiated agreements determine the salary particulars. Allowing retirees to return to the profession in Alaska is mutually beneficial – good for the professional who retains retirement benefits and continues the work he/she enjoys, and good for the district who secures or maintains a quality professional at an overall cost savings to the district. Thank you.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 22, 2002

SUBJECT: Sectional Summary of SCS CSHB 242(FIN)

TO: Representative Con Bunde
Attn: Karen

FROM: Barbara R. Craver *BRC*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Adds a new section, AS 14.20.135.

(a) Allows a school district to hire retired teachers qualified to teach in a discipline or specialty if the district has or anticipates a shortage in that area. The district must notify the TRS administrator that it is hiring retired teachers.

(b) If a retired teacher elects to continue receiving retirement benefits while reemployed by a district the teacher must waive regular benefit coverage. That teacher would not receive additional credit for the period of service.

✓(c) A teacher who participated in the specified retirement incentive programs may not be hired under this section.

(d) A teacher hired under this section may not acquire tenure.
(Section 12 repeals this section on July 1, 2005)

Section 2. Exempts reemployed retired teachers who have filed a waiver of benefits from membership in TRS.

Section 3. Deletes the exemption added in Section 2. (Section 15 makes this section effective on July 1, 2005.)

Section 4. Reorganizes AS 14.25.043 to add provisions for reemployed retired teachers hired under AS 14.25.135.

(a) Provides that a reemployed retired teacher may elect to waive benefit coverage if the teacher wants to continue receiving retirement benefits while employed as

a teacher. Retired teachers who choose to suspend retirement benefits while reemployed are subject to the mandatory contributions of AS 14.25.050 for TRS.

(b) This new subsection provides that a retired teacher reemployed under the new AS 14.25.135 who wishes to continue to receive retirement benefits must make that irrevocable election in the first 30 days of returning to active membership in TRS. That election waives the TRS benefits which would normally accrue to an active member, i.e. the reemployed retired teacher receiving retirement benefits does not contribute to TRS from the teacher's current salary because the teacher is already receiving TRS benefits (retirement pay and insurance) as part of the retirement pay the teacher is also receiving. The reemployed retired teacher doesn't make any contributions to the TRS system from the teacher's current salary, and does not get credited with any additional years of service in the TRS system. TRS members who retired under specified retirement incentive programs are not eligible to make this election, and if reemployed, may not receive retirement benefits while working. (Section 12 repeals this subsection on July 1, 2005.)

(c) This contains the original text of AS 14.25.043 which provides that a reemployed retired teacher who does not elect to receive retirement benefits while earning a salary during reemployment is entitled to increased retirement benefits due to an increase in credited service.

Section 5. Deletes the changes added to AS 14.25.043(a) added in Section 4. (Section 15 makes this section effective on July 1, 2005.)

Section 6. Amends AS 14.25.168(d)(1) regarding the medical insurance retirement rights of employees who first join the system after this becomes law.

(d)(1) Provides that a retired public employee (retiree) less than 60 years of age and with less than 25 years of membership service must pay the full monthly premium for major medical insurance if the retiree wants major medical insurance while retired.

(d)(2) Now allows a retiree of any age with 25 or more years of service to receive major medical insurance without paying the monthly premium. Those retirees between 60 and 65 now would pay no monthly premium for insurance. Under current law, a retiree between 60 and 65 must pay half the monthly premium. Retirees 65 or older continue to receive free medical insurance coverage. The language also acknowledges that disabled employees may continue working until normal retirement, and that they are entitled to free medical insurance upon retirement regardless of age at retirement.

Section 7. Exempts reemployed retired public employees who elect to receive retirement while working, from being included in the PERS system. (Section 12 repeals this on July 1, 2005.)

Section 8. (a) Provides that a reemployed retired public employee may elect to waive benefit coverage if the public employee wants to continue receiving retirement benefits while reemployed as a public employee. A retired public employee who chooses to suspend retirement benefits while reemployed is subject to the mandatory contributions of AS 39.35.160 for PERS.

(b) Parallel provisions as provided in Section 4 for teachers. A reemployed retired public employee who wishes to continue to receive retirement benefits must make that irrevocable election in the first 30 days of returning to active membership in PERS. That election waives the PERS benefits which would normally accrue to an active member, i.e. the reemployed retired public employee receiving retirement benefits does not contribute to PERS from the public employee's current salary because the public employee is already receiving PERS benefits (retirement pay and insurance) as part of the retirement pay the public employee is also receiving. The reemployed retired public employee doesn't make any contributions to the PERS system from the public employee's current salary, and does not get credited with any additional years of service in the PERS system. PERS members who retired under specified retirement incentive programs are not eligible to make this election, and if reemployed, may not receive retirement benefits while working. (Section 12 repeals this subsection on July 1, 2005.)

(c) A reemployed retired public employee who doesn't make a timely election becomes a member of PERS again and the employee's salary is subject to PERS contributions. (Section 12 repeals this subsection on July 1, 2005.)

(d) This is the remaining original text of this section.

Section 9. Deletes the changes made to AS 39.35.150(a) in section 8 above. (Section 15 makes this section effective on July 1, 2005.)

Section 10. This reenactment of AS 39.35.535(c) changes the medical insurance retirement benefits of employees who first join the system after this becomes law.

(c)(1)(A)(i) A benefit recipient must pay 100% of the monthly insurance premium if the recipient is younger than 60 and has less than 25 years of service as a peace officer.

(c)(1)(A)(ii) A benefit recipient must pay 100% of the monthly insurance premium if the recipient is younger than 60 and has less than 30 years of service that is not as a peace officer.

(c)(1)(B) A benefit recipient must pay 100% of the monthly insurance premium if the recipient is any age and has less than 10 years of service.

(c)(2)(A) A benefit recipient gets free insurance if the recipient is disabled.

(c)(2)(B) A benefit recipient gets free insurance if the recipient is a disabled member appointed to normal retirement.

(c)(2)(C) A benefit recipient gets free insurance if the recipient is 60 or older and has at least 10 years of service.

(c)(2)(D)(i) A benefit recipient gets free insurance if the recipient is any age and has at least 25 years of service as a peace officer.

(c)(2)(D)(ii) A benefit recipient gets free insurance if the recipient is any age and has at least 30 years of service that is not as a peace officer.

Section 11. AS 39.35.675(b) is simplified to require that an employee only have received a cost-of-living differential¹ for at 50% of an employee's credited service before the cost-of-living differential is included as compensation when calculating retirement benefits.

Representative Con Bunde
January 22, 2002
Page 4

Section 12. The changes in TRS and PERS for reemployed retired employees to elect to continue to receive retirement benefits while also receiving a salary are repealed July 1, 2005.

Section 13. A temporary law requires the TRS administrator to report on the effects of this Act on the TRS system annually from 2002 to 2006.

Section 14. A temporary law requires new regulations to be adopted by the TRS system and the PERS system to take effect after July 1, 2001.

Section 15. This causes the new sections to be deleted on July 1, 2005.

Section 16. The section regarding new regulations takes place immediately.

Section 17. Otherwise, all other sections take effect on July 1, 2001.

BRC:med
02-037.med

Sponsor Statement for HB 242
TRS & PERS Reemploy & Med Benefit; COLA

Public Workforce Retention Legislation
Public Employees' and Teachers' Retirement Systems

Last Updated: April 18, 2001

Contact: Roger Wortman, Legislative Aide to Representative Pete Kelly, at (907) 465-3777

This bill will make modest improvements to Alaska retirement statutes to assist Alaska's public employers in attracting and retaining qualified workers as workforce shortages become more pronounced. Employers throughout the state are having difficulty filling vacancies. This is occurring at all levels—teaching, professional, technical and clerical. It is clear from demographic trends that the workforce is aging. Attracting qualified employees will become more and more difficult over the next two decades.

This legislation incorporates a three-pronged legislative approach to address employee retention through the retirement systems:

1. Retiree Return Incentives—brings retirees back into the workforce.
2. Improvements to PERS and TRS Tier II and III medical benefits:
 - Add full system paid retiree medical benefits at age 60 and minimum service of 5 years for PERS Tier II, 10 years for PERS Tier III, and 8 years for TRS.
 - Add full system paid medical benefits for Tier II and Tier III members upon reaching 25 years of service for Teachers and Police/Fire members and upon reaching 30 years of service for Others.
3. Change geographic differential language to eliminate confusion and improve recruitment to and retention in high-cost areas of the state.

The retiree return incentive removes a disincentive for retirees to return to full time employment. Currently, a retiree who wishes to return to permanent public employment must forego retirement benefit payments during their period of return. The change we propose would allow the retiree to continue receiving benefit payments after returning to public employment. To keep this cost-neutral, an employee selecting this option would not accrue additional retirement credit during the period of return.

Public employees hired after June 30, 1986 and teachers hired after June 30, 1990 fall into the Tier II retirement plan. Tier II employees are not eligible for system paid medical benefits until age 60, and then the retirement plan only pays one half the premium. The legislation includes medical benefit enhancements to prompt employees to stay in the system an additional 5 or more years to qualify for system paid medical coverage. The fiscal impact associated with this enhancement is a modest 0.17% of payroll each year.

The change in geographic differential will improve recruitment to rural areas of the state for such organizations as the State Troopers, the Department of Fish and Game, and the Department of Health and Social Services. This change carries no actuarial cost to the Public Employees' Retirement System.

I urge your support for this legislation.

Retired Teachers Information

4AAC 12.059. RETIRED TEACHER CERTIFICATE (TYPE R) (a) the department shall issue a retired teacher certificate, valid for the life of the retired teacher, to an applicant who possesses a valid Alaska teaching certificate upon retirement from teaching. A retired teacher certificate qualifies the holder to be assigned as a substitute teacher as specified in this section, for the same areas that the retired teacher held a valid Alaska teaching certificate upon retirement.

Application requirements:

- Application form and payment of fee
- Submission of fingerprint cards if the applicant has not previously passed a background check to obtain, reinstate or renew an Alaskan teaching certificate.

Reinstatement: An applicant may reinstate a teacher certificate held at the time of retirement if the following conditions have been met:

- Application within five years of original certificate expiration date, and
- Completion of 6 semester hours, 9 quarter hours of credit within the five year period preceding application for reinstatement, and
- Active employment as a substitute teacher after receiving Retired Teacher Certificate
- Submission of fingerprint cards and background clearance through FBI, DPS

Implications:

- Our database is not set up to categorize the number of teachers in Alaska who entered into teaching prior to the fingerprint requirement.

People who have retired fall into these categories:

- Keep regular certification current and draw retirement
- Get retired certificate and draw retirement
- Let certification lapse and draw retirement

Currently there are 452 people who hold a retired certificate.

- 41 of those holding retired certificates have addresses outside of Alaska

Currently there are 5 people awaiting their retired certificates.

- 1 person has an address outside Alaska

Reinstatement of Regular Certificates

- 13 teachers have reinstated their Regular Certificates.
- 2.9% of the people holding a retired certificate have reinstated or never ceased holding a regular certificate.



Honorable Fred Dyson, Chair
House Health, Education and Social Services Committee
Alaska Capitol Room 104 (MS3100)
Juneau, AK 99801-1182

RE: HB 416 - Support

Dear Representative Dyson,

On behalf of the 112,000 members of AARP in Alaska, we urge you and your colleagues on the House Health, Education and Social Services Committee to support HB 416, authored by the House Education Special Committee.

At this time when we have a variety of shortages among skilled educators, HB 416 will offer flexibility to educational institutions and school districts to re-employ their retirees without causing financial penalties for those retirees. Later life should offer many options. Employment ought to be one of them.

HB 416 is a "win, win, win" bill. Educational entities will have another source of skilled, able, and willing educators to fill vacant positions. Educators who miss working and the classroom will have an opportunity to return to their chosen career. Students who want to learn from experienced, dedicated, lifelong teachers will have that door opened to them. Your colleagues on the House Education Special Committee have a good bill that deserves your support.

AARP recommends an "AYE" vote on HB 416.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby, AARP Legislative Representative (907-762-3314); or me (907-245-5259).

Thank you for your consideration.

Sincerely,

Marguerite Stetson
AARP Alaska Executive Council Member for Advocacy

cc: Vice-Chair Representative Peggy Wilson Education Chair, Representative Con Bunde
Representative John Coghill, Jr. Representative Brian Porter
Representative Vic Kohring Representative Joe Green
Representative Gary Stevens Representative Peggy Wilson
Representative Sharon Cissna Representative Gary Stevens
Representative Reggie Joule Representative Gretchen Guess

Alaska State Office | 3601 "C" Street, Suite 1420 | Anchorage, AK 99503 | Phone: 907-341-2277 | Fax: 907-341-2270 | www.aarp.org

AARP is a nonprofit, nonpartisan membership organization for people 50 and over. We provide information and resources; advocate on legislative, consumer, and legal issues; assist members to serve their communities; and offer a wide range of unique benefits, special products, and services for our members. These benefits include AARP Workplace at www.aarp.org, *Modern Maturity* and *My Generation* magazines, and the monthly *AARP Bulletin*. Active in every U.S. state and territory, AARP celebrates the attitude that age isn't just a number -- it's about how you live your life.

H EDU
February 1, 2002

Prepared by
Cynthia Curran

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NATURE SAVER™ FAX MEMO 01616		Date	3/13	of pages	1
To	Jason Hooley		From	J. Campbell	
Co./Dept.	1		Co.	EED	
Phone #			Phone #	4587-116	
Fax #	4587		Fax #	file	

Number 1392

REPRESENTATIVE STEVENS expressed his concern that health care is a negotiated issue with union contracts in each district. He also wondered if the state program was a package.

Number 1410

REPRESENTATIVE GREEN noted that he had heard recruitment and retention of teachers was an issue at the interim hearings. Many experienced teachers are retiring after 20 years. He said a couple of retired teachers in his district have been asked to return to teaching. He noted the problem was they would have to pay back the [retirement] package they took before they could return. He wondered if it would be to the state's advantage to rehire retired teachers at the rate of a new teacher's salary. He also wondered if these teachers would be "out-of-phase" with new teaching techniques. He said the Anchorage School District has looked into this, but has taken no action to date.

Number 1508

REPRESENTATIVE WILSON added that she thought it made a difference how teachers retired, whether it was through an early retirement or a normal retirement.

Number 1533

CHAIR BUNDE noted that Beth Nordlund, Special Assistant, EED, had confirmed by a nod that this was indeed true.

Number 1550

BETH NORDLUND, Special Assistant, Office of the Commissioner, Department of Education and Early Development, stated that she thought each package differed.

Number 1560

CHAIR BUNDE suggested the committee talk to the Division of Retirement & Benefits regarding rehiring retired teachers to determine what the fiscal impact would be. He volunteered to research and answer the question of recertification of retired teachers.

Number 1605

REPRESENTATIVE GREEN noted that retired teachers starting over at a new teacher's salary don't cost the state any more. The cost was incurred when the teacher retired, "but that's a done deal," he concluded. Furthermore, it is already known whether the former teacher was a good teacher.

Number 1660

CHAIR BUNDE noted that some teachers need to change professions, but that their success is also based on their supervision and teaching assignments.

Number 1686

REPRESENTATIVE STEVENS noted that he wanted any system to be fair. "People have got to somehow take care of that advantage they got [by] retiring early," he said. He pointed out that other states are benefiting by hiring Alaska's retired teachers. Some of these teachers are wanted back by Alaskan districts, but are unable to return because of the retirement rules.

Number 1720

CHAIR BUNDE requested EED to comment on recertification options at the next committee meeting in two weeks.

Number 1738

REPRESENTATIVE GREEN added that he thought the committee could suggest changes that would circumvent obstacles which prevent modifying the current retirement system.

Number 1761

REPRESENTATIVE WILSON agreed with Representative Guess's idea of the insurance pool. She noted that the Wrangell School District's building and liability insurance increased 130 percent this year alone. She continued, "That makes a huge difference for school districts; that makes the difference between a teacher's pay."

Number 1790

CHAIR BUNDE confirmed that Representative Guess would broaden her insurance inquiry to include other forms of insurance beyond health care.

CHAIR BUNDE stated that he strongly supports local contributions to schools, and that any contribution, regardless of amount, would give ownership [to residents]. He noted Senator Wilken's study which shows a "significant number of communities that could but choose not to" contribute to local schools. He expressed his opinion that the funding floor exists because "some districts could not justify the amount of funding that they previously received," when compared to student enrollment. He stated his preference to put the \$1 million into the Foundation Formula "for the betterment of all of Alaska's students." He noted that he would vote against HB 312.

Number 1407

REPRESENTATIVE PORTER moved to report HB 312 out of committee with individual recommendations and the accompanying fiscal notes.

Number 1405

CHAIR BUNDE objected.

A roll call vote was taken. Representatives Porter, Wilson, Stevens, Joule, and Guess voted to report HB 312 from committee. Representatives Green and Bunde voted against it. Therefore, HB 312 moved from the House Special Committee on Education by a vote of 5-2.

WORK SESSION ON TEACHER SHORTAGE
Rehiring of Retired Teachers

Number 1286

CHAIR BUNDE turned the committee's attention to the subject of teacher recruitment and retention. He began with the matter of rehiring retired teachers, which he had researched. The Division of Retirement & Benefits does not have any actuarial problems with rehiring retired teachers, he reported. Teachers who took early retirement, he said, had to "pay ahead" their retirement; there is no actuarial impact on the retirement system. Some legislation was drafted to address teachers who received a bonus for retiring. The Anchorage School District is giving \$10,000 bonuses as [service recognition] to retiring teachers, and then rehiring them at a beginning teacher's salary; he noted this is a "win-win" situation for teachers and the district.

Number 1184

GUY BELL, Director, Division of Retirement & Benefits, Department of Administration, testified that last year's HB 242 allowed retired teachers to be rehired by districts declaring a shortage. These teachers retain retirement benefits but do not accrue a second retirement benefit. He said that teachers who retired under the Retirement Incentive Program (RIP) are excluded from HB 242. Mr. Bell noted that 21 retired teachers had been rehired under the new law. There were 919 teachers who retired between the years of 1996 and 2000 under the RIP. He noted the division's actuarial firm's position stated that there is no actuarial difference between rehiring RIP retirees and normal retirees. The impact would be cost-neutral to the retirement fund were RIP retirees allowed to be rehired.

Number 1017

CHAIR BUNDE asked if legislation is necessary to repeal the RIP retirees' exclusion from the rehiring eligibility provided in HB 242.

MR. BELL responded that this was correct.

Number 0982

LARRY WIGET, Executive Director, Public Affairs, Anchorage School District, testified in support of expanding the rehiring eligibility to RIP retirees. This would be another tool for the superintendent to use when addressing shortage issues, he noted. The Anchorage School District (ASD) has a service recognition program that offers a \$10,000 bonus to teachers [at the top of the pay scale] who leave the system. He said he anticipates that 40 teachers receiving this bonus may return to teaching in the ASD. He estimated that the ASD has rehired 5 to 7 teachers under the new law.

Number 0893

CHAIR BUNDE questioned whether teachers retiring under the service recognition program would be eligible to receive retirement benefits and be reemployed with minimum impact to salary.

MR. WIGET replied that the salary impact would be significant because teachers are rehired at a beginning teacher's salary.

Mr. Wiget recounted the story of a teacher who had retired under RIP and subsequently wished to return to teaching; this teacher discovered that returning to teaching in Alaska was cost-prohibitive, so he left the state.

Number 0834

REPRESENTATIVE STEVENS pointed out that some teachers took the RIP, left the state, and returned to teaching; this is a loss for Alaska. He asked if a teacher who took the RIP and returned to teaching at a beginning teacher's salary would continue to receive retirement benefits.

Number 0757

MR. WIGET differentiated between the state RIP and the ASD's service recognition program. A teacher in Anchorage's recognition program would continue to receive retirement benefits; RIP teachers are currently unable to be rehired and retain retirement benefits.

Number 0738

REPRESENTATIVE GREEN noted a case in his district where a principal was unable to rehire a special education teacher. He acknowledged the need for change. If a "seasoned" teacher is rehired at \$20,000 less in salary in exchange for a \$10,000 bonus, a "win-win" situation would result, he observed. This would especially provide relief in specialty areas.

Number 0690

MR. WIGET acknowledged that this would provide an extra hiring tool for districts.

REPRESENTATIVE PORTER asked how long ago the 20-year requirement for retirement was [lengthened].

Number 0643

MR. BELL responded that the 20-year retirement is still in place. House Bill 242 changed the number of years required for eligibility in the retiree medical plan; this changed from 20 years to 25. The pension benefit is available after 20 years.

Number 0600

REPRESENTATIVE PORTER queried whether a returning teacher could continue to receive a retirement annuity and the reduced wage.

CHAIR BUNDE confirmed that this was true.

Number 0571

REPRESENTATIVE WILSON asked if the RIP package differed from district to district.

MR. BELL responded that the only difference between districts was whether a determination of savings had been made. If a school district could show savings, it could participate; if a district could not show savings, it was unable to participate in the RIP.

Number 0505

REPRESENTATIVE WILSON inquired what the [range of bonuses] was [between districts].

MR. BELL replied that the Division of Retirement & Benefits did not have those figures because the bonuses were not under the division's control. The division simply calculated benefits based on the bonuses given to teachers.

Number 0450

REPRESENTATIVE STEVENS noted that his recollection was that cash bonuses were not given to teachers; rather, the bonus was used to add to the number of [service] years. For example, a teacher with 17 years of service would have 3 years added to reach the 20 required for retirement benefits, he added.

Number 0380

MR. BELL replied that Representative Stevens was correct, according to the division's perspective; the RIP was administered by the division and did not provide cash bonuses.

Number 0350

MR. WIGET stated that the ASD has been administering its service recognition program, which includes a cash bonus, since 1993. Some teachers in the ASD, he noted, had participated in the state's RIP by paying all the costs themselves.

Number 0301

BRUCE JOHNSON, Director, Quality Schools/Quality Students, Association of Alaska School Boards (AASB), returned to testify on behalf of AASB in support of the rehire of RIP teachers. He agreed that this would be another tool for districts. This is a short-term, stopgap measure; the longer-term issue [of teacher shortage] needs to be addressed, and he noted that AASB would like to "participate in that conversation."

Number 0242

MARK JONES, UniServe Director, NEA-Alaska, testified against the rehiring of RIP teachers on behalf of NEA-Alaska. He indicated that NEA-Alaska considers this to be a "short-term fix for what is really a long-term problem." The impact on the retirement system, he noted, would be that fewer positions would be contributing to the retirement system to stabilize it. He predicted that if this became a widespread practice, it would have a "negative impact on the health of the retirement fund."

Number 0145

CHAIR BUNDE asked committee members to consider sponsoring legislation to repeal the prohibition of districts' rehiring of RIP teachers.

Number 0086

REPRESENTATIVE WILSON asked if teachers returning to work with retirement benefits would affect the morale of other teachers.

CHAIR BUNDE pointed out that no guarantee of rehire exists for retired teachers.

Number 0025

REPRESENTATIVE STEVENS asked Mr. Bell to respond to the concern about the lack of contributions to the retirement fund as a result of filling positions with retired teachers.

TAPE 02-3, SIDE A

Number 0001

MR. BELL noted that the provision allowing for the rehire of retired teachers expires in 2005. This, coupled with a reporting requirement [to the legislature] on the actuarial and

other impacts of HB 242, addresses that concern raised by Representative Stevens.

Number 0071

REPRESENTATIVE GREEN asked Mr. Bell for his opinion of the longevity of teachers who return after retirement. He noted that a 3- to 5-year rehire might get the state through a "critical period" [of teacher shortage]. He also asked whether Mr. Bell would suggest a "sunset provision" in any new legislation addressing this matter.

Number 0185

MR. BELL responded that this is "clearly ... a stopgap measure." He added that a provision in legislation allowing RIP retirees to be included [with HB 242 provisions] would sunset in 2005 and subsequently would be reevaluated by the legislature.

Number 0226

REPRESENTATIVE GREEN asked if the state would incur any liability when rehired teachers were terminated in 2005 as a result of the sunset clause.

MR. BELL answered that teachers rehired under the provisions in HB 242 would not be terminated. The sunset clause applies only to new hires after 2005.

Number 0300

PAULA HARRISON, Director of Human Resources and Labor Relations, Matanuska-Susitna Borough School District ("Mat-Su District"), testified via teleconference in favor of expanding the pool of teachers that districts may rehire. She noted that the Mat-Su District participated in the RIP and that many of the teachers who retired under the RIP still live in the area. She stated her disappointment with NEA-Alaska for not supporting this [potential expansion of provisions in HB 242]. Such an effort would allow for growth in mentoring programs and other areas in which a retired teacher's experience is "invaluable." She stated that this was "not necessarily a Band-Aid approach." Returning teachers could assist new teachers and those who have become teachers through "alternative routes."

Number 0448

JUDY NORTON, Principal, Curriculum Director and Testing Coordinator, Copper River School District, testified via teleconference. She asked why a district would be prohibited from rehiring retired teachers on a contract basis. She noted that hiring retired teachers on contract could serve to fill specific needs in rural districts.

Number 0517

CHAIR BUNDE responded that he didn't believe the committee could answer that question yet. He added that the committee would be unable to address individual districts' [negotiated agreement] issues.

Number 0547

MS. NORTON indicated that the Copper River School District has hired [retired teachers] under short-term contracts. She noted the lack of qualified [teachers] available to rural districts. Hiring these teachers on contract is a cost savings to districts, she added.

Number 0590

CHAIR BUNDE pointed out that the university system hires people back on contract.

Number 0627

REPRESENTATIVE GREEN asked if this proposed legislation would "run afoul" of union [agreements] if districts chose to rehire one teacher but not another.

MR. BELL responded that a teacher terminates employment upon retirement. The rehiring decision would be made by the school district.

Teacher and Principal Mentoring

Number 0679

CHAIR BUNDE announced the next order of business would be Teacher and Principal Mentoring.

REPRESENTATIVE STEVENS reported that the subcommittee on mentoring included Representatives Green, Guess, and himself,

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE STEVENS

TO: CSHB 416(EDU)

- 1 Page 2, lines 17 - 22:
- 2 Delete all material.
- 3
- 4 Renumber the following bill sections accordingly.
- 5
- 6 Page 2, lines 25 - 26:
- 7 Delete "AS 14.25.043(d), added by sec. 3 of this 2002 Act"

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: CSHB 416(EDU), Draft Version "F"

1 Page 1, line 2, following "programs":

2 Insert "and to the employment as teachers of members of the public employees'
3 retirement system who participated in a retirement incentive program"

4

5 Page 2, line 17:

6 Delete "a new subsection"

7 Insert "new subsections"

8

9 Page 2, following line 22:

10 Insert a new subsection to read:

11 "(e) A member of the public employees' retirement system who participated in
12 a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65,
13 SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who subsequently becomes a
14 qualified teacher, may become an active member under AS 14.25.040 without losing
15 the incentive credit provided under the applicable retirement incentive plan and is not
16 subject to any related reemployment indebtedness."

17

18 Page 2, line 26, following "Act":

19 Insert "AS 14.25.043(e), added by sec. 3 of this 2002 Act"

Comparison:

Average Salary at Retirement vs. Retirement Benefit + Returning Salary Under CSHB 416(edu)

District	Average Salary at 20 Year Retirement #	Average Retirement Benefit (40%) *	Maximum Beginning Salary For Teacher New to District	Retired Teacher's Salary Under CSHB 416 (EDU)
Anchorage	\$62,889.00	Annual: \$25,155.60 Monthly: 2,096.30	BA \$33,914 MA \$38,036 (2002-2003)	BA \$59,072.60 MA \$63,191.60
NW Arctic Borough (Kotzebue)	\$70,931.00	Annual: \$28,372.40 Monthly: 2,364.37	BA \$46,336 MA \$54,555 (2000 - 2001)	BA \$74,708.40 MA \$82,927.40
Juneau	\$64,694.00	Annual: 25,877.60 Monthly: 2,156.47	BA \$37,806 MA \$40,372 (2002-2003)	BA \$63,683.60 MA \$66,249.60
Galena	\$59,701.00	Annual: 23,880.40 Monthly: 1,990.03	BA \$42,972 (\$44, 493) MA \$47,534 (\$49,055) (2001-2002)	BA \$66,852.40 MA \$71,414.40
N. Slope Borough (Barrow)	\$65,543.00	Annual: \$26,217.20 Monthly: \$2,184.77	BA \$52,572 MA \$60,266 (2001-2002)	BA \$78,789.20 MA \$86,483.20
Kenai	\$58,650.00	Annual: \$23,460.00 Monthly: \$1,955.00	BA \$38,908 MA \$41,460 (2001-2002)	BA \$62,368.00 MA \$64,920.00
* Assumes last three salaries were at the highest pay range.				
# Assumes 20 years of service performed within the same school district.				

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 416(EDU)

BY REPRESENTATIVE STEVENS

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copy all 3

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LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 15, 2002

SUBJECT: Reemployment as teachers of retired employees who participated in RIPs (Work Order No. 22-LS1472J)

TO: Representative Fred Dyson, Chair
House Health, Education, and Social Services Committee
Attn: Jason Hooley

FROM: Barbara R. Craver 
Legislative Counsel

Enclosed is a draft committee substitute for the HES committee to HB 416. You had asked that version F be amended by amendments F.2 and F.3. As we discussed these two amendments are not entirely consistent. I have drafted version J as if the original section 3 of version F is deleted (providing that "RIP'ed" teachers will be reemployed at the salary of new teachers) and replaced by the new subsection to AS 14.25.043 which is in regard to PERS members who participated in retirement incentive programs and who become reemployed as teachers under AS 14.25.040.

If I may be of further assistance, please advise.

BRC:med
02-286.med

Enclosure

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 416(EDU)

BY REPRESENTATIVE STEVENS

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9 Page 2, following line 22:

10 Insert a new subsection to read:

11 "(e) A member of the public employees' retirement system who participated in
12 a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65,
13 SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who subsequently becomes a
14 qualified teacher, may become an active member under AS 14.25.040 without losing
15 the incentive credit provided under the applicable retirement incentive plan and is not
16 subject to any related reemployment indebtedness."

17

18 Page 2, line 26, following "Act":

19 Insert "AS 14.25.043(e), added by sec. 3 of this 2002 Act"