

SB

149

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
APR 25 2001
SENATE FINANCE
COMMITTEE

DATE: 4/24/01

FURTHER:

DATE TURNED IN TO OFFICE: 25 April 01

Finance Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 149

STUDENT LOAN FORGIVENESS: EDUCATION & HEALTH CARE .

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SSSB 149 (HES)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Admin	4/24/01	50.0		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Education	4/23/01		✓	#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✗			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 25 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS SSSB 149(HES)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: "An Act relating to employment incentives
for teachers and health care providers, to reemployment..." BRU: Centralized Admin. Services
Sponsor: Senator Leman Component: Retirement & Benefits
Requester: Senate Finance Component Number: 64

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual	50.0	20.0	20.0	20.0	20.0	20.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	50.0	20.0	20.0	20.0	20.0	20.0

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 (Teachers' Ret 1034)	50.0	20.0	20.0	20.0	20.0	20.0
TOTAL	50.0	20.0	20.0	20.0	20.0	20.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

\$50.0 will be needed in the first year for the development and distribution of enrollment, educational, informational materials, and for systems programming. We estimate \$20.0 will be necessary in succeeding years. See page 2 for additional analysis.

Prepared by: Guy Bell, Director Phone 465-4471
Division: Retirement and Benefits Date/Time 04/24/01
Approved by: Jim Duncan, Commissioner Date 04/24/01
Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

CS SS SB 149(HES) Fiscal Note Analysis (cont'd)

This legislation amends the Teachers' Retirement System statute to address employee retention.

1. Retiree Return Incentive—brings retirees back into the workforce. This proposal has no fiscal impact.

This 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 proposed change would, in the event of a declared teacher shortage, allow a retiree to elect to continue receiving benefit payments after returning to full-time teaching. To keep this proposal cost-neutral, the employee would not accrue additional retirement credit during the period of return.

2. Improvements to TRS Tier II medical benefits:
 - Add full system paid retiree medical benefits at age 60 and minimum service of 8 years.
 - Add full system paid medical benefits for Tier II members upon reaching 25 years of service.

The fiscal impact associated with this change would be 0.17% of annual payroll each year. The total value of Alaska teacher salaries is approximately \$470 million. The annual cost of this increase to TRS employers would therefore be approximately \$800.0. Given that there are approximately 9,300 active teachers, this equates to an annual cost of about \$86.00 per teacher.

We believe this change would make a significant difference in employee retention. Teachers can retire after 20 years. A 45 year old school teacher with 20 years service can retire and pursue a second career and they often do because there is a disincentive for them to continue to work for the system. With this enhancement to the Tier II and III plans, we believe more of these individuals would stay the additional five years to qualify for system-paid medical coverage.

FISCAL NOTE

REPORTED OUT

APR 25 2001

SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSSB 149(HES)
 (S) Publish Date: 4/24/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title: An Act relating to reemployment of retired BRU: Teaching & Learning Support
teachers, to eligibility for major medical insurance coverage . . . Component: Quality Schools
 Sponsor: Senator Leman
 Requester: S HESS Component Number: 2147

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
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 ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

POSITIONS	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 This bill contains many provisions for re-employing retired teachers, recognizing certificates of out-of-state teachers in the same areas of endorsement, and granting preliminary teacher certificates to those who meet the requirements in Section 3. This bill allows school districts to employ retired teachers because of shortages.

In Section 8, please note that teachers hired under Tier II of TRS would receive a major medical benefit provided they continue teaching for a minimum of 25 years. Additional costs for the employer would, according to estimates by TRS, amount to approximately \$60 per year, per eligible teacher. These increased annual costs wouldn't start for several years and are considered small compared to the opportunity to retain these qualified teachers.

Prepared by: Barbara Thompson, Deputy Director Phone 465-8727
 Division: Teaching & Learning Support Date/Time 4/23/01 12:00 AM
 Approved by: Bruce Johnson, Deputy Commissioner of Education Date 4/23/01
 Agency: Alaska Department of Education & Early Development

For distribution information, call the Governor's Legislative Office

During Session, January - May:
State Capitol, Room 115
Juneau, Alaska 99801
(907) 465-2095
465-3810 FAX



During Interim, June - December:
716 W 4th Ave, Suite 520
Anchorage, Alaska 99501
(907) 269-0240
269-0242 FAX

Senator Loren Lemman

Sponsor Statement - CS for SSSB 149(HES): TEACHER INCENTIVES

“An Act relating to reemployment of retired teachers, to eligibility for major medical insurance coverage for beneficiaries of the teachers’ retirement system, and to teacher certificates; and providing for an effective date.”

SB 149 responds to Alaska’s current teacher shortage. It establishes a three-pronged approach to increase and retain personnel in this critical staffing area.

First, to increase the teacher supply in Alaska, SB 149 creates a new teacher certification that will allow the State to recognize the credentials of teachers certified out-of-state. The “preliminary teacher certificate” will include the same endorsements as those on a teacher’s current, valid certificate issued out-of-state.

Second, SB 149 promotes employment of retired teachers through the creation of a retirement benefits election option. Under election, retired members continue to receive benefit payments upon reemployment, but do not accrue additional years of service or additional benefits. If no election is made, upon reemployment retired members have their benefit payments suspended, but additional years of service continue to accrue. The election option will be available for a three-year period beginning July 1, 2001, and ending July 1, 2004.

Third, SB 149 promotes teacher retention by improving coverage and easing qualifications to receive major medical benefits. Under SB 149 a teacher can qualify for 100% medical coverage by: years of service (25 years), age (60 instead of 65), or if disabled and appointed to normal retirement.

Prepared by Paul Roetman, Legislative Aide to Senator Loren Lemman (907-465-3712)
Last updated: April 24, 2001



Senator Loren Leman

Sectional Analysis – CS for SSSB 149(HES): TEACHER INCENTIVES

“An Act relating to reemployment of retired teachers, to eligibility for major medical insurance coverage for beneficiaries of the teachers’ retirement system, and to teacher certificates; and providing for an effective date.”

The following is a sectional analysis of CS for Sponsor Substitute for Senate Bill 149 (draft #22-LS0769\T). CS for SSSB 149 proposes several amendments to Title 14 (Education, Libraries, and Museums), Chapter 20 (Teachers and School Personnel) and Chapter 25 (Teachers Retirement).

Section 1. Amends Title 14 (Education, Libraries, and Museums) Chapter 20 (Teachers and School Personnel) Section 10 (Teacher certificate required) by adding a new teacher certification allowing a person from out-of-state to be employed in Alaska as a teacher in a public school under a “preliminary teacher certificate” created under section 2.

Section 2. Amends Title 14 (Education, Libraries, and Museums) Chapter 20 (Teachers and School Personnel) Section 15 (Recognition of out-of-state teachers) that lists the requirements under which teachers certified out-of-state may have their credentials recognized in Alaska.

Once an out-of-state teacher has been issued a preliminary teacher certificate, he/she is required to pass a competency examination within one year from the date the preliminary teaching certificate was issued. A preliminary teacher certificate is issued by the department with the same endorsements as those on the current, valid certificate issued by the other state.

Tenure may not be granted to a teacher employed under a preliminary teacher certificate. A preliminary teacher certificate is valid for three years and is not renewable.

Section 3. Amends Title 14 (Education, Libraries, and Museums) Chapter 20 (Teachers and School Personnel) by creating Section 135 (Employment of retired teachers because of shortages), specifying that a school district having or anticipating a shortage of teachers may by resolution adopt a policy that permits the employment of retired teachers.

Retired members have 30 days from the date of reemployment to elect to continue receiving retirement benefits. If election is made, no deductions will be made from the reemployed member’s salary and no credit service will be given for the period of reemployment.

A teacher, principal, or administrator who participated in a retirement incentive program (RIP) under 1986, 1989, or 1996 is not eligible to make an election under this section.

Section 4. Amends Title 14 (Education, Libraries, and Museums) Chapter 25 (Teachers Retirement) Section 40 (Membership) by creating an election option, specified in section 6, exempting a retired member from Chapter 25.

Section 5. Repeals the election provision referenced in AS 14.25.040(a), on July 1, 2004.

Section 6. Amends Title 14 (Education, Libraries, and Museums) Chapter 25 (Teachers Retirement) Section 43 (Reemployment of retired members) by providing an incentive for a retired teacher to return to full time teaching for a TRS employer. With this change, a retired teacher who took normal retirement may elect a new option under (b) of this section when reemployed. The new option:

- Is subject to a declaration or shortage by a school district;
- Allows the teacher to elect continuation of retirement benefit payments during reemployment;
- Would stop additional retirement benefit accrual;
- Must be selected within 30 days of reemployment; and
- Is not available to RIP participants

If no election is made, the current method would apply and the teacher would:

- Stop receiving a retirement benefit during reemployment; and
- Accrue additional retirement benefit during period of reemployment

Section 7. Repeals the election provision referenced in AS 14.25.043(a), on July 1, 2004.

Section 8. Amends Title 14 (Education, Libraries, and Museums) Chapter 25 (Teachers Retirement) Section 168 (Medical Benefits) by improving medical coverage benefits. Currently, Tier II retirees are eligible for 50 percent coverage once they reach age 60. No benefit accrues for years of service.

Under this section, a teacher who stays five years beyond the normal retirement service requirement of twenty years or who is 60 years old, will be eligible for full system paid medical coverage.

Section 9. Repeals the election provisions of section 3 and section 6 on July 1, 2004.

Section 10. Requires the administrator of the teachers' retirement system to give an annual report to the Legislature detailing the effect of this Act on the retirement system.

Section 11. Authorizes the Alaska Teachers' Retirement Board to adopt regulations necessary to implement changes made by sections 4, 6, and 8 of this Act.

Section 12. Specifies that Section 11 takes effect immediately upon signing by the governor.

Section 13. Specifies that Sections 5, 7, and 9 take effect July 1, 2004.

Section 14. Specifies that this Act, with the exception of sections 12 and 13, takes effect July 1, 2001.

Prepared by Paul Roetman, Legislative Aide to Senator Loren Leman (907-465-3712)

Last updated: April 24, 2001

**CS for SSSB 149(HES)
TEACHER INCENTIVES**

Witness List

**Senate Finance Committee
9:00am Wednesday, April 25, 2001**

Witnesses with prepared testimony

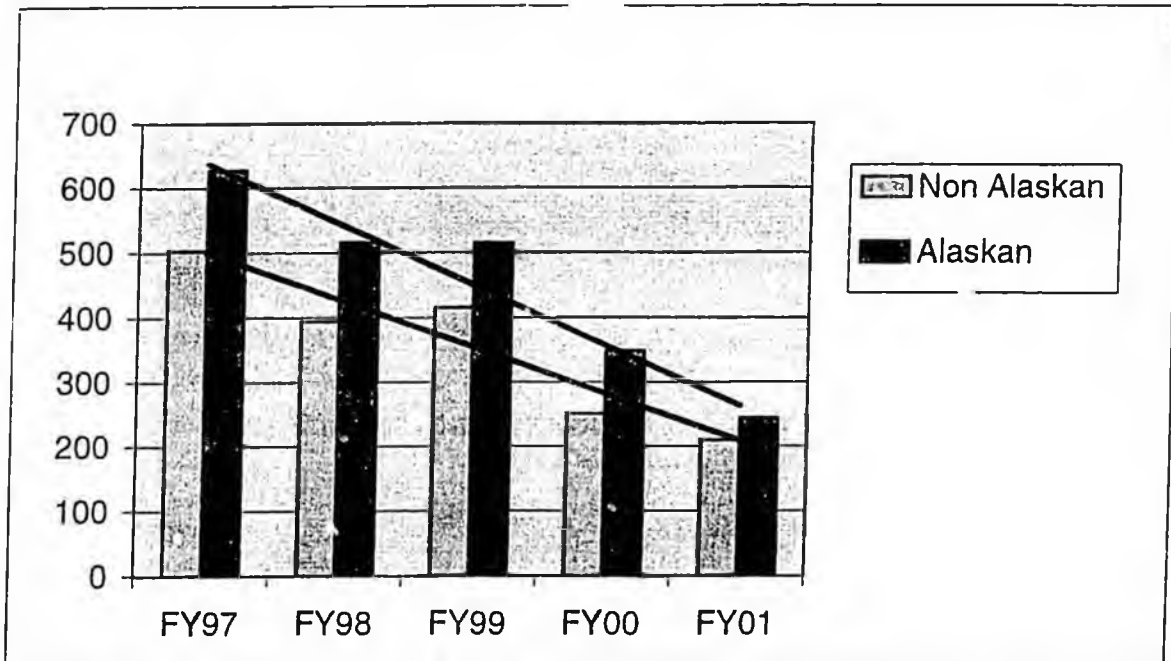
Paul Roetman Aide to Senator Loren Leman, SPONSOR	Juneau
Melissa Hill, Program Director Alaska Teacher Placement	907-474-6644 OFFNET – Fairbanks
Debbie Ossiander Anchorage School Board	907-688-2308 OFFNET - Anchorage

Witnesses available for questions

Alison Elgee, Deputy Commissioner Department of Administration	Juneau
Kathy Lea, Retirement Supervisor Health Benefits Section, Division of Retirement & Benefits	Juneau
Bruce Johnson, Deputy Commissioner of Education Dept. of Education and Early Development	Juneau

Prepared by Paul Roetman, Legislative Aide to Senator Loren Leman (907) 465-3712
Last updated: April 24, 2001

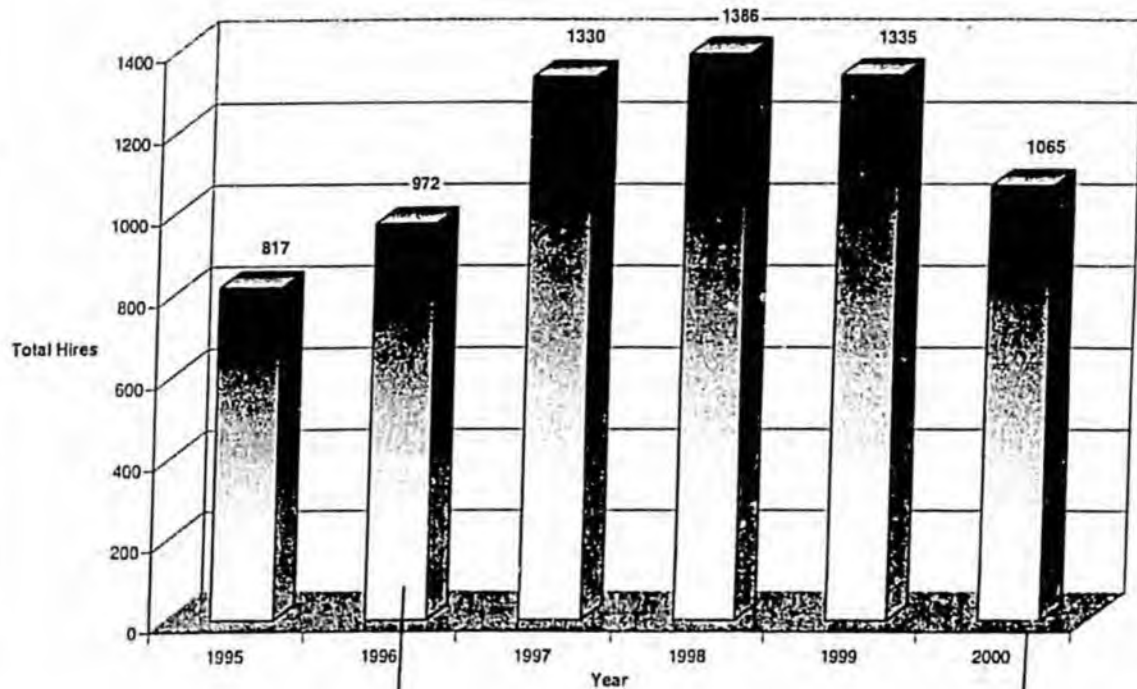
Job Fair Attendance Trends



This graph includes the total number of educators that attended all the ATP Educator Job Fairs combined for that year. The gradual decline of interest across the board is evident. The severity of the teacher shortage in Alaska has greatly impacted many of the rural districts (those off the road system).

Year	Non Alaskan	Alaskan	Total
FY97	503	628	1131
FY98	395	516	911
FY99	416	515	931
FY00	251	349	600
FY01	210	244	454

Total Hires - Six Year Overview



Just a few years ago it seemed everyone wanted to teach in Alaska, now that has changed as the Lower 48 has increased reciprocity and lessened the red tap on certification requirements. In addition adding higher salaries and signing bonuses has drawn many teachers to the Lower 48.

The American Federation of Teachers at <http://www.aft.org/> has some excellent data on salaries and cost of living.

Don't let this number fool you. 88.7 vacancies went unfilled at the start of the school year. Of those 88.7 vacancies 60.2 of them were in Special Education areas.

adn.com

Anchorage Daily News

STATE SEEKS WAYS TO KEEP TEACHERS

By Rosemary Shinohara

(Published June 21, 2000)

Faced with a national teacher shortage and aggressive recruiting by other states, Alaska education officials are considering incentives ranging from gym memberships to forgiveness of state student loans to attract teachers and keep them in Alaska.

Alaska used to draw plenty of teachers because of high salaries and an excellent retirement plan, said Bruce Johnson, deputy state commissioner of education.

"Now we have mediocre salaries and a high cost of living," he said. "You leave your extended family (to come to Alaska) and have all the costs of going out to see them."

In rural Alaska, harsh living conditions, especially poor housing, drive teachers out, say union representatives and people who hire for the Bush.

Alaska districts hired 1,335 new teachers during the last school year but had 84 unfilled positions on the first day of school, and some of them remained open for months, state officials report.

Openings for special education teachers, math teachers and speech pathologists were especially hard to fill.

Because they can't find qualified applicants, districts are hiring more people who don't meet state requirements for teachers. State records show that 20 people taught with emergency certificates in 1998-1999, up from just seven the year before. Twelve people who hadn't completed coursework to teach children with disabilities got waivers to be special education teachers, vs. one the year before. The 1999-2000 statistics have yet to be compiled.

The state issues one-year emergency certificates when districts can't find anyone who has the legal credentials - such as a degree in education. The teachers with waivers are qualified as teachers, but not as special ed teachers.

The shortage comes at a time when the state is imposing new academic standards and tests to graduate from high school.

That's true in many other states as well.

Two states, Oklahoma and Texas, recently have given teachers across-the-board raises of \$3,000 each, and a half-dozen other Southern states are planning to raise pay, according to Education Week newspaper. The

New York State Legislature approved a package of incentives that includes scholarships of up to \$3,400, and also bonuses of up to \$30,000 over three years for top teachers who agree to work in schools with poor academic records.

The San Francisco Unified School District will break ground this fall on a 43-unit apartment building to offer subsidized housing to some of its teachers, and make it more possible for teachers to live in the high-rent community.

Santa Clara County, Calif., even sent recruiters to Alaska in an effort to stem its own shortage. The recruiters attended the April teacher job fair in Anchorage, offering signing bonuses of \$4,000 for special education teachers with particular qualifications, such as training to teach autistic children. The county also offers \$1,000 bonuses to certain other teachers.

Alaska education officials say the state needs to give enough money to districts so that

they can increase teacher pay. Just five years ago, Alaska offered the highest average teacher salary in the country, according to the Association of Alaska School Boards. Last year, the state ranked sixth, but the cost of living in remote areas of the state can be astronomical compared to most parts of the Lower 48.

The average salary of Alaska teachers last year was \$46,170.

Rich Kronberg, president-elect of National Education Association-Alaska, said in urban Alaska, "The issue is attracting people to the district. Once they're here, most of the time they stay."

Competitive pay and benefits, and community support probably will be enough to keep good teachers, Kronberg said.

In rural Alaska, rapid turnover of teachers is getting in the way of academic improvements. Pay is an issue there, too.

Decent housing, running water, flush toilets and realistic expectations about life in the Bush are important to rural teachers, said Johnson, the deputy state commissioner.

"The pioneer notion that you can use an outdoor bathroom and live in a log cabin is not very appealing to people in the 21st century," he said.

Mike Husa, union president for the Lower Kuskokwim District, said a teacher in Kwagillingok, on the Kuskokwim Bay, left this year partly because she was forced to live in the school. "There was a house, but it wasn't livable. It had no Arctic entry. When the wind blew, it came right through the door."

The state Department of Education has yet to narrow down what incentives would be most effective, but is considering some that would take legislative approval, and some that the state Board of Education can get going.

State administrators plan to make recommendations to the board this fall.

Johnson said the list of possibilities includes:

Increasing salaries.

Forgiving state student loans for teachers who work in rural areas.

Paying some moving expenses.

Offering signing bonuses in fields where there are shortages.

Giving higher salaries to teachers who are certified by a national board.

Improving rural housing for teachers.

Offering orientation so that new Bush teachers know what they're getting into before they go.

Offering computers and gym memberships.

"Private industry offers gym memberships, why shouldn't we?" said Johnson. "They're not huge costs. If they're sick three or four days fewer per year, you've more than paid for the gym membership."

Reporter Rosemary Shinohara can be reached at rshinohara@adn.com.

Close Window

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**CS for SSSB 149(HES)
TEACHER INCENTIVES**

Witness List

**Senate Finance Committee
9:00am Wednesday, April 25, 2001**

Witnesses with prepared testimony

Paul Roetman Juneau
Aide to Senator Loren Leman, SPONSOR ✓

Melissa Hill, Program Director ✓ OFFNET – Oklahoma
Alaska Teacher Placement

Debbie Ossiander ✓ Juneau
Anchorage School Board

Witnesses available for questions

Alison Elgee, Deputy Commissioner ✓ Juneau
Department of Administration

Kathy Lea, Retirement Supervisor ✓ Juneau
Health Benefits Section,
Division of Retirement & Benefits

Bruce Johnson, Deputy Commissioner of Education ✓ Juneau
Dept. of Education and Early Development

Prepared by Paul Roetman, Legislative Aide to Senator Loren Leman (907) 465-3712
Last updated: April 24, 2001

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/30/01

FURTHER: Finance

Date of 5-Day Notice: 04/02/01
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 04/23/01

Health, Education and Social Services Committee considered SS FOR SENATE BILL NO. 149

STUDENT LOAN FORGIVENESS: EDUCATION & HEALTH CARE

and recommends:

- be replaced with CS 55 SB 149 (HES)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by Committee
- further referral to Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR #

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Administration	3/30/01	x		1
DEED	4/23/01		0	2

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>George Hilda</i>	✓			
<i>Jan Ward</i>	✓			
<i>Betty Davis</i>	✓			
<i>John J. Blum</i>	✓			

VICE CHAIR:

SENATE FINANCE COMMITTEE

SIGN-IN

SB 149-TEACHER INCENTIVES

NAME: Mary Diven Subject/Bill No: SB149
Co./Dept./Title: Health Soc Svc / Public Health Phone: 465-8615
Address: Box 110610 Juncos Zip: 99811-0610
Do you wish to testify? Yes No Respond To Questions

NAME: Alison Elgee Subject/Bill No: SB149
Co./Dept./Title: Dept. of Administration Phone: 465-5668
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: BRUCE JOHNSON Subject/Bill No: SB149
Co./Dept./Title: Dep. Commissioner of Education Phone: 465-2802
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Debbie Osslander Subject/Bill No: SB 149
Co./Dept./Title: Arch School Bd Phone: 688-2308
Address: PO Box 670772 Chugiak Zip: 99567
Do you wish to testify? Yes No Respond To Questions