

SB

126

State of Alaska

Department of Revenue
Administrative Services Division



SARAH PALIN, GOVERNOR

333 Willoughby Avenue, 11th Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

Phone: (907) 465-2300

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March 3, 2009

The Honorable Linda Menard
Chair, Senate State Affairs Committee
Alaska State Legislature
State Capitol, Room 9
Juneau, AK 99801-1182

Dear Senator Menard:

Senate Bill 126 was read across the floor on February 27, 2009 and transmitted to the Senate State Affairs Committee for consideration.

SB 126 Reemployment of Retirees; Exempt Service contains three personnel topics regarding state employment. First, extending the sunset provision of the "retire/rehire" employment provision would allow state entities to hire retired employees into existing positions. Second, the Department of Revenue is requesting that two professional positions be made "exempt" for the purposes of allowing flexibility in recruitment and paying market value. Third, certain professional positions concerning oil and gas within the Department of Natural Resources are requested to be made "exempt" for flexibility in recruitment and paying market value.

While three departments are specifically affected by this legislation, I will be the primary contact for scheduling and questions. Testimony for each provision of the bill will be provided by the respective departments and contacts:

- Retire/Rehire, Kevin Brooks, Deputy Commissioner, Department of Administration
- Oil and gas positions, Melanie Lesh, Legislative Liaison, Department of Natural Resources
- Comptroller and chief economist, Ginger Blaisdell, Director, Administrative Services, Department of Revenue

I respectfully request that SB 126 be scheduled for hearing in the Senate State Affairs Committee as early as possible.

If the Committee requires any additional information, please contact me.

Sincerely,

Ginger Blaisdell
Director

DATE
12 Mar 09

Debye =

SB 24

SB 190 is the retire/rehire bill
that extends the sunset of July 1, 2009
until July 1, 2012.

It is critical to hear this piece
of legislation during this session
due to the sunset date only
3 months away.

Can you schedule this bill on
next week's calendar?

Thanks, Ginger Blaisdell

Dept of Revenue

465-2312

3/12/09 12:22

Went to STA

Wrote Ginger a note (Email)

Reemployment of Retirees; Exempt
Service

State of Alaska

Department of Revenue

Administrative Services Division



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333 Willoughby Avenue, 11th Floor

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Phone: (907) 465-2300

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March 18, 2009

The Honorable Linda Menard
Chair, Senate State Affairs Committee
Alaska State Legislature
State Capitol, Room 9
Juneau, AK 99801-1182

SPONSOR STATEMENT

SB 126 Reemployment of Retirees; Exempt Service

SB 126 Reemployment of Retirees; Exempt Service contains three personnel topics regarding state employment. First, extending the sunset provision of the "retire/rehire" employment provision would allow state entities to hire retired employees into existing positions. Second, the Department of Revenue is requesting that two professional positions be made "exempt" for the purposes of allowing flexibility in recruitment and paying market value. Third, certain professional positions concerning oil and gas within the Department of Natural Resources are requested to be made "exempt" for flexibility in recruitment and paying market value.

Each of the portions of the bill are presented in order of the bill:

Department of Natural Resources – Exempt Positions

The division of oil and gas and the division of geological and geophysical survey of the Department of Natural Resources (DNR) are responsible for assessing the state's mineral resources, overseeing the assessment and collection of a large portion of the state's revenues related to oil and gas development, as well as management of the state's oil and gas resources. DNR, through these divisions, must maintain an experienced and professional staff as well as recruit new staff. Without exempt status the State cannot be competitive with industry in hiring the best and most experienced employees in areas where that experience can mean millions of dollars in revenue to the employer.

Department of Revenue – Exempt Positions

Two positions in the Department of Revenue have been difficult to fill and retain because the department cannot offer market pay. The state comptroller oversees billions of dollars and coordinates the state's accounts with national banking agencies. This position is currently partially-exempt, meaning that it is not governed by collective bargaining but that it must be paid within a state salary scale. This position has turned over every year for the past four years due to more appealing private-sector offers accepted by the incumbents. The chief economist position is a classified position and has been open for recruitment for approximately one year. Although one of the division's lead economists is filling this position in acting status, the department is seeking an economist who can speak with experience and authority on Alaska's global petroleum economics.

Retire/Rehire Sunset Extension

Legislation was passed in 2005 that allows for the rehire of certain PERS and TERS employees who retired with a normal retirement. These rehires can continue to receive normal retirement benefits by waiving further participation in the retirement systems. This legislation is scheduled to sunset on July 1, 2009.

In a report provided to the legislature on February 6, 2009, the number of waivers in the retire/rehire program in 2008 were 62 PERS and 85 TERS participants. While the number of participants are seemingly low, these individuals play a vital role in the communities where they are employed. Many rural communities and school districts have benefited from the retire/rehire program to retain retirement eligible individuals in these hard-to-fill positions.

LEGAL SERVICES

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

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


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

MEMORANDUM

April 1, 2009

SUBJECT: Draft CSSB 126() (Work Order No. 26-GS1035\S)

TO: Senator Linda Menard
Chair of the Senate State Affairs Committee
Attn: Debbye Prator

FROM: Dan Wayne 
Legislative Counsel

The draft you requested is attached. It includes the correction of an error in sec. 7 that you asked me to make today. Before this correction sec. 7 of the bill read:

*Sec. 7. Section 12, ch. 50, SLA 2005, is amended to read:

Sec. 12. AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and 39.35.270(b) are repealed July 1, 2010 [2009].

The problem with sec. 7 as worded is this: the substance, if not the exact language, of AS 14.25.070(b) and AS 39.35.270(b), relating to employer contributions for rehired retired employees under the Teachers' Retirement System and the Public Employees' Retirement System, will survive the repeal scheduled under section 12, ch. 50, SLA 2005 because, at a date after 2005, that substance was added elsewhere in current statutes. The substance of AS 14.25.070(b), affecting TRS, can now be found in AS 14.25.070(e), and the substance of AS 39.35.270(b), affecting PERS, can now be found in AS 39.35.255(e). Therefore, it is AS 14.25.070(e) and AS 39.35.255(e) that should be repealed by the bill on July 1, 2010, because that is the date that section 12, ch. 50, SLA 2005, as amended by this bill, would repeal the substance of those subsections.

In order to make this correction we have amended Sec. 7 to read:

* Sec. 7. Section 12, ch. 50, SLA 2005, is amended to read:

Sec. 12. AS 14.25.070(e) [14.25.070(b)]; AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and 39.35.255(e) [39.35.270(b)] are repealed July 1, 2010 [2009].

DCW:plm
09-239.plm

Enclosure

26-GS1035\5
Wayne
4/1/09

CS FOR SENATE BILL NO. 126()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the State Personnel Act to place in the exempt service the state
2 comptroller in the Department of Revenue; relating to reemployment of and benefits for
3 or on behalf of reemployed retired teachers and public employees; amending the
4 effective date of secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and sec. 3, ch. 50, SLA 2005; and
5 providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 14.20.135(a) is amended to read:

8 (a) A school district or regional educational attendance area that has or
9 anticipates having a shortage of teachers qualified to teach in a particular discipline or
10 specialty may, subject to AS 14.25.043(f) [BY RESOLUTION], adopt, by
11 resolution, a policy that permits the employment of retired teachers who have been
12 separated from employment for at least 180 days and who are qualified to teach in
13 the discipline or specialty in accordance with this section. The policy must describe

1 the circumstances that constitute the shortage. If a shortage of teachers exists as
2 described in the policy, the district or attendance area shall notify the administrator of
3 the teachers' retirement system (AS 14.25) that it is hiring retired teachers under this
4 section.

5 * **Sec. 2.** AS 14.25.043 is amended by adding a new subsection to read:

6 (f) Notwithstanding (b) and (e) of this section and AS 14.25.135, an employer
7 that is a school district or regional educational attendance area may not allow a
8 member hired to fill a position that requires recruitment to make the election provided
9 in (b) or (e) of this section unless

10 (1) the employer conducted an initial recruitment for the position for at
11 least 15 days that resulted in fewer than three qualified, eligible, and available
12 applicants, including the retired member; and

13 (2) the employer then conducted an additional recruitment for the
14 position and the additional recruitment resulted in fewer than three qualified, eligible,
15 and available applicants, including the retired member; the additional recruitment
16 period required by this paragraph added to the initial recruitment period in (1) must
17 total not fewer than 30 days.

18 * **Sec. 3.** AS 39.25.110 is amended by adding a new paragraph to read:

19 (42) the state comptroller in the Department of Revenue.

20 * **Sec. 4.** AS 39.35.150(g) is amended to read:

21 (g) In accordance with this section, a political subdivision or a public
22 organization that has or anticipates having a shortage of employees qualified for
23 particular job classes may, by resolution, adopt a policy that permits the employment
24 of employees who retired under AS 39.35.370(a), who have been separated from
25 employment for at least 180 [30] days, and who are qualified for particular job classes.
26 The policy adopted by resolution must describe the circumstances that constitute the
27 shortage. The policy must require recruitment procedures [SIMILAR TO THE
28 PROCEDURE] described in (h) of this section for any position filled by a retired
29 employee under (f) of this section. If a shortage of qualified employees exists as
30 described in the policy, the political subdivision or the public organization shall notify
31 the administrator that it is hiring retired members under (f) of this section and shall

1 provide a copy of the resolution and policy adopted by the resolution to the
2 administrator of the public employees' retirement system (AS 39.35).

3 * **Sec. 5.** AS 39.35.150(h) is amended to read:

4 (h) Notwithstanding (b) of this section, an employer [IN THE EXECUTIVE
5 BRANCH OF STATE GOVERNMENT] may not allow a member hired to fill a
6 position that requires recruitment to make the election provided in (b) of this section
7 unless

8 (1) the employer conducted an initial recruitment for at least 15 days
9 for the position to be filled by the member making an election under (b) of this section
10 that resulted in fewer than three [FIVE] qualified, eligible, and available applicants,
11 including the retired member; and

12 (2) the employer then conducted an additional recruitment and the
13 additional recruitment resulted in fewer than three [FIVE] qualified, eligible, and
14 available applicants, including the retired member; this additional recruitment period
15 added to the initial recruitment period must be at least 30 days total.

16 * **Sec. 6.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, and by sec.
17 10, ch. 50, SLA 2005, is amended to read:

18 Sec. 12. AS 14.20.135, as amended by sec. 2, ch. 50, SLA 2005 [OF THIS
19 ACT]; AS 14.25.043(b), as amended by sec. 4, ch. 50, SLA 2005 [OF THIS ACT],
20 14.25.043(e), added by sec. 3, ch. 15, SLA 2003, and as amended by sec. 5, ch. 50,
21 SLA 2005 [OF THIS ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended by sec. 4,
22 ch. 15, SLA 2003, and by sec. 7, ch. 50, SLA 2005 [OF THIS ACT], and 39.35.150(c)
23 are repealed July 1, 2010 [2009].

24 * **Sec. 7.** Section 12, ch. 50, SLA 2005, is amended to read:

25 Sec. 12. AS 14.25.070(e) [AS 14.25.070(b)]; AS 39.35.150(f), 39.35.150(g),
26 39.35.150(h), and 39.35.255(e) [39.35.270(b)] are repealed July 1, 2010 [2009].

27 * **Sec. 8.** AS 39.25.120(c)(10) is repealed.

28 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 **CONDITIONAL RETROACTIVITY.** If secs. 6, 7, 10, and 11 of this Act take effect
31 after July 1, 2009, secs. 6, 7, 10, and 11 of this Act are retroactive to July 1, 2009.

1 * **Sec. 10.** Section 15, ch. 57, SLA 2001, as amended by sec. 17, ch. 50, SLA 2005, is
2 amended to read:

3 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2010 [2009].

4 * **Sec. 11.** Section 19, ch. 50, SLA 2005, is amended to read:

5 Sec. 19. Section 3 of this Act takes effect July 1, 2010 [2009].

6 * **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).

CS FOR SENATE BILL NO. 126()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the State Personnel Act to place in the exempt service the state**
2 **comptroller in the Department of Revenue; relating to reemployment of and benefits for**
3 **or on behalf of reemployed retired teachers and public employees; amending the**
4 **effective date of secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and sec. 3, ch. 50, SLA 2005; and**
5 **providing for an effective date."**

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7 *** Section 1.** AS 14.20.135(a) is amended to read:

8 (a) A school district or regional educational attendance area that has or
9 anticipates having a shortage of teachers qualified to teach in a particular discipline or
10 specialty may, subject to AS 14.25.043(f) [BY RESOLUTION], adopt, by
11 resolution, a policy that permits the employment of retired teachers who have been
12 separated from employment for at least 180 days and who are qualified to teach in
13 the discipline or specialty in accordance with this section. The policy must describe

1 the circumstances that constitute the shortage. If a shortage of teachers exists as
2 described in the policy, the district or attendance area shall notify the administrator of
3 the teachers' retirement system (AS 14.25) that it is hiring retired teachers under this
4 section.

5 * Sec. 2. AS 14.25.043 is amended by adding a new subsection to read:

6 (f) Notwithstanding (b) and (e) of this section and AS 14.25.135, an employer
7 that is a school district or regional educational attendance area may not allow a
8 member hired to fill a position that requires recruitment to make the election provided
9 in (b) or (e) of this section unless

10 (1) the employer conducted an initial recruitment for the position for at
11 least 15 days that resulted in fewer than three qualified, eligible, and available
12 applicants, including the retired member; and

13 (2) the employer then conducted an additional recruitment for the
14 position and the additional recruitment resulted in fewer than three qualified, eligible,
15 and available applicants, including the retired member; the additional recruitment
16 period required by this paragraph added to the initial recruitment period in (1) must
17 total not fewer than 30 days.

18 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

19 (42) the state comptroller in the Department of Revenue.

20 * Sec. 4. AS 39.35.150(g) is amended to read:

21 (g) In accordance with this section, a political subdivision or a public
22 organization that has or anticipates having a shortage of employees qualified for
23 particular job classes may, by resolution, adopt a policy that permits the employment
24 of employees who retired under AS 39.35.370(a), who have been separated from
25 employment for at least 180 [30] days, and who are qualified for particular job classes.
26 The policy adopted by resolution must describe the circumstances that constitute the
27 shortage. The policy must require recruitment procedures [SIMILAR TO THE
28 PROCEDURE] described in (h) of this section for any position filled by a retired
29 employee under (f) of this section. If a shortage of qualified employees exists as
30 described in the policy, the political subdivision or the public organization shall notify
31 the administrator that it is hiring retired members under (f) of this section and shall

1 provide a copy of the resolution and policy adopted by the resolution to the
2 administrator of the public employees' retirement system (AS 39.35).

3 * Sec. 5. AS 39.35.150(h) is amended to read:

4 (h) Notwithstanding (b) of this section, an employer [IN THE EXECUTIVE
5 BRANCH OF STATE GOVERNMENT] may not allow a member hired to fill a
6 position that requires recruitment to make the election provided in (b) of this section
7 unless

8 (1) the employer conducted an initial recruitment for at least 15 days
9 for the position to be filled by the member making an election under (b) of this section
10 that resulted in fewer than three [FIVE] qualified, eligible, and available applicants,
11 including the retired member; and

12 (2) the employer then conducted an additional recruitment and the
13 additional recruitment resulted in fewer than three [FIVE] qualified, eligible, and
14 available applicants, including the retired member; this additional recruitment period
15 added to the initial recruitment period must be at least 30 days total.

16 * Sec. 6. Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, and by sec.
17 10, ch. 50, SLA 2005, is amended to read:

18 Sec. 12. AS 14.20.135, as amended by sec. 2, ch. 50, SLA 2005 [OF THIS
19 ACT]; AS 14.25.043(b), as amended by sec. 4, ch. 50, SLA 2005 [OF THIS ACT],
20 14.25.043(e), added by sec. 3, ch. 15, SLA 2003, and as amended by sec. 5, ch. 50,
21 SLA 2005 [OF THIS ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended by sec. 4,
22 ch. 15, SLA 2003, and by sec. 7, ch. 50, SLA 2005 [OF THIS ACT], and 39.35.150(c)
23 are repealed July 1, 2010 [2009].

24 * Sec. 7. Section 12, ch. 50, SLA 2005, is amended to read:

25 Sec. 12. AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and
26 39.35.270(b) are repealed July 1, 2010 [2009].

27 * Sec. 8. AS 39.25.120(c)(10) is repealed.

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29 read:

30 **CONDITIONAL RETROACTIVITY.** If secs. 6, 7, 10, and 11 of this Act take effect
31 after July 1, 2009, secs. 6, 7, 10, and 11 of this Act are retroactive to July 1, 2009.

*Amends bill passed in 2005
in sect 12 of Chptr 50 of
SLA 2005 w/ B repealed in 2009*
*The concept of each one of these
subsections, after 2005 was moved
to other places in state statute. In order
for the laws to be repealed in 2005, we are going
to have to repeal the new subsections that are in
there.
These?
new respect
the old ones -
Redundant.
→ The Gov's
office drafted
will be too legal
@ that time didn't think
change needs but
now do!*

1 * **Sec. 10.** Section 15, ch. 57, SLA 2001, as amended by sec. 17, ch. 50, SLA 2005, is
2 amended to read:

3 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2010 [2009].

4 * **Sec. 11.** Section 19, ch. 50, SLA 2005, is amended to read:

5 Sec. 19. Section 3 of this Act takes effect July 1, 2010 [2009].

6 * **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).

- (6.)
- ✓ 1) Amend Subsection ~~1~~ of 39.35.150 to change 5 to 3 applications and 15 days to 90 days and the 30 days to 180 days. Also delete phrase "Exec Branch" from H
 - ✓ 2) Change Sunset date from 2013 to 2010.
 - ✓ 3) Page 2 Line 9 - Remove Chief Economist and leave in Comptroller.
 - ✓ 4) 39.35.150 (g) Take out "similar" and any other references to similar in the section.
 - ✓ 5) Take Section 1 out of bill and amend title to reflect changes. Senate will have to vote to change the title of bill - 51% majority. (Note: If it goes to the 2nd house and title is change there would have to be a 2/3 vote to change the title and the senate has to ratify bill name change.)
 - ✓ 6) Changes must apply to teachers as well.

Conn. to Dan 3/31/09 @ 10:49

① ✓ P. 2 Line 24 s/b 180 days - not 30
+ in TRS as well.

② ✓ P. 3 line 7 - s/b 15 (not 90)
~~line 14~~
✓ line 14 - 30 (not 180)

Don: Must figure where to put TRS
language - (No reference in Statutes)

What about 14.20.135 - TD

14:20.135(a) add TRS here in bill
on line - So, on Page 1, line 12 @ end
of sentence "this section"; insert, + have been
seen from ems

① Amend "H of 39, 35, 150" (Summary of Changes w/ Don)
to change 5-3 applicant, Pg 3L10
Pg 3L13

~~of the \$30 100 days~~

Delete phrase Exec. Branch (To include any employer)
from H Page 3 line 4+5

② Change 2013 to 2010 Sunset

③ P. 2 Lin 9 Remove Chief Economist
& leave in Controller

④ 39, 35, 150 (g) Take out similar
to couple B other in state P2 line 27 + 28

⑤ Take Sect 1 out of bill
S/B handled in a separate piece of legis later
As the DNR employees are left as they are now

Amend title
(Rules RE Changing titles -
Still in 1st House, they can change title w/ majority
vote - If goes to 2nd House must be 2/3 vote
to change the title - & senate has to ratify
bill name change)

⑥ Apply to Teachers ^{Sec 14.25.043} ~~also~~ ^{includes} language to include the teacher

302 ⑦ Title Change is evoked w/ legis ^{Requires state to wait 6 months before return}
⑧

- 6 month rehear (Went over w/ Dan)
39.35.150
Subsect. (B) references 30 days

- H@end says not w/ (B) Employer + Exec.
Branch may not allow a member kind
unless 15 day recruit meet + add'l
15 day recruit meet which total 30 days
of being retired due to 30 day recruit.
will do 90 days + 90 days

✓
Page 2 Sec 3 w/ become
on line 11 + w/B called Sec. 3

- Change 2013 to 2010

- 3 or fewer applicants (H) along
w/ 85-90 days.

- Recruitment Policy w/ change
~~mini schools - Change H as well +~~
~~take as reference to spec. branch~~
Use Sen Francis version P. 1
Line 22 (H) delete "In the
executive branch of state govt."

— Page 2, Line 9 take out
Chief econ. & leave in
comptroller.

✓ 1) We w/ like to change 30 day ^{of retirement} ~~to 6 months~~ to 6 months
under ~~39-35.150(b)~~ (~~13th sentence~~)

✓ 2) 3 or fewer applicants

3) Retirement Requirements -
must be retired 6 mos (inst.
of 30 days) } Change to 90 days
+ 90 days - Total 180 days

4) Sunset @ 2010

5) We want ~~retiree~~ recruitment
policy to be same for ~~TERS~~ ^{Section} 14.20,
TRS 135
(G+H)

6) Page 2, line 9 take out
Chief econ. & leave controller.

7) P. 1 ~~of~~ Sect 1, Line 9 - P. 2 ~~line~~
Remove & remove from title.

DRAFT

(3/27/2009)
(4:40 PM)

AMENDMENT

OFFERED IN THE SENATE STATE AFFAIRS

BY _____

COMMITTEE

TO: SB 126

1 Page 1, line 6, following "2005":

2 Insert "and providing for additional standards for the reemployment of retired
3 teachers and public employees"
4

5 Page 1, following line 8:

6 Insert a new bill section to read:

7 *** Section 1.** AS 14.20.135 is amended by adding a new subsection to read:

8 (f) A school district or regional educational attendance area that adopts a policy
9 that permits the employment of retired teachers in accordance with this section shall
10 ensure that the policy is substantially similar to that described in the regulations adopted
11 by the commissioner of the Department of Administration under AS 39.35.150(i)."

12
13 Renumber the following bill sections accordingly.
14

15 Page 1, line 9:

16 Delete "Section"

17 Insert "Sec."
18

19 Page 2, following line 10:

20 Insert new bill sections to read:

21 *** Sec. 4.** AS 39.35.150(g) is amended to read:

*refer to
regulation
statutes
which they
w/like to go
back to
admin.*

1 (g) In accordance with this section, a political subdivision or a public organization
2 that has or anticipates having a shortage of employees qualified for particular job classes
3 may, by resolution, adopt a policy that permits the employment of employees who retired
4 under AS 39.35.370(a), who have been separated from employment for at least 30 days,
5 and who are qualified for particular job classes. The policy adopted by resolution must
6 describe the circumstances that constitute the shortage. The policy must require
7 recruitment procedures similar to the procedure described in (h) of this section **and be in**
8 **accordance with regulations issued under (i) of this section** for any position filled by a
9 retired employee under (f) of this section. If a shortage of qualified employees exists as
10 described in the policy, the political subdivision or the public organization shall notify the
11 administrator that it is hiring retired members under (f) of this section and shall provide a
12 copy of the resolution and policy adopted by the resolution to the administrator of the
13 public employees' retirement system (AS 39.35).

14 * **Sec. 5.** AS 39.35.150 is amended by adding a new subsection to read:

15 (i) The commissioner may adopt regulations under the authority of AS 44.62 to
16 implement (g) and (h) of this section and to describe the circumstances that will
17 constitute a shortage permitting the rehire of a retired member."

*Give's
auth to
Comm to
write reg (as
opposed to legis)*

18
19 Renumber the following bill sections accordingly.

20
21 Page 2, line 13, following "2005":

22 Insert "**and as amended by sec. 1 of this Act**"

23
24 Page 2, line 17, following "AS 39.35.150(c)":

25 Insert "**and (i)**"

26
27 Page 2, line 25:

28 Delete "3, 4, 7, and 8"

29 Insert "6, 7, 10, and 11"

30
31 Page 2, line 26:

- 1 Delete "3, 4, 7, and 8"
- 2 Insert "6, 7, 10, and 11"

AMENDMENT

OFFERED IN THE SENATE
TO: SB 126

BY SENATOR FRENCH

1 Page 1, line 5:

2 Delete "by providing for an effective date by"

3 Insert ";"

5 Page 2, following line 10:

6 Insert new bill sections to read:

7 **** Sec. 3.** AS 39.35.150(g) is amended to read:

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

21 *** Sec. 4.** AS 39.35.150(h) is amended to read:

22 (h) Notwithstanding (b) of this section, an employer [IN THE EXECUTIVE
23 BRANCH OF STATE GOVERNMENT] may not allow a member hired to fill a

non-state employees

1 position that requires recruitment to make the election provided in (b) of this section
2 unless

3 (1) the employer conducted an initial recruitment for at least 15 days
4 for the position to be filled by the member making an election under (b) of this section
5 that resulted in fewer than three [FIVE] qualified, eligible, and available applicants,
6 including the retired member; and

7 (2) the employer then conducted an additional recruitment and the
8 additional recruitment resulted in fewer than three [FIVE] qualified, eligible, and
9 available applicants, including the retired member; this additional recruitment period
10 added to the initial recruitment period must be at least 30 days total."
11

12 Renumber the following bill sections accordingly.

13
14 Page 2, line 25:

15 Delete "secs. 3, 4, 7, and 8"

16 Insert "secs. 5, 6, 9, and 10"

17
18 Page 2, line 26:

19 Delete "secs. 3, 4, 7, and 8"

20 Insert "secs. 5, 6, 9, and 10"

*French was aware that Minard
w/B doing delayed eff date +*

File - 321-0773

Removed from agenda

26-GS1035A

*Don Wayne
- might need
to talk to
drafter of the
bill.*

SENATE BILL NO. 126

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/27/09
Referred: State Affairs, Labor and Commerce, Finance

CS

A BILL

FOR AN ACT ENTITLED

*- will require a 51% of
vote from senate
to change the
title*

1 "An Act amending the State Personnel Act to place in the exempt service ~~the chief~~
2 ~~economist and~~ state comptroller in the Department of Revenue ~~and certain professional~~
3 ~~positions concerning oil and gas within the Department of Natural Resources~~; relating to
4 reemployment of and benefits for or on behalf of reemployed retired teachers and public
5 employees; *→ include reference to changes* by providing for an effective date by amending the delayed effective date for
6 secs. 3, 5, 9, and 12, ch. 57, SLA 2001 and sec. 19, ch. 50, SLA 2005; and providing for an
7 effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 39.25.110(14) is amended to read:

10 (14) the director, deputy director, petroleum investments manager,
11 petroleum market analyst, petroleum facilities integrity compliance manager,
12 petroleum facilities integrity engineer, petroleum facilities integrity specialist,
13 petroleum engineers, [AND] petroleum geologists, petroleum geophysicists,

1 petroleum land managers, petroleum managers, and commercial analysts,
 2 employed in a professional capacity in the division of oil and gas by the Department
 3 of Natural Resources; petroleum engineers and petroleum geologists employed
 4 [AND] by the Oil and Gas Conservation Commission; and the state geologist,
 5 petroleum geologists, and petroleum geophysicists [EXCEPT FOR THOSE]
 6 employed in the division of geological and geophysical surveys by [IN] the
 7 Department of Natural Resources;

8 * **Sec. 2.** AS 39.25.110 is amended by adding new paragraphs to read:

9 (42) ~~the chief economist and~~ the state comptroller in the Department of
 10 Revenue.

11 * **Sec. 3.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, and
 12 amended by sec. 10, ch. 50, SLA 2005 is further amended to read:

13 **Sec. 12.** AS 14.20.135, as amended by sec. 2, ch. 50, SLA 2005 [OF THIS
 14 ACT]; AS 14.25.043(b), as amended by sec. 4, ch. 50, SLA 2005 [OF THIS ACT],
 15 14.25.043(e), added by sec. 3, ch. 15, SLA 2003, and as amended by sec. 5, ch. 50,
 16 SLA 2005 [OF THIS ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended by sec. 4,
 17 ch. 15, SLA 2003, and by sec. 7, ch. 50, SLA 2005 [OF THIS ACT], and 39.35.150(c)
 18 are repealed July 1, ²⁰¹⁰~~2009~~ [2009].

19 * **Sec. 4.** Section 12, ch. 50, SLA 2005 is amended to read:

20 **Sec. 12.** AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and
 21 39.35.270(b) are repealed July 1, ²⁰¹⁰~~2009~~ [2009].

22 * **Sec. 5.** AS 39.25.120(10) is repealed.

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

25 **CONDITIONAL RETROACTIVITY.** If secs. 3, 4, 7, and 8 of this Act take effect
 26 after July 1, 2009, secs. 3, 4, 7, and 8 of this Act are retroactive to July 1, 2009. *Ask Jay Angel*

27 * **Sec. 7.** Section 15, ch. 57, SLA 2001, as amended by sec. 17, ch. 50, SLA 2005, is
 28 amended to read:

29 **Sec. 15.** Sections 3, 5, 9, and 12 of this Act take effect July 1, ²⁰¹⁰~~2009~~ [2009].

30 * **Sec. 8.** Section 19, ch. 50, SLA 2005 is amended to read:

31 **Sec. 19.** Section 3 of this Act takes effect July 1, ²⁰¹⁰~~2009~~ [2009].

1 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

Side board on
Retiree Return

- 3 or fewer appl.

- 30 days to
6 months

- 2010)

- Want to apply to all
all Employer (not similar -
exact)

26-GS1035\R
Wayne
3/30/09

CS FOR SENATE BILL NO. 126()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the State Personnel Act to place in the exempt service the state**
2 **comptroller in the Department of Revenue; relating to reemployment of and benefits for**
3 **or on behalf of reemployed retired teachers and public employees; amending the**
4 **effective date of secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and sec. 3, ch. 50, SLA 2005; and**
5 **providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1. AS 14.20.135(a) is amended to read:**

8 (a) A school district or regional educational attendance area that has or
9 anticipates having a shortage of teachers qualified to teach in a particular discipline or
10 specialty may, subject to AS 14.25.043(f) [BY RESOLUTION], adopt, by
11 resolution, a policy that permits the employment of retired teachers who are qualified
12 to teach in the discipline or specialty in accordance with this section. The policy must
13 describe the circumstances that constitute the shortage. If a shortage of teachers exists

*who have been
sp from emp for
CSSB 126()
@ least 80 days
+*

1 as described in the policy, the district or attendance area shall notify the administrator
2 of the teachers' retirement system (AS 14.25) that it is hiring retired teachers under
3 this section.

4 * Sec. 2. AS 14.25.043 is amended by adding a new subsection to read:

5 (f) Notwithstanding (b) and (e) of this section and AS 14.25.135, an employer
6 that is a school district or regional educational attendance area may not allow a
7 member hired to fill a position that requires recruitment to make the election provided
8 in (b) or (e) of this section unless

9 (1) the employer conducted an initial recruitment for the position for at
10 least 15 days that resulted in fewer than three qualified, eligible, and available
11 applicants, including the retired member; and

12 (2) the employer then conducted an additional recruitment for the
13 position and the additional recruitment resulted in fewer than three qualified, eligible,
14 and available applicants, including the retired member; the additional recruitment
15 period required by this paragraph added to the initial recruitment period in (1) must
16 total not fewer than 30 days.

17 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

18 (42) the state comptroller in the Department of Revenue.

19 * Sec. 4. AS 39.35.150(g) is amended to read:

20 (g) In accordance with this section, a political subdivision or a public
21 organization that has or anticipates having a shortage of employees qualified for
22 particular job classes may, by resolution, adopt a policy that permits the employment
23 of employees who retired under AS 39.35.370(a), who have been separated from
24 employment for at least ^{180 days} ~~30 days~~, and who are qualified for particular job classes. The
25 policy adopted by resolution must describe the circumstances that constitute the
26 shortage. The policy must require recruitment procedures [SIMILAR TO THE
27 PROCEDURE] described in (h) of this section for any position filled by a retired
28 employee under (f) of this section. If a shortage of qualified employees exists as
29 described in the policy, the political subdivision or the public organization shall notify
30 the administrator that it is hiring retired members under (f) of this section and shall
31 provide a copy of the resolution and policy adopted by the resolution to the

Handwritten notes:
if also must be in TRS

1 administrator of the public employees' retirement system (AS 39.35).

2 * **Sec. 5.** AS 39.35.150(h) is amended to read:

3 (h) Notwithstanding (b) of this section, an employer [IN THE EXECUTIVE
4 BRANCH OF STATE GOVERNMENT] may not allow a member hired to fill a
5 position that requires recruitment to make the election provided in (b) of this section
6 unless

7 (1) the employer conducted an initial recruitment for at least ~~90~~¹⁵ [15]
8 days for the position to be filled by the member making an election under (b) of this
9 section that resulted in fewer than three [FIVE] qualified, eligible, and available
10 applicants, including the retired member; and

11 (2) the employer then conducted an additional recruitment and the
12 additional recruitment resulted in fewer than three [FIVE] qualified, eligible, and
13 available applicants, including the retired member; this additional recruitment period
14 added to the initial recruitment period must be at least ~~180~~³⁰ [30] days total.

15 * **Sec. 6.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, and by sec.
16 10, ch. 50, SLA 2005, is amended to read:

17 Sec. 12. AS 14.20.135, as amended by sec. 2, ch. 50, SLA 2005 [OF THIS
18 ACT]; AS 14.25.043(b), as amended by sec. 4, ch. 50, SLA 2005 [OF THIS ACT],
19 14.25.043(e), added by sec. 3, ch. 15, SLA 2003, and as amended by sec. 5, ch. 50,
20 SLA 2005 [OF THIS ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended by sec. 4,
21 ch. 15, SLA 2003, and by sec. 7, ch. 50, SLA 2005 [OF THIS ACT], and 39.35.150(c)
22 are repealed July 1, 2010 [2009].

23 * **Sec. 7.** Section 12, ch. 50, SLA 2005, is amended to read:

24 Sec. 12. AS 14.25.070(b); AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and
25 39.35.270(b) are repealed July 1, 2010 [2009].

26 * **Sec. 8.** AS 39.25.120(c)(10) is repealed.

27 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 **CONDITIONAL RETROACTIVITY.** If secs. 6, 7, 10, and 11 of this Act take effect
30 after July 1, 2009, secs. 6, 7, 10, and 11 of this Act are retroactive to July 1, 2009.

31 * **Sec. 10.** Section 15, ch. 57, SLA 2001, as amended by sec. 17, ch. 50, SLA 2005, is

1 amended to read:

2 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2010 [2009].

3 * **Sec. 11.** Section 19, ch. 50, SLA 2005, is amended to read:

4 Sec. 19. Section 3 of this Act takes effect July 1, 2010 [2009].

5 * **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 126
(S) Publish Date: 2/27/09

Identifier (file name): 0035-DNR-COM-02-12-09 Dept. Affected: Natural Resources
Title: Exempt Service RDU: Resource Development
Component: Commissioners Office
Sponsor: Rules Committee
Requester: Governor Component Number: 423

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
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	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill would move certain exempt DNR positions in the Division of Oil and Gas and the Division of Geological and Geophysical Surveys from AS 39.25.110(9) (special inquiry, studies, and examinations) to subsection AS 39.25.110(14) which addresses certain professional oil and gas positions.

No fiscal impact is anticipated. These positions are already funded as exempt positions and in most cases, filled.

Prepared by: Leta Simons, Director
Division: Support Services
Approved by: Tom Irwin, Commissioner
Natural Resources

Phone 465-3379
Date/Time February 12, 2009
Date February 12, 2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 126
(S) Publish Date: 2/27/09

Identifier (file name): 0035-DOA-DRB-2-13-09 Dept. Affected: Administration
Title: An Act amending the State Personnel Act to place in the RDU: Centralized Administrative Services
exempt service the chief economist and state comptroller.... Component: Retirement and Benefits
Sponsor: Governor
Requester: Governor's Office Component Number: 64

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This bill extends the sunset of the Retiree Return Program for Public Employees' (PERS) and Teachers' (TRS) Retirement System retirees from July 1, 2009 to July 1, 2013. This program allows public employers and school districts experiencing a shortage of qualified applicants to rehire a PERS or TRS retiree and allow the retiree to continue receiving retirement benefit by waiving participation in the PERS or TRS during the period of reemployment. This bill represents a continuation of an existing program and therefore has no fiscal impact on the division.

Prepared by: Patrick Shier, Director
Division: Retirement and Benefits
Approved by: Rachael Petro, Deputy Commissioner
Department of Administration

Phone 465-4817
Date/Time 2/13/09 11:23 AM
Date 2/13/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: SB 126
 (S) Publish Date: 2/27/09

Identifier (file name): 0035-DOR-TRE-2-6-09 Dept. Affected: Revenue
 Title: Retire-Rehire-Exempt Service RDU: Taxation and Treasury
 Component: Tax/ Treasury
 Sponsor: Rules Committee
 Requester: Governor Palin Component Number: 2476 / 121

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
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	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

This bill moves two Department of Revenue positions, the State Comptroller in the Treasury Division and the Chief Economist in the Tax Division into the Exempt Service.
 The State Comptroller is currently a partially exempt position, range 27 with a budgeted annual salary of \$111,000 and total cost of \$162,250, of which \$30,660 is GF. The most comparable positions in state corporations such as the Permanent Fund and Alaska Housing Finance are paid in the range from \$130,000-\$160,000. To be competitive and able to attract and retain staff we would expect to pay this position somewhere in that range.
 The Chief Economist is currently a classified position, range 26 with a budgeted annual salary of \$90,000 and a total cost of \$130,500, all of which is GF. Competitive salaries for this position would be in the range of \$125,000-\$175,000. The Department would fund these increases costs through adjustments within each division's budget.

Prepared by: Jerry Burnett, Deputy Commissioner Phone 465-2300
 Division: Treasury Division Date/Time 2/6/09 12:00 AM
 Approved by: Ginger Blaisdell Date 2/6/2009
Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS SB 126
 () Publish Date: _____

Identifier (File Name): CSSB126-DOR-TRS-04-02-09 Dept. Affected: Revenue 04
 Title: Retire/Rehire; Exempt Positions RDU: Taxation and Treasury
 Component: Taxation and Treasury
 Sponsor: Governor
 Requester: (S) Labor & Commerce Component No.: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
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	0.0	0.0

CAPITAL EXPENDITURES	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	*	0.0	*	*	*	*	*	*
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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 Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: 0

POSITIONS

Full-time	0.00	0	0.00	0.00	0.00	0.00	0.00
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

No additional funding is required for the position changes for the state comptroller and chief economist.

Prepared by: Ginger Blaisdell, Director, Administrative Services Phone (907) 465-2132
 Division: Department of Revenue Date/Time 04-02-09 7:46am
 Approved by: Ginger Blaisdell, Director, Administrative Services Date 4/2/2009
 Agency: Department of Revenue

Alaska Legislative Report

Results of the Retiree Return Program enacted by
House Bill 161 in 2005 on

The Public Employees'
and
Teachers' Retirement System



Submitted by
State of Alaska
Department of Administration
Division of Retirement and Benefits
Division of Personnel
February 6, 2009

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

February 6, 2009

The Honorable Gary Stevens
Senate President
The Honorable Mike Chenault
House Speaker
25th Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Mr. President and Mr. Speaker:

In 2005, the Twenty-Fourth Legislature enacted House Bill 161 relating to reemployment of retired members of the Teachers' (TRS) and Public Employees' Retirement Systems (PERS) to address a shortage of qualified applicants for teaching and public employment throughout the State of Alaska. Section 12 of this legislation will repeal the Retiree Return Program effective July 1, 2009, unless extended by the Legislature.

In accordance with Section 13 of this legislation, the Department of Administration has prepared this report on the effect of this Act, as amended, on the retirement systems. This report is divided into two separate sections as outlined below:

- Section 1 includes information from the Division of Retirement and Benefits collected from the PERS and TRS employers and retirees participating in HB 161.
- Section 2 includes information from the Division of Personnel regarding the efforts by the State of Alaska to address recruitment difficulties experienced by the executive branch in specific job classes.

Please let me know if you have any questions about this report.

Sincerely,



Annette Kreitzer
Commissioner
Department of Administration

Section 1

Division of Retirement and Benefits

HB 161 Background

Section 1 of this report was prepared by the Division of Retirement and Benefits. It includes information collected from the PERS and TRS employers and retirees participating in HB 161.

HB 161 was introduced April 5, 2005. This legislation allows the rehire of certain PERS and TRS employees who retired with a normal retirement. These rehires can continue to receive normal retirement benefits by waiving further participation in the retirement systems. During the period of reemployment, no contributions to PERS and TRS are required from the employee. HB 161 addressed concerns regarding the affect on rehiring retirees under this program on the funding of the retirement systems by requiring employers to make contributions toward their unfunded liability for each rehired retiree. Retirees that are rehired in a full-time position are also required to enroll in the employer's active health insurance plan. Retirees hired in full time positions under HB 161 have their retirement health insurance benefits suspended while reemployed. Prior to the passage of this legislation members who retired and then reemployed in a PERS or TRS participating position would have their retirement benefit stopped during the period of reemployment. The member would accrue an additional pension benefit for the second period of employment.

HB 161 also addressed retirees who reemployed under the prior Retiree Rehire Program enacted in 2001 by HB 242/SB149. An attorney general opinion issued in 2004 regarding the HB 242/SB 149, stating that retirees could not continue in employment without affecting their retirement benefits if they rehired prior to the sunset date. The Division notified all participants in the Retiree Rehire Program on November 3, 2004 of this interpretation. HB 161 provides retirees who reemployed prior to November 3, 2004 an extension of participation in the program to December 31, 2006. After that date, continued employment in the program would be contingent on meeting the requirements and conditions of HB 161.

Reporting

This report comprises a summary of the waiver activity for the Retiree Return program under HB 161 from January 1, 2008 to the last reporting period, December 31, 2008 for both the TRS and the PERS.

The information provided regarding participating employers for both the TRS and the PERS and the knowledge transfer plans received are a summary activity since the Retiree Return program became effective on July 1, 2005.

PERS Results

As of December 31, 2008, 30 out of 159 or (18%) of PERS employers have participated in the program with a total of 83 waivers filed with the Division of Retirement and Benefits. As of December 31, 2008, 25 out of 30 or 83% of participating employers have submitted a knowledge transfer plan.

The largest number of retirees rehired over 36 months from their termination and retirement. The second largest number of returned retirees were those who had been retired for 1-6 months. Positions filled with rehired retirees were varied.

Additional information regarding the PERS employers that have participated in the program and detailed information regarding the type of positions rehired is included in the statistical section of this report.

TRS Results

As of December 31, 2008, 34 out of 58 or (58.6%) of TRS employers have participated and 143 waivers were filed with the Division of Retirement and Benefits. As of December 31, 2008, 27 out of 34 or 79% of participating TRS employers have submitted a knowledge transfer plan. The largest number of returned retirees were those who had been retired for over 36 months. The second largest number of returned retirees were those who had been retired for 24-36 months. The largest number of positions rehired was general teachers with the second highest being Special Education teachers.

Additional information regarding the employers that have participated in the program and how they have participated is included in the statistical section of this report.

Financial Impact on the PERS and TRS Systems

HB 161 requires employers to make payments of employer contributions sufficient to cover any unfunded liability created by the program. Retirees who rehire under HB 161 in a full time position have their retiree medical benefits suspended for the period of reemployment.

Summary of Retiree Rehire Program - PERS (HB 161)

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from January 1, 2008 through December 31, 2008.

Total number of PERS employers	159
Total number of PERS employers participating in HB 161	30
Percentage of total PERS employers participating in HB 161	18%
Total number of PERS waivers active during 2008	62
Total number of employers submitting a knowledge transfer plan	25**

-
- Once an employer has submitted a resolution and policy to participate in the Retiree Rehire Program, the participation is valid until the program sunsets on June 30, 2009.
 - ** The State of Alaska is not required to submit a knowledge transfer plan and is not included in this total.

Job Classes Rehired Under PERS HB 161

ADMINISTRATIVE ASSISTANT I	STATE OF ALASKA
ADMINISTRATIVE ASST III	STATE OF ALASKA
ADMINISTRATIVE MANAGER IV	STATE OF ALASKA
ADMINISTRATIVE SERVICES DIRECTOR	STATE OF ALASKA
AIRPORT LAW ENFORCEMENT SUPERVISOR	KETCHIKAN GATEWAY BOROUGH
ANALYST PROGRAMMER IV	STATE OF ALASKA
ASSISTANT CMS PROJECT MANAGER	STATE OF ALASKA
ASSISTANT COMMISSIONER (2)	STATE OF ALASKA
ASSOCIATE COORDINATOR	STATE OF ALASKA
ASST SUPERVISOR/BUISNESS SERVICES	BERING STRAIT SD
ATTORNEY V	STATE OF ALASKA
ATTORNEY VI	STATE OF ALASKA
BIOMETRICIAN III (2)	STATE OF ALASKA
BOILER/HVAC MECHANIC	MATANUSKA-SUSITNA BOROUGH SD
CHILDREN SERVICES SPECIALIST II	STATE OF ALASKA
COMM FISHERIES ENTRY COMMISSION CHAIRMAN	STATE OF ALASKA
COMMISIONER	STATE OF ALASKA
CORRECTIONAL SUPERINTENDENT I	STATE OF ALASKA
CRIMINAL JUSTICE PLANNER	STATE OF ALASKA
CUSTODIAN	KETCHIKAN GATEWAY BOROUGH SD
DEPUTY ATTORNEY GENERAL	STATE OF ALASKA
DEPUTY CLERK III (2)	STATE OF ALASKA
DEPUTY CLERK IV	STATE OF ALASKA
DEPUTY COMMISSIONER (4)	STATE OF ALASKA
DIRECTOR, CONSTRUCTION AND OPERATIONS	STATE OF ALASKA
DIRECTOR,PROBATION/PAROLE	STATE OF ALASKA
DIVISION DIRECTOR	STATE OF ALASKA
ECONOMIST III	STATE OF ALASKA
ENGINEER I	STATE OF ALASKA
ENGINEER IV	STATE OF ALASKA
ENGINEERING ASSOCIATE (2)	STATE OF ALASKA
EQUIPMENT OPERATOR	STATE OF ALASKA
EXECUTIVE ADMINISTRATOR	STATE OF ALASKA
EXECUTIVE SECRETARY	STATE OF ALASKA
EXECUTIVE SECRETARY/SYSTEM COORDINATOR	STATE OF ALASKA
FACILITIES MANAGER	STATE OF ALASKA
FIRE CHIEF	KETCHIKAN GATEWAY BOROUGH
FISHERIES BIOLOGIST IV	STATE OF ALASKA
FISHERIES SCIENTIST	STATE OF ALASKA
FISHERY BIOLOGIST III (3)	STATE OF ALASKA
FISHERY BIOLOGIST IV	STATE OF ALASKA
GENERAL MAINTENENCE,JOURNEY	STATE OF ALASKA
ITINERANT FOOD SERVICE	BERING STRAIT SD
LANGUAGE TEACHER (2)	ANCHORAGE SD
LIEUTENANT	CITY OF FAIRBANKS
MAINT SPECIALIST BFC FOREMAN	STATE OF ALASKA
MAINTENANCE	ALEUTIAN REGION SD
MAINTENANCE DIRECTOR	IDITAROD AREA SD
MENTAL HEALTH CLINICIAN III	STATE OF ALASKA
PERSONNEL COORDINATOR	KETCHIKAN GATEWAY BOROUGH SD
POLICE OFFICER	CITY OF HOMER

POLICE OFFICER	KETCHIKAN GATEWAY BOROUGH
PROJECT ASSISTANT	STATE OF ALASKA
PROJECT MANAGER	FAIRBANKS NORTH STAR BOROUGH
QUALITY ASSURANCE COORDINATOR	BARTLETT REGIONAL HOSPITAL
REGIONAL SUPERVISOR	STATE OF ALASKA
RESEARCH ANALYST II	STATE OF ALASKA
RURAL COURT TRAINING ASST.	STATE OF ALASKA
SAFETY AND SECURITY COORDINATOR	MATANUSKA-SUSITNA BOROUGH SD
SE REGION DIRECTOR OF CM&O	STATE OF ALASKA
SPECIAL ASSISTANT TO COMMISSIONER	STATE OF ALASKA
SPECIAL ASSISTANT/LEGISLATIVE LIAISON	STATE OF ALASKA
SPECIAL ED PARAEDUCATOR	JUNEAU BOROUGH SD
SPECIAL EDUCATION AIDE	BRISTOL BAY BOROUGH SD
SPECIAL PROJECTS COORDINATOR	STATE OF ALASKA
SR ASSISTANT ATTORNEY GENERAL	STATE OF ALASKA
STATE TROOPER (2)	STATE OF ALASKA
STUDENT SERVICES DIRECTOR	CITY OF PALMER
SUPERVISOR BLDG/GROUNDS	KETCHIKAN GATEWAY BOROUGH SD
TLINGIT TEACHER (2)	ANCHORAGE SD
VESSEL SUPERVISOR	STATE OF ALASKA

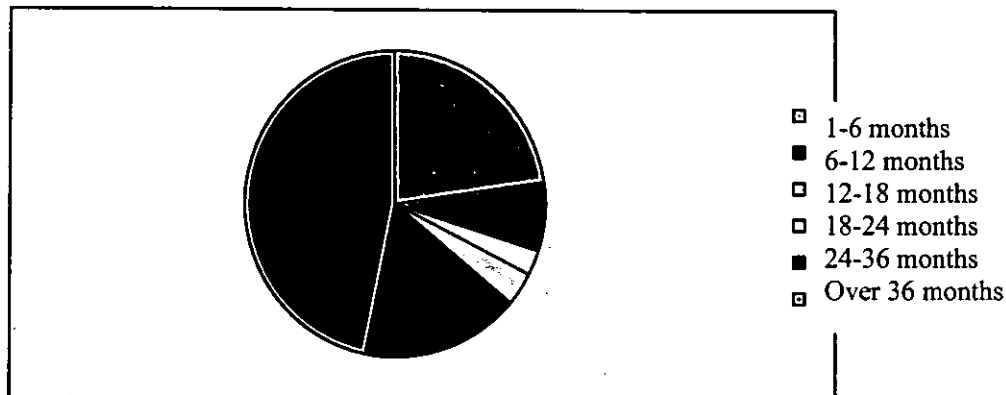
**Detail of number of Retirees participating in HB 161 between
January 1, 2008 and December 31, 2008 by Each Participating
PERS Employer**

Employer	Number of Waivers
ANCHORAGE SD	2
BARTLETT REGIONAL HOSPITAL	1
BERING STRAIT SD	1
BRISTOL BAY BOROUGH SD	1
CITY OF HOMER	1
CITY OF PALMER	1
FAIRBANKS NORTH STAR BOROUGH	1
IDITAROD AREA SD	1
JUNEAU BOROUGH SD	1
KETCHIKAN GATEWAY BOROUGH	3
KETCHIKAN GATEWAY BOROUGH SD	2
MATANUSKA-SUSITNA BOROUGH SD	2
STATE OF ALASKA	45
	62

PERS Rehired Retiree Employer Rate for Fiscal Year 2010 is 22%

Number of Months Retired Rehired under HB 161 for participating PERS employers

PERS Months Between Retirement and Return to Work



Employer	No. of Months Retired Before Rehire
State of Alaska	
16	1-6 months
4	6-12 months
2	12-18 months
2	18-24 months
10	24-36 months
26	Over 36 months
Bering Straight School District	
1	1-6 months
1	Over 36 months
Bartlett Regional Hospital-1	10 months
Bristol Bay Borough School District-1	38 months
Juneau Borough School District-1	57 months
Mat-Su Borough School District	
1	1-6 months
1	18-24 months
Anchorage School District-4	79/92/103/116 months (over 36 months)
Fairbanks North Star Borough-1	6 months
Ketchikan Gateway Borough	
1	24-36 months
2	Over 36 months
Ketchikan Gateway Borough School District	
1	1-6 months
1	24-36 months
1	Over 36 months

Iditarod Area School District-1	29 months
City of Fairbanks-1	67 months
City of Homer-1	102 months
City of Palmer-1	62 months
Aleutian Region School District-1	61 months

Summary of Retiree Rehire Program - TRS (HB 161)

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from January 1, 2008 through December 31, 2008.

Total number of TRS employers	58
Total number of TRS employers participating in HB 161	34*
Percentage of total TRS employers participating in HB 161	58%
Total number of TRS waivers received	85
Total number of employers submitting a knowledge transfer plan	27

* Once an employer has submitted a resolution and policy to participate in the Retiree Rehire Program, the participation is valid until the program sunsets on June 30, 2009.

Job Classes Rehired Under TRS HB 161

ASSISTANT SUPERINTENDENT/DIRECTOR	BERING STRAIT SD
BEHAVIOR SPECIALIST	KODIAK ISLAND BOROUGH SD
CERTIFIED DIRECTOR	MATANUSKA-SUSITNA BOROUGH SD
COUNSELOR	ANCHORAGE SD
COUNSELOR	LOWER KUSKOKWIM SD
COUNSELOR	NORTH SLOPE BOROUGH SD
COUSELOR	YUPIIT SD
CURRICULUM DIRECTOR	DENALI BOROUGH SD
DIRECTOR (2)	BERING STRAIT SD
DIRECTOR	LOWER KUSKOKWIM SD
DIRECTOR OF INSTRUCTIONAL PROGRAM	SOUTHWEST REGION SD
DIRECTOR OF PROGRAM SUPPORT	BERING STRAIT SD
EDUCATION SPECIALIST (2)	LOWER KUSKOKWIM SD
ELD TEACHER	LOWER KUSKOKWIM SD
ELEMENTARY LIBRARIAN	KETCHIKAN GATEWAY BOROUGH SD
ENGLISH TEACHER	KETCHIKAN GATEWAY BOROUGH SD
EXECUTIVE DIRECTOR	SPECIAL ED SERVICE AGENCY
HEALTH OCCUPATIONS TEACHER	ANCHORAGE SD
HEALTHY LIFESTYLE SPECIALIST	NORTHWEST ARCTIC BOROUGH SD
IND SAFETY/EMT INSTRUCTOR	MATANUSKA-SUSITNA BOROUGH SD
LIBRARIAN	ANCHORAGE SD
LIBRARIAN	PETERSBURG CITY SD
LIFE SKILLS TEACHER	ANCHORAGE SD
MATH/SCIENCE TEACHER	DENALI BOROUGH SD
PERSONNEL OFFICER	SOUTHWEST REGION SD
PRINCIPAL (2)	BERING STRAIT SD
PRINCIPAL	KETCHIKAN GATEWAY BOROUGH SD
PRINCIPAL (2)	NORTH SLOPE BOROUGH SD
PRINCIPAL	IDITAROD AREA SD
PSYCHOLOGIST (2)	ANCHORAGE SD
RESOURCE SPECIALIST	MATANUSKA-SUSITNA BOROUGH SD
RESOURCE TEACHER	MATANUSKA-SUSITNA BOROUGH SD
SCHOOL PSYCHOLOGIST (3)	ANCHORAGE SD
SEC CLSRM TEACHER	ANCHORAGE SD
SECONDARY PRINCIPAL	ANNETTE ISLAND SD
SITE ADMINISTRATOR (5)	LOWER KUSKOKWIM SD
SPANISH TEACHER	ANCHORAGE SD
SPECIAL EDUCATION DEPARTMENT CHAIR	ANCHORAGE SD
SPECIAL EDUCATION TEACHER (20)	ANCHORAGE SD
SPECIAL EDUCATION TEACHER	DILLINGHAM CITY SD
SPECIAL EDUCATION TEACHER	JUNEAU BOROUGH SD
SPECIAL EDUCATION TEACHER	LOWER KUSKOKWIM SD
SPECIAL EDUCATION TEACHER (2)	LOWER YUKON SD
SPECIAL EDUCATION TEACHER	NORTHWEST ARCTIC BOROUGH SD
SPECIAL EDUCATION TEACHER	WRANGELL PUBLIC SD
SPEECH LANGUAGE PATHOLOGIST (7)	ANCHORAGE SD
SPEECH THERAPIST	MATANUSKA-SUSITNA BOROUGH SD
STUDENT PSYCHOLOGIST	ANCHORAGE SD
STUDENT SERVICES DIRECTOR	JUNEAU BOROUGH SD
SUPERINDENDENT	TANANA SD
SUPERINTENDENT	BERING STRAIT SD

SUPERINTENDENT
SUPERINTENDENT
SUPERINTENDENT
SUPERINTENDENT
SUPERINTENDENT
SUPERINTENDENT OF SCHOOLS
SUPERINTENDENT/PRINCIPAL TEACHER
TEACHER (4)
TEACHER
TEACHER (2)
TEACHER (2)
TEACHER
TEACHER (28)
TEACHER
TEACHER
TEACHER
TEACHER
TEACHER
TEACHER SPEECH PATHOLOGIST
TEACHER VOC ED
TEACHER, VOCATIONAL EDUCATION
VOCATIONAL EDUCATION
VOC-ED TEACHER
YUPIK FIRST LANGUAGE ED SPECIALIST

CHATHAM SD
COPPER RIVER SD
HOONAH CITY SD
LOWER KUSKOKWIM SD
VALDEZ CITY SD
SOUTHEAST ISLAND SD
ALEUTIAN REGION SD
ANCHORAGE SD
BERING STRAIT SD
CHATHAM SD
KETCHIKAN GATEWAY BOROUGH SD
LAKE AND PENINSULA BOROUGH SD
LOWER KUSKOKWIM SD
MATANUSKA-SUSITNA BOROUGH SD
NORTH SLOPE BOROUGH SD
PELICAN CITY SD
PETERSBURG CITY SD
SITKA BOROUGH SD
YUPIIT SD
LOWER KUSKOKWIM SD
ANCHORAGE SD
KLAWOCK CITY SD
LOWER KUSKOKWIM SD

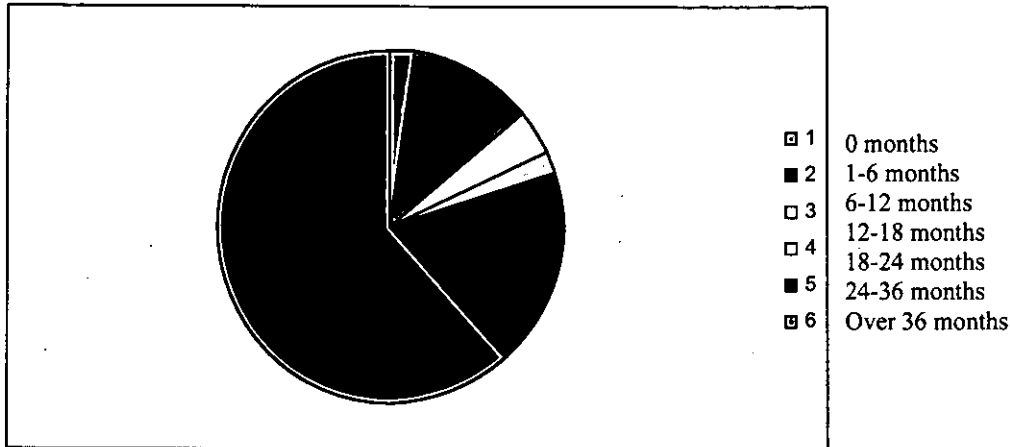
**Detail of number of Retirees participating in HB 161 between
January 1, 2008 and December 31, 2008 by Each Participating
TRS Employer**

Employer	No. of Waivers
ANCHORAGE SD	17
BERING STRAIT SD	1
CHATHAM SD	2
COPPER RIVER SD	1
DENALI BOROUGH SD	1
HOONAH CITY SD	1
KETCHIKAN GATEWAY BOROUGH SD	3
KLAWOCK CITY SD	1
KODIAK ISLAND BOROUGH SD	1
LOWER KUSKOKWIM SD	39
LOWER YUKON SD	2
MATANUSKA-SUSITNA BOROUGH SD	4
NORTH SLOPE BOROUGH SD	3
PELICAN CITY SD	1
SITKA BOROUGH SD	1
SOUTHWEST REGION SD	1
SPECIAL EDUCATION SERVICE AGENCY	1
TANANA SD	1
VALDEZ CITY SD	1
WRANGELL PUBLIC SD	1
YUPIIT SD	2
	85

TRS Rehired Retiree Employer Rate for Fiscal Year 2010 is 12.56%

Number of Months Retired Before Rehired under HB 161 for participating TRS employers

TRS Months Between Retirement and Return to Work



Employer	No. of Months Retired Before Rehire
ALEUTIAN REGION SD-1	Over 36 months
ANCHORAGE SD	
1	1-6 months
1	6-12 months
2	12-18 months
1	18-24 months
2	24-36 months
38	Over 36 months
ANNETTE ISLAND SD-1	60 months
BERING STRAIT SD	
1	12-18 months
6	24-36 months
2	Over 36 months
CHATHAM SD	
1	18-24 months
2	Over 36 months
COPPER RIVER SD-1	61 months
DENALI BOROUGH SD	
1	12-18 months
1	Over 36 months
DILLINGHAM CITY SD-1	13 months
HOONAH CITY SD-1	54 months
IDITAROD AREA SD-1	91 months
JUNEAU BOROUGH SD	
1	12-18 months
1	Over 36 months

KETCHIKAN GATEWAY BOROUGH SD		
	1*	* 0 months
	3	1-6 months
KLAWOCK CITY SD-1		68 months
KODIAK ISLAND BOROUGH SD-1		* 0 months
LAKE AND PENINSULA BOROUGH SD-1		Over 36 months
LOWER KUSKOKWIM SD		
	1	0 months
	9	1-6 months
	1	6-12 months
	1	18-24 months
	10	24-36 months
	20	Over 36 months
LOWER YUKON SD		
	1	6-12 months
	1	Over 36 months
MAT-SU BOROUGH SD		
	1	1-6 months
	3	24-36 months
	3	Over 36 months
NORTH SLOPE BOROUGH SD-4		Over 36 months
NORTHWEST ARCTIC BOROUGH SD-2		Over 36 months
PELICAN CITY SD-1		150 months
PETERSBURG CITY SD		
	1	24-36 months
	1	Over 36 months
SITKA BOROUGH SD-1		Over 36 months
SOUTHEAST ISLAND SD-1		26 months
SOUTHWEST REGION SD-2		24-36 months
SPECIAL EDUCATION SERVICE AGENCY-1		1 month
TANANA SD-1		Over 36 months
VALDEZ CITY SD-1		36 months
WRANGELL PUBLIC SD-1		26 months
YUPIIT SD-2		Over 36 months

* Legislation does not require a 30-day break from termination prior to rehire for TRS.

Section 2

Division of Personnel

**Division of Personnel and Labor Relations
Retiree Rehire, HB 161 Legislative Report**

Section 2 of this report has been prepared by the Division of Personnel & Labor Relations. This Section of the report focuses on the State of Alaska as the largest employer of the PERS system. It includes information on program activity and the efforts of the executive branch to address the recruitment difficulties in job classes in which retired members have been rehired.

House Bill (HB) 161 went into effect on July 1, 2005 and established three sunset dates for re-employed retirees, based upon the date of rehire. In extending the sunset dates of the retiree program, the legislature intended to allow public employers the ability to continue to use this management tool while developing plans to address the knowledge, skills, and abilities that need to be transferred or developed to assure the work can be accomplished following the departure of the retiree.

The final of the three sunset dates established under HB 161 is July 1, 2009 and applies to retirees re-employed on or after July 1, 2005. This group of retirees is eligible to remain employed under a PERS waiver through June 30, 2009. The table below denotes the number of retirees currently employed in the executive branch by agency.

Department*	DMV A	DO C	DN R	F&G	H&S S	Law	DPS	DOT/ PF
Classified	1	1	0	9	2	0	1	5
Exempt/Partially Exempt	0	2	1	1	0	3	2	1

*The following departments do not currently employ retirees: Administration, Revenue, Labor & Workforce Development, Education & Early Development, Commerce, Community & Economic Development and Environmental Conservation

To ensure consistent application of the retiree program as intended by the Legislature and compliance with HB 161, the Department of Administration issued a Retiree Rehire Policy (Addendum A) which replaced Administrative Order 225. As with the Administrative Order, the Retiree Rehire Policy placed "side boards" on this program by providing certain criteria that must be met prior to the appointment of a retiree to a position within the classified service.

To make the most effective use of the retiree return program as a management tool, HB 161 requires the hiring authority to work with the Division of Personnel & Labor Relations to develop a plan that addresses efforts to reduce the recruitment difficulties in job classes in which retirees have been hired. The development plan addresses:

- the critical components of the position;

- the knowledge, skills, and abilities that need to be developed in the workplace to assure that the work can be accomplished when the rehired retiree leaves state service; and
- a development plan for accomplishing the transfer of knowledge.

The Division of Personnel & Labor Relations offers a presentation on developing knowledge transfer plans. The presentation addresses identifying the critical components of the job, the knowledge, skills and abilities required to perform the critical components of the job, conducting a skill gap analysis, and finally, developing the knowledge transfer plan. A knowledge transfer plan can be as simple as developing a desk manual for less complex positions, or as detailed as an intensive training program. The division's service centers are available to provide guidance throughout the process.

To date, the director of the Division of Personnel & Labor Relations has received and approved knowledge transfer plans for 16 of the 19 classified positions filled by an employee working under a PERS waiver in the retiree/return program. The remaining three have been notified of the requirement to complete.

In an effort to address issues concerning recruitment and retention Governor Palin signed Administrative Order 237 on August 24, 2007. This Administrative Order established an Executive Branch Working Group comprised of six Commissioners and the Director of the Office of Management and Budget to make recommendations regarding recruitment and retention of state employees in the executive branch and efficiencies that the State of Alaska will need to make to address the smaller workforce available to it. The recommendations of the Executive Working Group are attached (Addendum B) in addition to a status update (Addendum C).

The Division of Personnel & Labor Relations will continue to explore opportunities to increase retention and mitigate recruitment difficulties.

Memorandum

Department of Administration
Office of the Commissioner

To: All Commissioners

Date: September 11, 2006

From: Scott J. Nordstrand
Commissioner

Phone: 465-5671

Subject: Retiree Rehire Policy – HB 242 / 161

This memo is intended to respond to questions that have arisen regarding the guidelines for employees who were or are rehired in accordance with House Bills 242 and 161. You may be aware that the extension of HB 242 which was introduced last session as HB 161 (retiree return program) generated some angst with several legislators. In order to address the concerns raised by legislators so that agencies could continue to offer this program as a management tool, Governor Murkowski adopted Administrative Order 225 in March of 2005.

Administrative Order 225 acted to place "side boards" on this program by providing certain criteria that must be met with the appointment of rehired retirees to positions in the classified service under HB 242. However, with the sunset of HB 242 and the passage of HB 161, Administrative Order 225 is no longer operative. Therefore, to ensure consistent application of the retiree rehire program as intended by the legislature and compliance with HB 161, this memo has been hereby formalized into policy as outlined below.

A retiree who intends to seek a PERS waiver may be appointed to a position in the classified service if:

- an open competitive recruitment process is conducted for at least 30 days and results in an applicant pool of fewer than five qualified, eligible, and available applicants;
- all qualified, eligible and available applicants are considered;
- the hiring authority demonstrates why no other applicant will have the knowledge, skills, or ability to perform the duties of the position after serving the full probationary period; and
- the retiree has served a thirty-day separation with the PERS. If the employee currently is covered under HB 242, a second thirty-day separation will not be required if the employee is later appointed under HB 161. However, if the employee has not been rehired under HB 242 and has not served the initial thirty-day separation, a thirty-day separation will be required.

Approval to hire a retiree who intends to seek a PERS waiver must be secured in writing from the Director of the Division of Personnel prior to an offer of employment. Within 60 days after receipt of the Director's approval and acceptance of the position by the retiree, the hiring authority shall work with the Division of Personnel to develop a plan that addresses:

- the critical components of the position;
- the knowledge, skills, and abilities that need to be developed in the workplace to assure that the work can be accomplished when the rehired retiree leaves state service; and
- a development plan for accomplishing the transfer of knowledge.

Completed plans shall be submitted to the Director of the Division of Personnel for approval.

Questions regarding this policy may be addressed to your department's Division of Personnel, Management Services Consultant. Additional information on the application of this policy and HB 161 is available on the Division of Personnel's website.

cc: Traci Carpenter, Director
Division of Retirement and Benefits

Administrative Services Directors

Division of Personnel Staff

**Executive Working Group
FINAL Report to Governor Sarah Palin
Administrative Order No. 237
Recruitment and Retention of State Employees**

I. INTRODUCTION:

Governor Sarah Palin signed Administrative Order No. 237 (AO 237) August 24, 2007. The order established an Executive Branch Working Group to address issues concerning recruitment and retention of State employees in the executive branch. The Working Group was tasked with researching and addressing the issue and providing the Governor with recommendations concerning the findings of the order.

A. The Working Group:

A Working Group, composed of seven members appointed by the commissioner of the Department of Administration was assembled to address recruitment and retention issues. The Working Group members included:

- Department of Administration, Commissioner Annette Kreitzer, chairman;
- Office of Management and Budget, Director Karen Rehfeld;
- Department of Health and Social Services, Commissioner Karleen Jackson;
- Department of Public Safety, Commissioner Walt Monegan;
- Department of Environmental Conservation, Commissioner Larry Hartig;
- Department of Labor and Workforce Development, Commissioner Click Bishop;
- Department of Transportation and Public Facilities, Commissioner Leo von Scheben.

The members' combined experience and accumulated knowledge from 75 plus years working in government service and over 75 years in the private sector ensured a broad-based approach to examining the recruitment and retention situation.

Meetings:

The Working Group held a total of four meetings during September and October. In the short time the Group met, we reviewed current State employee turnover rates that were at 16% in 2006, representing the mid-range for states responding to our request for information. As with other states and the private sector, more troubling is the number of State

employees eligible to retire now and in the next five years, and what that might portend for the State's ability to retain experienced, professional employees to balance and mentor less senior employees.

B. Input:

The Working Group polled the Commissioners from each State department for their views on the current status of recruitment and retention of State employees. Each labor union business manager was contacted and requested to give input. Hiring managers throughout State government, who are on the front lines of hiring decisions and frustrations with the current system of employee recruitment, were canvassed for their ideas and comments. The information gathered from the responses was compiled into a spread sheet which organized the data into categories.

The Working Group specifically requested suggestions without a monetary component, but recognizes there are some solutions that are in the monetary category. The State is faced with employee retention issues on both ends of the spectrum from recruitment to retaining knowledgeable, professional employees. The Working Group identified suggestions to quickly impact a majority of problems brought on by a tight salary schedule and personnel rules. Negotiating fair labor contracts is one piece of the financial puzzle, removing an outdated "longevity" step concept is another. These details are included under, "E. Financial Incentives".

C. Supplemental Data:

Appendices include Administrative Order No. 237, State Employee Unions summary sheet and statistics about State employees excluding the University of Alaska, the Legislature and the Court System. Our efforts were focused only on the Executive Branch departments represented at the Cabinet level.

II. IDENTIFY ISSUES AND PROPOSALS:

AO No. 237 charged the Working Group with identifying the recruitment and retention situation, the costs involved in training, changes that will allow the State to effectively serve its citizens while limiting expansion, opportunities for partnering and cross-training and cost neutral or low-cost solutions to increase worker satisfaction.

A. Costs of training new State employees:

Training costs are a significant expenditure for State agencies.

- A recent federal Department of Labor Study shows that turnover costs one-third to one-half times the annual salary of the employee, not including productivity loss.
- The State must clearly define a training/education track tied to proficiency and advancement in a job series. Some level of mandatory supervisory or other training might be necessary.
- The State may need to provide education incentives and professional development in an effort to provide career-long learning opportunities. The practice of providing education incentives among state agencies is currently inconsistent. The Working Group requested and is awaiting a survey of all departments showing what training and education the State currently pays for and what departments believe would be reasonable for the State to undertake.
- We recommend analyzing the cost of a tuition reimbursement and student loan forgiveness program with payback obligations tied to time on the job, based on a sliding percentage from zero to five years.
- Many departments have commented that the State has become a training ground for other prospective employers. By retaining employees longer with fair contracts and other potential financial considerations, we will lower our total cost of training.

B. Changes that restrain growth of government:

Even with significantly higher oil prices, today's production is only about one-third of what it used to be.

- The State must focus on the highest priorities by division and department to live within our means.
- Contracting some work out where appropriate, should be considered. This currently requires a feasibility study and could require revision to labor contract language.
- The State spends hundreds of millions of dollars on technology to improve and make public documents more accessible. Some of this technology will automate processes meaning that fewer employees will be needed to manually enter data like timesheets. The State needs to plan with these employees an exit strategy to other available State jobs.

C. Opportunities to cross-train within and encourage efficiencies:

The State cannot continue to heavily rely on retirees to return to work as a stop-gap measure to training new employees.

- Develop and implement knowledge transfer plans for soon to be retiring employees.
- High turnover positions must have a "desk manual" to ensure that the most basic information of the position is available when a new employee is hired. Documenting a high turnover position's responsibilities cuts down on the amount of time spent explaining the duties.
- From hiring managers on up, there must be a frank understanding that many entry level jobs will have high turnover. Accepting this and planning for it, while encouraging entry level employees to move up on a State career ladder, will help retention overall.

D. Cost-neutral or low-cost solutions to increase workplace satisfaction:

The State should continue to encourage work/life scheduling flexibility. Hiring managers particularly noted these suggestions related to flexible work schedules and recruitment efforts:

- Broader use of alternate work weeks (4-10's, 9-80's). Some departments are using flexible work schedules but this could be done on a more consistent basis.
- Encourage consideration of broader use of telecommuting and job sharing agreements. An approach could require employees to complete one year on the job in the office location, and be in the office several days a week as part of a telecommuting plan.
- Establish employee recognition and appreciation programs as part of a statewide culture. Department programs should complement the Governor's Statewide Denali Peak Performance Program. Many Commissioners commented that they look for opportunities to recognize excellent customer service or project work by employees.
- Initiate a health and fitness program as part of the State health benefit package. This could pay for itself over time through healthier employees, less sick leave usage, etc. We will need to work with and coordinate with union health trusts on this issue.
- Provide sabbaticals without a break in service or interruption of health benefits. For example, one month after 10 years, three months after 20 years. These could be used in conjunction with

annual leave for continuing education, travel, or just "recharging their batteries".

III. EVALUATE AND RECOMMEND:

The Working Group was charged with evaluating the hiring criteria and practices, education requirements and minimum qualifications, recruitment tools and whether there are ways to improve upon the merit principle to provide better incentives and retain quality employees.

A. Current hiring criteria and practices:

It will take time to inculcate the ideas we believe will result in efficiencies in the State's hiring practices. The processes in place have resulted from years of patchwork attempts to incrementally fix personnel system deficiencies.

- Revamp the classification process and review adequacy of classification resources in the Division of Personnel and Labor Relations to get through all current and backlogged requests and to be more responsive and proactive to workforce changes.
- Conduct a review of the classification system. Review all job classes, update and consolidate with more generic job classes. Minimize or eliminate single-position job classifications.
- Solicit input from younger workers on what it takes to attract, retain, and satisfy the new generation of workers.
- Encourage a broader use of flexibly classed positions, with easier movement between levels in a job series (i.e. I-II-III). (Current list is included in appendices.)
- Review the effectiveness of the HR integration. This should be scheduled in 2008. There continues to be some concern about the impact of the Human Resources integration and its impact on some departments.

B. Current education requirements and minimum qualifications for state employment:

The State needs to be more flexible in its efforts to attract qualified job candidates. The Working Group acknowledges that not every location in the State is having the same challenges drawing applicants.

- Change minimum qualifications to broaden applicant pools. This is not a "dumbing down" of the applicant pools as suggested by some, but a more strategic approach to actual job requirements.

Some examples include removal of a specific degree requirement (i.e. accounting, biology), and replacing with a general degree with a certain number of field-specific credit hours. Specific degree requirements could also be replaced by technical certification or demonstrated expertise. Several departments requested a minimum qualification waiver process.

C. Recruitment tools:

The Workplace Alaska recruitment portal needs to be changed to be more comparable to and competitive with links like monster.com and dice.com – this old technology is not attractive and does not present the State as a progressive, interesting employer. This change will require more planning as it will impact the Online Public Notice system.

- In the short term, we should enable applicants to post resumes on Workplace Alaska similar to other employment websites.
- Each department should have a web link to jobs available on its main website.
- Formalize employee surveys; upon initial hire, after one month, and/or at a minimum an exit survey upon termination. Some suggested making exit interviews mandatory.
- Encourage broader use of internship program. Partner with the University of Alaska on an apprenticeship program. Streamline internship classification with greater flexibility in I-IV levels.

D. Improvements to Merit System:

Efforts should be made to recognize exceptional work and eliminate barriers to employment and promotional opportunities.

- Provide more discretion for increased pay based on performance. Base performance incentives and service steps on the performance evaluations. Use steps (b) through (f) for performance incentives and steps beyond (f) for service steps. This recommendation cannot work if there is not a concomitant effort to prepare proper evaluations.
- Eliminate pay barriers that discourage employees from taking promotions, i.e. not enough pay for the added work and responsibility, loss of over-time pay, if applicable, etc.
- Expand our ability to promote existing employees. In some cases it is easier to hire a new State employee at an advanced step (based on recruitment difficulty or exceptional qualifications).

- Analyze the effectiveness of continued use of market-based pay adjustments. This process addresses specific pay issues but disrupts internal alignment and creates supervisor differentials.

E. Financial Incentives:

In certain areas, the State has become a training ground for the federal government. There is a 24% Alaska cost of living differential between the Federal and State governments that exacerbates this problem.

State labor contracts recently concluded will mean:

1. The 7,920 members of the General Government Unit (GGU) of Alaska State Employees Association will receive a 4% retroactive pay increase contingent on legislative appropriation. The 4% is retroactive to July 1, 2007, followed by 3% increases in FY08 and FY09.
2. The Teachers' Education Association of Mt. Edgecumbe ratified an agreement of a 3% retroactive raise in FY07, followed by 3% in FY08 and 3% in FY09.
3. Labor, Trades and Crafts, Local 71, has ratified an agreement for a two-year contract which includes a 5% increase in FY08 and 2% increase in FY 09. (about 1600 members)
4. Alaska Public Employees Association, bargaining on behalf of the Confidential Employees Association (195 members) ratified an agreement with the State on a three-year contract beginning July 1, 2007 which includes a 4% wage increase on that date, followed by a 3% increase beginning July 1, 2008 and a 3% increase beginning July 1, 2009.

In addition to the monetary components of union contracts the State is a party to, the State makes annual contributions on behalf of each employee to the Public Employee's Retirement System and the Teacher's Retirement System. In the FY09 budget, the State's share of this responsibility for all State employees (union and nonunion) is about \$340 million.

The Working Group agrees that we cannot solve, in this fiscal year, all of the inequities that may have built up over time to make the State a less competitive employer. There are concrete steps that can be taken however, some of which will have long lasting effects:

- Eliminate the outmoded longevity steps where employees go years without a pay adjustment. What was meant as an inducement to retain employees has become a barrier to hiring and promoting professional employees. Removing the barrier can be accomplished in some labor contracts, but the statute (AS 39.27.022) must be updated as employees hired at an advanced step are often frozen at that pay range for up to seven years since the system does not recognize private or other government experience. The removal of this barrier would allow the State to recognize experience and provide merit increments in shorter spans of time. Currently, some employees must wait four, nine and 13 years for a pay increase.
- Salaries for the so-called "non-covereds" or non-union State employees will be impacted by the above action in addition to any changes made to the statutory salary schedule to reflect changes negotiated with union employees.
- HB 98 (CHAPTER 53 SLA 05) increased salaries of commissioners among others, but neglected to include deputy commissioner salaries. For a supervisory track beginning with a new single job classification of Administrative Services Manager, which could lead to promotion to a Deputy Division Director and then to Division Director, the Working Group recommends the following structure. We also recognize that professional job classifications within each agency also provide career tracks to director and other management positions. Any changes to existing positions resulting in increases will be absorbed by existing budgets.

Position	Previous	Current	Proposed	Comment
Commissioner	28E	28-30	No change	AS 39.20.080(a)
Deputy Commissioner		28 A-F	28-29	AS 39.20.080(b) requires legislation to increase
Assistant Commissioner		27	27-28	Not widely used, but can be helpful for very large agencies (e.g., HSS)
Division Director	26	27	No change	Increased Nov. 2006
Deputy Director		23	24 or 25	Implement in FY08-no legislation required
Assistant Director		22	23	Not widely used
Admin. Services Manager/Admin Operations Mgr I-III		22-24	23	Make a single job class to progress to deputy director
Administrative Manager I-IV		15-21	No change	

F. Healthy Work Environment:

We know by surveys and studies that employees value a healthy work environment: One where they are encouraged to be proactive about their own health and if a manager, to model good health habits to their co-workers and subordinates.

This cannot be a mandate. Employees must believe this is also important to their abilities in their jobs. This effort is to support those

who willingly want to maintain or make a change in their lifestyles to a healthier one.

As the provider of health insurance coverage for active and retired State employees, the State has incentive to look for ways to encourage both populations to be proactive about fitness and good health.

Through the Alaska Retirement Management Board and the Health Benefits Evaluation Committee (created in the Supervisory Union's labor contract, specific to the 5,500 State of Alaska employees and dependents covered by the Select Benefits health plan) recommendations are coming to the Commissioner of the Department of Administration to make changes to the health plans to entice employees to use preventive health and fitness measures, to provide coverage for colorectal cancer screening for retirees, and for well baby coverage for active employees. This work will continue in conjunction with the Governor's Health Care Strategies Planning Council.

IV. Conclusion:

The State can do better as an employer. We've started down a path to improving our stature as an employer with fair union contracts and a culture of high ethical standards.

The Working Group recognizes that the State must have a plan for implementing further change and intends to continue to meet to provide a roadmap to reach our ultimate goal of regaining and maintaining our status as a competitive employer.

There are many ways the State has constrained itself as an employer through our methods of recruitment. Changes will take time, effort and a commitment from State employees to implement. We can change the current situation and do more to provide a healthy work environment for our employees.

The Working Group evaluated suggestions and comments submitted by various groups throughout the State workforce. The many responses touched on in this report serve as a starting point for State action for current employees as well as those who will work here in the future.

Some have suggested that we should immediately initiate a salary survey. It is our recommendation that we focus on changes encompassed in this report over the next one to two years, and initiate a

salary survey in 2009-10 to help analyze the effectiveness of the changes and identify additional areas needing adjustment.

We encourage all commissioners to carefully review the data available for each department to plan for pending retirements and the knowledge transfer necessary for the State to successfully continue to provide services. The Division of Personnel and Labor Relations will work to streamline this process for departments and provide guidance and tips on successful implementation.

It is imperative that we continue to engage in an open conversation about ways we can improve and continue to meet our recruitment and retention needs.

Action Plan for Administrative Order No. 237

Near Term Actions:

- Continue negotiating and settling labor contracts which are fair and sustainable.
- Prepare legislation to repeal longevity step impediments and replace with a fair alternative.
- Prepare legislation to provide greater flexibility for deputy commissioner's pay.
- Implement deputy director pay increase in FY08.
- Review the training, education and certification survey of all departments and make recommendations for FY09 or FY10.
- There continues to be some concern about the impact of the Human Resources integration and its impact on some departments. A review of the effectiveness of the HR integration should be scheduled in 2008.
- Streamline the intern program process so it is easier for students to come back to work for the State in between college sessions, and it is less cumbersome for those wanting to hire interns.
- Analyze the effectiveness of continued use of market-based pay adjustments.
- Look for opportunities to promote effective healthy living habits that employees can maintain.

Within two years:

- Request funding in the FY09 budget to perform a geographic differential study in accordance with AS 39.27.030.

- Review the history of tuition reimbursement and student loan forgiveness programs and work with the Legislature to determine a flexible plan with payback obligations tied to time on the job, based on a sliding percentage from zero to five years.
- Every department must develop and implement knowledge transfer plans for soon to be retiring employees.
- Every department must continue to audit its use of flexible work schedules (using information already provided by DOA) to determine if broader use of flexible schedules would be welcomed by employees and still accomplish State priorities.
- Revamp the classification process and review adequacy of classification resources in the Division of Personnel and Labor Relations.
- Conduct a review of the classification system. Review all job classes, update and consolidate with more generic job classes. Minimize, eliminate single-position job classifications.

Within three years:

- Conduct a salary survey.
- Replace the Work Place Alaska portal (and the Online Public Notice System).
- Consider legislation to implement a 40-hour work week.

Ongoing Efforts:

- Continue efforts between the DOA and other departments to write less restrictive minimum qualifications for positions, which allow departments more discretion in hiring the most qualified, best person for the position.
- Continue to encourage a broader use of flexibly classed positions, with easier movement between levels in a job series (i.e. I-II-III). (Current list is included in appendices.)

**Administrative Order No. 237
Executive Working Group
Status Report of Recommendations**

The Executive Working Group on Recruitment and Retention set out a list of action items in the November 2007 report to the Governor. These items and their current status are listed below.

Action Items – Near Term

Action Item	Status	Details
Labor Contracts: ASEA-GGU, APEA-SU, APEA-CEA, PSEA, AVTECTA and IBU	Completed	Salary adjustments resulting from HB 417 and labor negotiations have had a cumulative impact of \$150 million over three years (FY08-\$56.4 million, FY09-\$49.8 million, FY10-\$44.2 million). See attached cost summary.
LTC, TEAME, ACOA	Upcoming	Contracts expire 6/30/09
MM&P, MEBA	In Negotiations	Contracts expired 6/30/08
Longevity Step Repeal and replacement with fair alternative	Completed	HB 417 repealed longevity steps and implemented pay increments for non-covered employees. PSEA negotiated similar provisions and Letters of Agreement have been signed with GGU, CEA and SU (pending) effective January 1, 2009. Cost to implement estimated at \$2.3 million in FY09 and \$1.5 million in FY10.
Flexibility for Deputy Commissioner Pay	Completed	HB 417 provides for appointment within range 28.
Deputy Director Pay Increase	Completed	Division Operations Manager, range 24 Deputy Director, range 25 (partially exempt only)
Training/Certification/ Education Survey Status	No Action	Will be put into New Work Plan
HR Integration Study	Upcoming	Development of the RFP will begin by October 1, 2008. RFP will be vetted through Working Group before release.
Streamline Intern Process	Completed	Levels were consolidated and flex staffing was implemented. Intern openings are now advertised through Workplace Alaska. This allows all interested parties to view/post internships in one central location.
Market-Based Pay	On Hold	A contractor will be hired to conduct a salary survey in 2009 to provide a more holistic approach.
Healthy Living Habits	Ongoing	Web Portal has been developed and usage is still in discovery stage. The database will be developed in 2009. Incentives for participation are under development.

Action Items – Within Two Years

Action Item	Status	Details
Geographic Differential Study	In Progress	\$400.0 for study appropriated. The contractor began work on September 16, 2008. The report is planned to be completed by January 31, 2009. The budget impact of implementation will be presented to the 2009 Legislature.
Tuition Reimbursement & Student Loan forgiveness	In Progress	Many departments currently reimburse employees for tuition for job-related classes. Departments will be advised of available options. Review of student loan forgiveness will be put into new work plan.
Knowledge Transfer Plans	In Progress	DOPLR has a presentation available to assist agencies in the development of these plans.

**Administrative Order No. 237
Executive Working Group
Status Report of Recommendations**

Flexible Work Schedules (Alternate Workweeks)	In Progress	The number of agreements statewide has increased from 1,508 in 2007 to 1,941 in 2008. Effort is continuing to inform departments of available options.
Revamp Classification Process and Review of Resources	In progress	Classification studies are being limited to those in class series which have experienced a significant change in duties. A parallel process to address salaries will be explored in conjunction with comprehensive salary survey.
Classification System Review	In progress	When appropriate, job classifications are being consolidated and single position job classifications are being eliminated.

Action Items – Within Three Years		
Action Item	Status	Details
Salary Survey	In Progress	Plan to award contract to begin study in January 2009 with expected completion by October 2009.
Workplace Alaska Portal Replacement	In Progress	Task Order has been released for the development of system requirements.
Legislation for 40 hour Workweek	No Action	Consideration will be given to implement for select groups of employees.

Ongoing Efforts		
Action Item	Status	Details
Less Restrictive Minimum Qualifications	In Progress	21 job class specifications involving over 350 state jobs have been reviewed and updated to ensure MQs reflect current job requirements.
Broader Use of Flexibly Classed Positions	Completed	The use of flexibly classed positions has been broadened for use within any series so long as the work exists at the requested levels.
Administrative Clerk Study	In Progress	This comprehensive study of 1,150 clerical positions is scheduled for completion by June 30, 2009. The study will examine the changes in clerical work since the classes were last studied (in 1996) and will provide a benchmark for aligning other clerical, paraprofessional and entry-level job classes.
Revamp Employee Evaluation Process	In Progress	Newly established pay increments require completion of an evaluation. The evaluation process is being reviewed and streamlined to ensure that employees are evaluated in a meaningful and timely manner.

Discussion Items	
Item	Details
Sabbaticals	Explore concept for state employees with extensive service – 15 yrs and up.
Telecommuting	Explore concept for working from home up to three days a week. Policy is under review and development.

Questions Regarding SB 126

"An Act amending the State Personnel Act to place in the exempt service the chief economist and state comptroller in the Department of Revenue and certain professional positions concerning oil and gas within the Department of Natural Resources; relating to reemployment of and benefits for or on behalf of reemployed retired teachers and public employees by providing for an effective date by amending the delayed effective date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001 and sec. 19, ch. 50, SLA 2005; and providing for an effective date."

1. Please provide a sectional analysis.
2. The rehired retiree program actually began in 2001. What was the original intent?
3. Why was it extended for a second time in 2005?
4. Prior to 2001, were retired PERS/TRS members prohibited from returning to work in any capacity?
5. How is extending the sunset date in SB 126 consistent with the legislative intent of the act as adopted? For example, in 2005, the legislature expressly stated: "The legislature also finds that school districts and public employers *must plan to meet their future workforce needs without reliance on retired workers...*" (Sec 1(b), Ch 50 SLA 2005). Doesn't this third extension from 2009 to 2013 perpetuate the problem in contrary to the above intent language?
6. Please provide the circumstances and background regarding each PERS and TRS waiver for classified employees in the executive branch since the program was reenacted in 2005?
7. How many PERS and TRS retirees have been rehired since the program was implemented in 2001 throughout state government, subdivisions and school districts?
8. How many total rehired retirees in PERS and TRS are currently employed?
9. What is their average length of time (mean, mode, and median) in employment as a retiree?
10. What is the longest amount of time that a retiree has worked? Was the legislation ever intended to be a "long term" program lasting more than a decade?
11. How many retirees were part of an earlier retirement program (RIP)?

12. How does the legislation impact young people and other employees who wish to move up the career ladder?
13. How does this bill encourage school districts to hire new employees rather than retirees?
14. Would extension of the coverage of the bill to 2013 require districts to make new findings of a shortage?
15. Wouldn't it be wise to set forth what the legislature means by "shortage?"
16. What tools does the Department of Administration have to ensure that the intent of the bill is being met?
17. a. Does a shortage exist when there are new hires available to fill positions held by rehired retirees? b. Is there an annual mechanism for the review of that situation? c. If not, shouldn't there be?
18. In reports from the Department of Administration, HB 417 passed last year is said to be an accomplishment towards improving recruitment and retention. Didn't that apply only to exempt positions and legislative staff and not to employees in classified service or local governments?
19. Please provide job descriptions and PCN's for each position in the executive branch impacted in Section 1 of SB 126.
20. a. Did the position of Chief Economist in the Department of Revenue undergo a recent classification study? b. What were the recommendations? c. Please provide a copy of the analysis?
21. What are the public policy ramifications of putting this position into an employment-at-will status?
22. Article XII, Section 6 of the Alaska the Constitution states: "Merit System - The legislature shall establish a system under which the merit principle will govern the employment of persons by the State." Explain the merit principle.
23. Please give the legislative history of AS 39.25.110 (9) (Exempt status – persons employed in a professional capacity to make a temporary or special inquiry, study or examination as authorized by the governor) including when and why it was added.

24. a. Did the Oil and Gas Commission abide by the merit principle when hiring for positions? b. Did they use a competitive process?
25. What happens to the positions in the Division of Oil and Gas if SB 126 is not enacted into law?
26. What other positions have been hired under AS 39.25.110(9) in the last year? Where are the positions located?

Deborah Prator

From: Blaisdell, Ginger (DOR) [ginger.blaisdell@alaska.gov]
Sent: Thursday, March 26, 2009 10:48 AM
To: Deborah Prator
Subject: SB 126 Talking Points 25mar09
Attachments: SB 126 Talking Points 25mar09.docx

Here are my talking points from this morning's meeting.
Ginger

Talking Points SB 126

SB 126 has two distinctly different subjects that have been combined in one bill due to the common bond that they are personnel related issues. SB 126 combined the two personnel act subjects for practical reasons of streamlining the hearing process for legislators as well as public testimony.

The two positions in Revenue and 23 positions in Natural Resources are not tied to the retire/rehire provision of this bill.

If this legislation does not pass the following impact to the State will occur:

The retire/rehire provision affects local governments and schools especially in rural Alaska. The few state employees have initiated Knowledge Transfer Plans so that associated staff can learn the skills needed to fill that job one day. If the retire/rehire provision is not extended, we can anticipate that approximately 124 jobs in our schools, local governments, courts and state offices will be left vacant. While these individuals may appear to be receiving additional income, the retirement is earned income and would be paid whether they worked in a government position or in the private sector. A retiree can only be offered a job if there are no other qualified candidates.

Twenty three professional oil and gas related positions are at risk for high turnover as their jobs are temporary/project oriented rather than long-term. If a private company offers these individuals similar pay but longevity, it will be a challenge for the state to retain these highly skilled professionals. Turnover would be unacceptable during the state's efforts in natural gas development. There is no fiscal impact to the status change of these positions and the risk of losing these professionals is not one the state should take.

The chief economist position will remain vacant because it is unattractive to qualified candidates given its current rate of pay. This person is responsible for the revenue forecast and also reviews a wide variety of fiscal systems as they impact our state's interest in the world. Leaving this position vacant only puts the state at a disadvantage in maximizing opportunities in a global economy and places our state at risk for lost opportunity that we cannot afford today.

The state comptroller is currently filled. We can only hope that this person will remain even though like positions are paid 20-30% more in the private sector. With the position turnover rate averaging one year, the learning curve is reliant on lower level staff and the state cannot grow positively in its cash management practices. Again, in the current economy, longevity in this position would be a benefit to the state's investments.

The critical need to pass this legislation with all three components is that the state will suffer with high turn-over, high vacancy, or no candidates available to fill necessary positions across the state. I strongly urge your support in passing this bill so that Alaska can progress in developing a gas pipeline, compete in a global economy, educate our children in rural communities, adequately staff our courts, and fill other necessary positions that would otherwise be left vacant.

March 24, 2009

Senator Linda Menard, Chair
Senate State Affairs Committee Members

Re: Testimony on SB23 – Repeal Defined Contribution Retirement Plans

My name is Melody Douglas and I am the Chief Financial Officer for the Kenai Peninsula Borough School District (KPBSD), the 4th largest district in Alaska. I have been actively involved in communicating the District's concerns relative to the PERS and TRS retirement plans since the spring of 2003.

Thank you for this opportunity to comment. Please consider this letter part of the official record concerning maintaining the defined benefit (DB) and blended defined contribution (DC) retirement plans currently in place. My comments will focus on the District's General Fund (GF) using audited FY08 information.

Thank you for the \$19.3 million (\$17.2 TRS and \$2.1 PERS) in on-behalf retirement funding provided to KPBSD in FY08 and similar funding planned for FY09. Continued Legislative support for this supplemental funding is critical for KPBSD to maintain the current education program. KPBSD is proud of making AYP as a district in FY07 and FY08 and is pleased to note that the Kenai Peninsula Borough funds Kenai schools to the maximum allowed per State Statute.

KPBSD FY08 employer percentage rates approximate:

	ARMB Employer <u>Rate</u>	KPBSD Actual <u>Rate</u>	On-behalf <u>Rate</u>
TRS	54.03	12.56	41.47
PERS	36.48	22.00	14.48

KPBSD had 596 full-time equivalency (FTE) certified teaching staff in FY08. Had the Legislature not provided on-behalf payments, the most likely method of addressing a \$17.2 million shortfall in TRS funding would have been to reduce staff, since approximately 80% of our budget consists of salary and benefits. A \$17.2 million reduction would mean a loss of approximately 274 FTE teaching positions or 46% of the GF teaching staff! This means that without the on-behalf funding, class sizes

would have practically doubled and AYP would probably have vaporized for the District. This picture, for KPBSD, is the same on a go-forward basis for as long as an unfunded liability exists in the retirement systems. My guess is all school districts in Alaska are in the same boat.

I believe it is premature to evaluate the effect of implementation, of the DC plan on July 1, 2006, on hiring as we just in year three of the DC plan. However, in discussing this matter with the District's HR department, the DC plan has not been an issue in hiring.

KPBSD is actively involved in recruiting by annually traveling Outside to several job fairs. The District hired 76 teachers in FY08, 107 teachers for FY09, and is expected to hire approximately 75 teachers for FY10. To date, none of the teachers hired has expressed concern over the DC plan. It will be a surprise if this matter is an issue during the upcoming hiring season, particularly in light of teachers being laid off by many Outside school districts. In addition, none of the interviews conducted with exiting teachers included concerns about the DC plan.

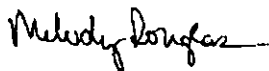
In conclusion, much work has been done to implement a blended DC plan, managed by knowledgeable investment professionals. This arrangement benefits employees more than a straight DC plan would.

Essentially, by the next time the numbers are released, all the various changes to the retirement plans, sky-rocketing health care costs, and unrealized investment earnings over the years have created what will likely be a \$10 billion debt, that now must be paid. Employers, including school districts, can not function viably under retirement rates like 54% for TRS and 36% for PERS indicated for KPBSD in FY08, until the unfunded liability is finally paid some 25 years or more down the road.

The public sector can no longer fund a DB plan. The course of action implemented July 1, 2006 is the best solution to the problem. Please stay the course set at that time.

Thank you for the opportunity to comment on a matter of such importance to Alaska's economic future and to the students who are committed to paying the debt already incurred.

Respectfully,



Melody Douglas



Public Employees Local 71

BOB JOHNSON
Business Manager/
Secretary-Treasurer

DENNIS MOEN
President

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The Honorable Linda Menard, Senator
Chair, Senate State Affairs Committee

Dear Senator Menard:

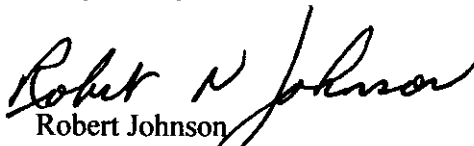
I am writing today to express my opposition to SB 126, Reemployment of Retirees and Exempt Service.

While Public Employees Local 71 does not represent any of the classifications being removed from the classified or partially exempt service, doing this exposes the individuals in those positions to the pressures of politics. Having the work these positions do tainted by the political ideology of changing administrations will undermine the state's position.

Public Employees Local 71 does have experience in dealing with the rehire of retirees. We have been neutral in the past on this issue because the state has needed to develop a corporate attitude toward developing the talent within their workforce. The passage of this provision lets the state off the hook for not being more aggressive in pursuing this objective. Bringing in a retiree to fill a position means someone at that work site does not have the opportunity to promote and advance. It is also indicative that the other employees were not adequately trained or mentored. Passage of this provision simply removes the impetus for the state to seriously review some of its employment practices.

For these reasons, we would encourage you not to support the passage of SB 126.

Respectfully,


Robert Johnson
Business Manager
Secretary-Treasurer

RJ/tln

Working File

Deborah Prator

From: Sen. Linda Menard
Sent: Thursday, April 02, 2009 5:42 AM
To: Deborah Prator
Subject: Fw: SB 126/HB 157-Retire/Rehire Bills

----- Original Message -----

From: ilovebooks@kpunet.net <ilovebooks@kpunet.net>
To: Sen. Linda Menard
Sent: Mon Mar 30 13:05:33 2009
Subject: SB 126/HB 157-Retire/Rehire Bills

Dear Madame Chair and Members of the State Affairs Committee,

I am a retired/rehired teacher in the Ketchikan School District.
I worked with your mom, Linda, at Valley Park when I first came to Ketchikan.

On February 15, 2006 I signed a buyout agreement with my school district to retire. A few days later on February 28, 2006 I received the news that my husband a terminal lung cancer. He died for months later on June 21, 2006.

Had I known about the cancer, I never would have put in for retirement.

What I discovered after my husband's death is that under the Social Security Laws I am except from receiving any of my husband's Social Security and only a portion of mine when I am old enough to retire. These two laws are the Offset Provision Act and the Windfall Elimination Act.

Even though my husband and I were married 37 hears and he was 73 when he died, I will never be able to collect his Social Security benefits.

That left only my pension income. I currently receive a pension of \$2026. per month. My mortgage is \$1056 which is half my pension. Therefore, in order to keep my home and to buy food, car expenses, pay insurance premiums and clothing, utililites, etc. I have to go back to work.

I am currently a reading specialist at my school. Here, we use The Spalding Method to teach language arts. I am the only teacher trainer in this method in the State of Alaska. I mentor teachers in my own school and in other schools in my district, I also train them in two-week graduate level classes. My pay is \$40,000. per year. Combined, my retirement income and my school income is the same as what I was making before I retired.

However, even though the money is the same, the benefits are not. I can never make more than \$40,000. per year and I have 22 years of teaching experience and I am a teacher trainer. I am required to take the district insurance and pay the 20% co-pay AND I still pay into my retirement insurance monthly, BUT, I cannot use it. I cannot add any years onto my already existing retirement. I cannot rollover unused personal days or sick leave. There are many penalties.

If I was able to receive my husband's social security, I could retire. Because I can't, it is vital that I am able to continue to work in the field of my expertise.

I ask that you please consider my situation and vote in favor of the two bills that will allow me to continue as a retired/rehired educator.

Thank you,
Robin Edenshaw
P.O. Box 8284
Ketchikan, Alaska 99901
907-617-5078
Ketchikan Charter School

STATE OF ALASKA

DEPARTMENT OF LAW CRIMINAL DIVISION

**SARAH PALIN,
GOVERNOR**

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March 25, 2009

Honorable Linda Menard
Chair, Senate State Affairs Committee
Alaska State Legislature, Room 211
Juneau, AK 99801

Re: SB 126 – Extending repeal of Retire/Rehire Provisions

Dear Senator Menard:

The purpose of this letter is to support the passage of SB 126, which would extend the repeal of AS 39.35.120(b)(2) and AS 39.35.150(b) (the “retire/rehire” provision) until July 1, 2013. The three most experienced attorneys in the Department of Law – William (Mick) Hawley, Patrick Gullufsen and Richard Svobodny – are retired, rehired employees. Without the extension, their reemployment will end on July 1, 2009. At the present time, there are no other lawyers within the department capable of performing the service that each of these attorneys performs. Should the law sunset as planned, these attorneys may decide to stop working. The Department of Law cannot presently afford the risk of losing them.

Mick Hawley has been employed with the criminal division since 1968 and is the most experienced prosecutor working for the Department of Law. He is presently assigned to the Appellate Division and handles multiple complex appeals. For example, Mr. Hawley prevailed in the both Alaska appellate courts and Federal District Court in affirming the convictions of Jon Woodard, who was convicted in 1993 of a robbery/ homicide of a security guard at an Anchorage grocery store. The transcripts of the numerous trials and post conviction proceedings in this matter total over 10,000 pages. If Mr. Woodard seeks review in the Ninth Circuit Court of Appeals, it would take months for a newly assigned prosecutor to become familiar with the history of this case. Mr. Hawley is one of the very few people employed in the Department of Law who possesses historical knowledge of the evolution of Alaska’s current criminal code and rules of evidence. It is that type of experience which enabled him to convince the Alaska Supreme Court to rule that the state has criminal jurisdiction over an offender who commits a sexual assault on the state ferry while it is in Canadian waters. More recently, he successfully defended the legislature’s amendment of Evidence Rule 412. This breadth of knowledge enables Mr. Hawley to serve as an unmatched resource for trial attorneys as issues arise in mid-trial and to ensure that an appropriate record is made for appeal.

Patrick Gullufsen began his career as an assistant district attorney nearly 35 years ago. As early as the mid-1970's, it was clear that Mr. Gullufsen is an outstanding trial attorney. He has continued to develop those skills in the intervening 30 years, growing to become a trial attorney of legendary ability. He has twice served as the Juneau District Attorney, and has also served as the Deputy Attorney General for the criminal division. These experiences have provided him with full knowledge of the administrative processes of this department. However, it is in his current placement as the sole prosecutor for the Cold Case unit that Mr. Gullufsen is irreplaceable. He works closely with a specialized group of police officers in meticulously reviewing cold homicide cases to determine whether new evidence, scientific advances or further investigation are sufficient to support charging and prosecuting these crimes. He has had remarkable success in this endeavor. His position requires not only mastery of contemporary law, but also thorough knowledge of former law as it applied at the time of the crime and applies to sentencing. Mr. Gullufsen currently has several matters pending, including two massive cases which are set for the summer of 2009. The first is the trial of James Eacker, who is charged with murdering Ms. Toni Lister in Seward in 1982. The other is the trial of Kenneth Dion, who is charged with the 1994 murder of Ms. Bonnie Craig in Anchorage. The investigation and preparation for these trials has taken years, and while there may be one or two other attorneys who are experienced enough to handle cases of this magnitude, it is simply not realistic for another attorney to assume responsibility for these trials at this late date.

One attorney who possesses sufficient skill and historic knowledge to successfully prosecute cold cases is Richard Svobodny. However, Mr. Svobodny is also employed as a retired, rehired attorney, and is presently serving as the Acting Attorney General. Mr. Svobodny, who began working for the state in 1975, served 20 years as the Juneau district attorney. When Mr. Svobodny was appointed to the position of Deputy Attorney General, he immediately saw the need to provide training to the department's young lawyers, so that they will be prepared to move up in the ranks as they gain the experience to do so. He is an excellent administrator and is keenly aware of the need to motivate the best and the brightest attorneys to remain in public service. It is hoped that, when an Attorney General is appointed, Mr. Svobodny will return to his position as Deputy Attorney General. If he does not do so, there are few other candidates qualified for that position.


Like many government agencies, the Department of Law suffers from the generational hiatus of the 1990's, in which few young people chose careers in public service. This has resulted in an imbalance in our ranks. There are several older attorneys who fully intend to retire from the department when they have finished their service and many young attorneys who lack the experience to move into positions of leadership, but there are relatively few qualified attorneys in the mid-range. Furthermore, it is no secret that the salaries of public service lawyers have not kept pace with those of private practitioners, and therefore the turnover in younger attorneys seems to occur more frequently than in years past.

At the present time there is a hiring freeze in effect. However, even in the absence of that limitation, it is not likely that there are many attorneys in the state who are qualified to perform the duties that these lawyers are performing. It is therefore an understatement to say that if the Department loses these three very experienced attorneys, our ability to effectively provide quality services will be greatly compromised.

I urge you to pass SB 126 so that the Department may have four more years in which to prepare others to take the places of these outstanding public servants.

Sincerely,

RICHARD SVOBODNY
ACTING ATTORNEY GENERAL

By: 
Susan McLean
Acting Deputy Attorney General

cc: Members of Senate State Affairs Committee:
Senator Kevin Meyer, Vice-Chair
Senator Hollis French
Senator Albert Kookesh
Senator Joe Paskvan

Deborah Prator

From: Sen. Linda Menard
Sent: Tuesday, March 31, 2009 10:51 AM
To: Deborah Prator
Subject: FW: SB126 State Affairs Committee March 24

From: Hannah Ramiskey [mailto:ramiskey@kpunet.net]
Sent: Tuesday, March 24, 2009 9:51 PM
To: Sen. Linda Menard; Sen. Kevin Meyer; Sen. Hollis French; Sen. Albert Kookesh; Sen. Joe Paskvan; Sen. Bert Stedman
Subject: SB126 State Affairs Committee March 24

Dear Madame Chair and Members of the State Affairs Committee,

This morning I attended your hearing on four bills. Unfortunately, after waiting for almost three hours to speak (I arrived early), the time ran out and you did not proceed with discussion of SB126. I am hoping that I can again get away from work to attend on Thursday, but I am writing to you in case that is not possible.

The Ketchikan Charter School has two employees who work under the retiree-rehire provision. One is the school principal. Mr. Martin was the Superintendent in Ketchikan for seven years and was not retained by the current school board. As there are no other districts on our island, he retired. He was planning to apply for another Superintendent position out of state. The parents of the Ketchikan Charter School encouraged him to apply as their principal. The school had been run by several 'first year' administrators and was struggling with staff problems, parental management and poor morale. Now in his second year, the school is thriving. **On its SBA assessments the school has achieved a minimum of 80% proficient in every sub group-- White, Native, or Economically Disadvantaged-- all groups are succeeding.**

Mr. Martin collects his retirement and is placed on the lowest rung of the principal pay schedule. He will never rise on that ladder. He costs the school less money and provides a quality service. He has the experience to deal with a parent board, and has the talent to pull all the teachers and staff together to focus on student achievement. He has 100% support from his staff, students and parents. He does not gain in his retirement--that will remain static no matter how many years he works at the school.

The second employee is a reading specialist and trainer for the Spaulding Curriculum. She retired a couple of years ago when her husband had cancer and she could not work while taking care of him. Her husband has since died and the Ketchikan Charter School was able to convince her to come back to work for their school. All primary teachers and students are helped by her expertise everyday and that contributes to the school's excellent test scores. Any child who needs help catching up (special needs or new students) benefit directly from her help to the classroom teachers and aides).

Neither of these employees retired expressly to double dip. Both were forced by circumstance. Both are on the lowest rung of the pay scale, neither will advance their retirement for the future, and both are exceptionally competent.

The concern I heard today seemed to revolve around the issue of allowing younger, qualified teachers a chance to advance. I think that "qualified" is the important word. Certainly our children deserve the best that we can provide.

In smaller rural areas and in our smaller towns there are not **any**, let alone five, qualified applicants to replace either of these employees. Their skills were developed over many years of training. It is our plan that each will help to mentor a replacement before they retire again.

I would ask that you consider the positive aspects for smaller towns and districts that SB126 can provide. To ask these employees to now un-retire will mean less income for them and more costs to the state as their retirement

could rise to 10% more at the end of four years. These employees in the more isolated areas are much sought after and we should make the effort to keep the best we can for our children.

Finally, I would remind you that school districts are different than most other employers. Most districts have hired the best employees by March for the following school year. If the bill does pass, many of the best and brightest will have already been hired elsewhereand if it does not pass, the schools will be in a bind trying to find bodies to fill positions that were tough or impossible to fill with early notice. Other state positions are filled on a year round basis and it may not matter if the decision is left till late April.

I appreciate your dilemma ---there are several aspects to this bill. I would only ask that you consider the needs of many of the smaller districts in Alaska with declining population and very few qualified applicants for some very important positions.

Thank you for your time and service to the State of Alaska,

Hannah Ramiskey
428 Tower Rd
Ketchikan, AK 99901

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/27/09

FURTHER: Labor and Commerce
Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/2/09

State Affairs Committee considered SENATE BILL NO. 126

SB 126 REEMPLOYMENT OF RETIREES; EXEMPT SERVICE

"An Act amending the State Personnel Act to place in the exempt service the chief economist and state comptroller in the Department of Revenue and certain professional positions concerning oil and gas within the Department of Natural Resources; relating to reemployment of and benefits for or on behalf of reemployed retired teachers and public employees by providing for an effective date by amending the delayed effective date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001 and sec. 19, ch. 50, SLA 2005; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 126 (STA)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/> Same Title	
<input checked="" type="checkbox"/> New Title	
<hr/>	
HOUSE BILL:	
<input type="checkbox"/> Same Title	
<input type="checkbox"/> Technical Title Change	
<input type="checkbox"/> New Title w/ SCR # _____	

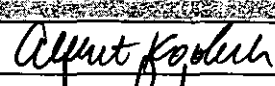


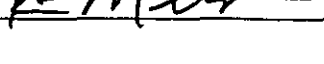

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet	Zero	FN#
Revenue	4/2/09		✓		4

PREVIOUS FISCAL NOTE

Department	Date	Fiscal	Indet	Zero	FN#
DNR	2/12/09			✓	1
Admin	2/13/09			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	KOOFER	X			
	PASKIAN	X			
	FRENCH	X			
	MEYER	X			
CHAIR: 	MENARD	✓			