

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2964

SB

24

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 2 2005

SENATE FINANCE COMMITTEE

DATE: 4/15/05

FURTHER:

DATE TURNED IN TO OFFICE: 3 May 2005

Finance Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24

SB 24 REEMPLOYMENT OF RETIREES

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

and recommends:

- be replaced with _____ CS SB 24 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:

- Same Title
- New Title

SCS House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
Statewide	5/2/05			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

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

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS GARY STEVENS, Davis, Elton

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to reemployment of and benefits for retired teachers and public
2 employees and to teachers or employees who participated in retirement incentive
3 programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and
4 9, ch. 58, SLA 2001; providing for an effective date by amending the delayed effective
5 date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001,
6 which is the delayed effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing
7 for an effective date."

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

9 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

11 FINDINGS AND INTENT. (a) The legislature finds that provisions of ch. 57, SLA
12 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003, that provide for the reemployment of certain
13 retired members of the teachers' and public employees' retirement systems provide a valuable

1 tool for school districts and public employers to manage workforce shortages, especially in
2 teaching positions and job classes that require specialized knowledge and skills.

3 (b) The legislature also finds that school districts and public employers must plan to
4 meet their future workforce needs without reliance on retired workers. In extending the
5 termination date of the reemployment provisions, it is the intent of the legislature to allow
6 school districts and public employers to continue to use this management tool, while
7 developing plans that address the knowledge, skills, and abilities that need to be transferred or
8 developed to assure the work can be accomplished when the reemployment provisions
9 terminate. It is the intent of the legislature that all participation in the retiree reemployment
10 provisions by employers and reemployed retirees will end on July 1, 2009, unless that date is
11 extended by law.

12 (c) The legislature also finds that there have been unintended consequences resulting
13 from implementation of the retiree reemployment provisions, including an increase in the
14 unfunded liability of the retirement systems and the failure to realize savings in the health
15 expenses of the retirement systems as a result of the practice of some employers of
16 withdrawing health and medical coverage for reemployed retirees. It is the intent of the
17 legislature that employers that benefit from the provisions of the retiree reemployment
18 provisions pay any increase in unfunded liability that results to the retirement systems and
19 that employers provide reemployed retirees with the same health and medical benefits
20 provided to other active employees.

21 * **Sec. 2.** AS 14.20.135 is amended by adding a new subsection to read:

22 (e) If a school district or regional educational attendance area hires a retired
23 teacher under this section and the retired teacher who has been rehired elects to
24 continue receiving benefit payments during the period of reemployment under
25 AS 14.25.043(b), the employer of a retired teacher who has been rehired under this
26 section shall provide health and medical benefits to the retired teacher who has been
27 rehired. If the retired teacher has been rehired as a full-time teacher, the teacher's
28 employer shall provide the same health and medical benefits to that teacher as the
29 employer provides to other full-time teachers, and the teacher may not receive
30 retirement medical benefits during the period of reemployment.

31 * **Sec. 3.** AS 14.25.043(a) is amended to read:

1 (a) If a retired member again becomes an active member, benefit payments
2 may not be made during the period of reemployment [UNLESS THE TEACHER
3 MAKES AN ELECTION UNDER (b) OR (c) OF THIS SECTION]. The retirement
4 benefit must be suspended for the entire school year if the teacher is reemployed as an
5 active teacher for a period equivalent to a year of service. During the period of
6 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050, AND] deductions
7 from the member's salary will be made in accordance with AS 14.25.050.

8 * Sec. 4. AS 14.25.043(b) is amended to read:

9 (b) A school district or regional educational attendance area that has adopted a
10 policy that permits the employment of retired teachers in accordance with
11 AS 14.20.135 shall notify the administrator that it is hiring retired teachers under
12 AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently
13 becomes an active member under a policy adopted in accordance with AS 14.20.135
14 may, within 30 days after the date of reemployment, elect to continue receiving benefit
15 payments during the period of reemployment by filing a waiver of coverage with the
16 administrator on a form provided by the administrator. An election under this
17 subsection waives coverage for the period of reemployment and is irrevocable during
18 the period of reemployment. The period of reemployment is considered to end
19 when this subsection is repealed or the person stops working, whichever occurs
20 first. A teacher hired to work as a full-time teacher who makes the election to
21 continue to receive benefit payments may not receive retirement medical benefits
22 during reemployment but, instead, shall be covered under the medical coverage
23 provided by the employer to active teachers. A teacher hired to work as a less
24 than full-time teacher who makes the election to continue to receive benefit
25 payments may continue to receive retirement medical benefits. Deductions from
26 the member's salary may not be made under AS 14.25.050 during the period of
27 reemployment, and the member may not receive credited service for the period of
28 reemployment. A member who participated in a retirement incentive program under
29 ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch.
30 92, SLA 1997, is not eligible to make an election under this subsection.

31 * Sec. 5. AS 14.25.043(e) is amended to read:

1 (e) A member who retired under AS 14.25.110(a) and participated in a
 2 retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA
 3 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who is subsequently reemployed as a
 4 commissioner and becomes an active member may, within 30 days of the date of
 5 reemployment, elect to continue receiving benefit payments during the period of
 6 reemployment by filing a waiver of coverage with the administrator on a form
 7 provided by the administrator. An election under this subsection waives coverage for
 8 the period of reemployment and is irrevocable during the period of reemployment.
 9 The period of reemployment is considered to end when this subsection is repealed
 10 or the person stops working, whichever occurs first. A commissioner hired to
 11 work as a full-time employee who makes the election to continue to receive
 12 benefit payments may not receive retirement medical benefits during
 13 reemployment but, instead, shall be covered under the medical coverage
 14 provided by the employer to active employees. A commissioner hired to work as
 15 a less than full-time employee who makes the election to continue to receive
 16 benefit payments may continue to receive retirement medical benefits.
 17 Deductions from the member's salary may not be made under AS 14.25.050 during the
 18 period of reemployment, and the member may not receive credited service for the
 19 period of reemployment. A member who makes an election under this subsection
 20 does not lose the incentive credit provided under the applicable retirement incentive
 21 plan and is not subject to any related reemployment indebtedness.

22 * Sec. 6. AS 14.25.070 is amended by adding a new subsection to read:

23 (b) Each employer of a retired teacher rehired under the authority of
 24 AS 14.20.135 shall make contributions to the unfunded liability of the system on
 25 behalf of that retired teacher at the rate that the employer is making contributions to
 26 the unfunded liability of the system for other teachers.

27 * Sec. 7. AS 39.35.150(b) is amended to read:

28 (b) A member who retired under AS 39.35.370(a) and subsequently becomes
 29 an active member may, within 30 days of the date of reemployment, elect to continue
 30 receiving benefit payments during the period of reemployment by filing an election
 31 with the administrator on a form provided by the administrator. An election under this

1 subsection waives coverage for the period of reemployment and is irrevocable during
 2 the period of reemployment. The period of reemployment is considered to end
 3 when this subsection is repealed or the person stops working, whichever occurs
 4 first. A member hired to work as a full-time employee who makes the election to
 5 continue to receive benefit payments may not receive retirement medical benefits
 6 during reemployment but, instead, shall be covered under the medical coverage
 7 provided by the employer to active employees. A member hired to work as a less
 8 than full-time employee who makes the election to continue to receive benefit
 9 payments may continue to receive retirement medical benefits. During the period
 10 of reemployment, deductions from the member's salary may not be made under
 11 AS 39.35.160 and the member may not receive credited service. A member who
 12 participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA
 13 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to
 14 make an election under this subsection unless the member is reemployed as a
 15 commissioner.

16 * Sec. 8. AS 39.35.150 is amended by adding new subsections to read:

17 (f) Notwithstanding (b) of this section, a member employed by a political
 18 subdivision or a public organization may not make the election provided in (b) of this
 19 section unless the member's employer has adopted a policy that permits the
 20 employment of retired employees in accordance with (g) of this section. The
 21 administrator shall accept the election of a member subject to this subsection if the
 22 governing body or the person with hiring authority for the political subdivision or
 23 public organization certifies that the appointment to the position being filled by the
 24 retired member was the result of the competitive hiring process required under (g) of
 25 this section.

26 (g) In accordance with this section, a political subdivision or a public
 27 organization that has or anticipates having a shortage of employees qualified for
 28 particular job classes may, by resolution, adopt a policy that permits the employment
 29 of employees who retired under AS 39.35.370(a), who have been separated from
 30 employment for at least 30 days, and who are qualified for particular job classes. The
 31 policy adopted by resolution must describe the circumstances that constitute the

1 shortage. The policy must require recruitment procedures similar to the procedure
 2 described in (h) of this section for any position filled by a retired employee under (f)
 3 of this section. If a shortage of qualified employees exists as described in the policy,
 4 the political subdivision or the public organization shall notify the administrator that it
 5 is hiring retired members under (f) of this section and shall provide a copy of the
 6 resolution and policy adopted by the resolution to the administrator of the public
 7 employees' retirement system (AS 39.35).

8 (h) Notwithstanding (b) of this section, an employer in the executive branch of
 9 state government may not allow a member hired to fill a position that requires
 10 recruitment to make the election provided in (b) of this section unless

11 (1) the employer conducted an initial recruitment for at least 15 days
 12 for the position to be filled by the member making an election under (b) of this section
 13 that resulted in fewer than five qualified, eligible, and available applicants, including
 14 the retired member; and

15 (2) the employer then conducted an additional recruitment and the
 16 additional recruitment resulted in fewer than five qualified, eligible, and available
 17 applicants, including the retired member; this additional recruitment period added to
 18 the initial recruitment period must be at least 30 days total.

19 * Sec. 9. AS 39.35.270 is amended by adding a new subsection to read:

20 (b) Each employer of a retired member rehired under the authority of
 21 AS 39.35.150(b) shall make contributions to the unfunded liability of the system on
 22 behalf of that retired member at the rate that the employer is making contributions to
 23 the unfunded liability of the system for that employer's other members.

24 * Sec. 10. Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is
 25 amended to read:

26 Sec. 12. AS 14.20.135, as amended by sec. 2 of this Act; AS 14.25.043(b),
 27 as amended by sec. 4 of this Act, 14.25.043(c), added by sec. 3, ch. 15, SLA 2003,
 28 and as amended by sec. 5 of this Act [OF THIS 2003 ACT]; AS 39.35.120(b)(2),
 29 39.35.150(b), as amended by sec. 4, ch. 15, SLA 2003, and by sec. 7 of this Act [OF
 30 THIS 2003 ACT], and 39.35.150(c) are repealed July 1, 2009 [2005].

31 * Sec. 11. The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001,

1 is amended to read:

2 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and
3 ending in 2010 [2006], the administrator of the teachers' retirement system and the
4 administrator of the public employees' retirement system shall report to the
5 legislature by the 30th day of the regular legislative session concerning the effect of
6 this Act, as amended, on the retirement systems. The administrator of the public
7 employees' retirement system shall include information in the report regarding
8 the efforts of employers in the executive branch to address the recruitment
9 difficulties in job classes in which retired members have been rehired.

10 * 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)
11 are repealed July 1, 2009.

12 * Sec. 13. Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

13 * Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 APPLICABILITY OF SECS. 2, 4, AND 5 OF THIS ACT TO RETIRED TEACHERS
16 MAKING AN ELECTION UNDER AS 14.25.043(b) OR (e) BEFORE JULY 1, 2005. (a) A
17 retired teacher who was rehired and made an election under AS 14.25.043(b) or (e) before
18 November 3, 2004, may continue to receive retirement benefits and medical benefits under
19 AS 14.25.043(b) or (e) from July 1, 2005, through December 31, 2006, if that teacher
20 continues to serve in the same position. However, on January 1, 2007, the period of
21 reemployment to which the teacher's original election under AS 14.25.043(b) or (e) applied is
22 considered terminated. If the teacher continues as an active teacher, that teacher may not
23 continue to receive benefit payments while working as an active teacher unless the employer
24 rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on
25 or after January 1, 2007.

26 (b) A retired teacher who was rehired and made an election under AS 14.25.043(b) or
27 (e) on or after November 3, 2004, may not continue to receive retirement benefits and medical
28 benefits under AS 14.25.043(b) or (e) after June 30, 2005. On July 1, 2005, the period of
29 reemployment to which the teacher's original election under AS 14.25.043(b) or (e) applied is
30 considered terminated. If the teacher continues as an active teacher, that teacher may not
31 continue to receive benefit payments while working as an active teacher unless the employer

1 rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on
2 or after July 1, 2005.

3 (c) This section does not apply to an employer who may be required to provide health
4 and medical benefits under AS 14.25.043(b), as amended by sec. 4 of this Act, regardless of
5 whether a teacher receives retirement medical benefits under this section.

6 * Sec. 15. The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **APPLICABILITY OF SECS. 7 AND 8 OF THIS ACT FOR RETIRED**
9 **EMPLOYEES MAKING AN ELECTION UNDER AS 39.35.150(b) OR (e) BEFORE JULY**

10 1, 2005. (a) A retired employee who was rehired and made an election under
11 AS 39.35.150(b) or (e) before November 3, 2004, may continue to receive retirement benefits
12 and medical benefits under AS 39.35.150(b) or (e) from July 1, 2005, through December 31,
13 2006, if that employee continues to serve in the same position. However, on January 1, 2007,
14 the period of reemployment to which the employee's original election under AS 39.35.150(b)
15 or (e) applied is considered terminated, and, as to that employee,

16 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
17 applies; and

18 (2) if the employee continues as an active member, that employee may not
19 continue to receive benefit payments unless the employer hires the employee as a result of the
20 competitive hiring process required by the applicable subsection of AS 39.35.150(f), (g), and
21 (h), added by sec. 8 of this Act, on or after January 1, 2007.

22 (b) A retired employee who was rehired and made an election under AS 39.35.150(b)
23 or (e) on or after November 3, 2004, may not continue to receive retirement benefits and
24 medical benefits under AS 39.35.150(b) or (e) after June 30, 2005. On July 1, 2005, the
25 period of reemployment to which the employee's original election under AS 39.35.150(b) or
26 (e) applied is considered terminated, and, as to that employee,

27 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
28 applies; and

29 (2) if the employee continues as an active member, that employee may not
30 continue to receive benefit payments while an active member unless the employer hires the
31 employee as a result of the competitive hiring process required by the applicable subsection of

1 AS 39.35. 50(f), (g), and (h), added by sec. 8 of this Act, on or after January 1, 2007.

2 (c) This section does not apply to an employer who may be required to provide health
3 and medical benefits under AS 39.35.150(b), as amended by sec. 7 of this Act, regardless of
4 whether a member receives retirement medical benefits under this section.

5 * Sec. 16. The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 **CONDITIONAL RETROACTIVITY.** If secs. 2, 4 - 10, and 13 of this Act take effect
8 after July 1, 2005, secs. 2, 4 - 10, and 13 of this Act are retroactive to July 1, 2005.

9 * Sec. 17. Section 15, ch. 57, SLA 2001, is amended to read:

10 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2009 [2005].

11 * Sec. 18. Section 13, ch. 58, SLA 2001, is repealed.

12 * Sec. 19. Section 3 of this Act takes effect July 1, 2009.

13 * Sec. 20. Sections 2, 4, 5, 7, and 8 of this Act take effect July 1, 2005.

14 * Sec. 21. Except as provided in secs. 19 and 20 of this Act, this Act takes effect
15 immediately under AS 01.10.070(c).

FISCAL NOTE

REPORTED OUT

MAY 2 2005

SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB024-DOA-RB-5-2-05
() Publish Date: 5/2/2005

Revision Date/Time (Note if correction): n: _____ Dept. Affected: Statewide
Title An act relating to reemployment of retired RDU Statewide
teachers and public employees... Component Statewide
Sponsor Sen. Gary Stevens
Requester Senate Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will extend the Retiree Return to Work Program (HB 242 2001) for retired teachers and public employees who have reemployed under the program prior to November 3, 2004 until July 1, 2006. Teachers or public employees who entered the program on or after November 3, 2004 but before June 30, 2005 will terminate in the prior program as of July 1, 2005 and must rehire under the new bill provisions.

For the Public Employees' and Teachers' Retirement Systems, the actuarial consultant has computed this legislation to have no effect on employer contribution rates until the number of members electing the waiver reaches 500 and 100 respectively. With the new sideboards provided by this bill, it is anticipated there will be fewer participants in the future. The bill also requires employers to make contributions to both systems based on the rehired retiree's wage at the rate prescribed by the actuary to pay the unfunded liability of the systems. This requirement will exceed any liability derived from the program and will act to further assist

Prepared by: Melanie Millhorn, Director Phone 465-4408
Division: Retirement and Benefits Date/Time 5/2/05 12:50 PM
Approved by: Mike Tibbles, Deputy Commissioner Date 5/2/2005
Agency: Department of Administration

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SB024-DOA-RB-5-2-05

ANALYSIS CONTINUATION

in the reduction of the underfunded status of the two retirement funds.

In the original version of the retiree rehire program some employers withdrew active health benefits to rehired retirees in order to further lower their personnel services costs. This resulted in a cost shift to the retiree health plan and a failure to realize the expected savings to the health expenses of the systems. This bill addresses this unintended consequence by requiring employers to provide the same health benefits to rehired retirees as are provided to active employees, thereby ensuring the expected savings are achieved.

AS 24.08.036 FISCAL NOTES ON BILLS AFFECTING STATE RETIREMENT SYSTEMS, requires an additional analysis of the long term and short term costs to the state if a bill is adopted, as well as the impact of the bill on the actuarial soundness of the funds. The annual cost is as indicated above.

SENATE FINANCE
COMMITTEE

Adopted
5/2/05

Amendment Number: #1
Bill Number: SB 24
Sponsor: Green Date: 5/2/05
Logged In By: Mindy

24-LS0211X.1
Craver
5/1/05

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSSSB24(FIN), Draft Version "X"

1 Page 7, line 13, through page 8, line 7:

2 Delete all material and insert:

3 "** Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 APPLICABILITY OF SECS. 2, 4, AND 5 OF THIS ACT TO RETIRED TEACHERS
6 MAKING AN ELECTION UNDER AS 14.25.043(b) OR (e) BEFORE JULY 1, 2005. (a) A
7 retired teacher who was rehired and made an election under AS 14.25.043(b) or (e) before
8 November 3, 2004, may continue to receive retirement benefits and medical benefits under
9 AS 14.25.043(b) or (e) from July 1, 2005, through December 31, 2006, if that teacher
10 continues to serve in the same position. However, on January 1, 2007, the period of
11 reemployment to which the teacher's original election under AS 14.25.043(b) or (e) applied is
12 considered terminated. If the teacher continues as an active teacher, that teacher may not
13 continue to receive benefit payments while working as an active teacher unless the employer
14 rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on
15 or after January 1, 2007.

16 (b) A retired teacher who was rehired and made an election under AS 14.25.043(b) or
17 (e) on or after November 3, 2004, may not continue to receive retirement benefits and medical
18 benefits under AS 14.25.043(b) or (e) after June 30, 2005. On July 1, 2005, the period of
19 reemployment to which the teacher's original election under AS 14.25.043(b) or (e) applied is
20 considered terminated. If the teacher continues as an active teacher, that teacher may not
21 continue to receive benefit payments while working as an active teacher unless the employer
22 rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on
23 or after July 1, 2005.

1 (c) This section does not apply to an employer who may be required to provide health
2 and medical benefits under AS 14.25.043(b), as amended by sec. 4 of this Act, regardless of
3 whether a teacher receives retirement medical benefits under this section.

4 * Sec. 15. The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY OF SEC. 7 OF THIS ACT FOR RETIRED EMPLOYEES
7 MAKING AN ELECTION UNDER AS 39.35.150(b) OR (e) BEFORE JULY 1, 2005. (a) A
8 retired employee who was rehired and made an election under AS 39.35.150(b) or (e) before
9 November 3, 2004, may continue to receive retirement benefits and medical benefits under
10 AS 39.35.150(b) or (e) from July 1, 2005, through December 31, 2006, if that employee
11 continues to serve in the same position. However, on January 1, 2007, the period of
12 reemployment to which the employee's original election under AS 39.35.150(b) or (e) applied
13 is considered terminated, and, as to that employee,

14 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
15 applies; and

16 (2) if the employee continues as an active member, that employee may not
17 continue to receive benefit payments unless the employer hires the employee as a result of the
18 competitive hiring process required by the applicable subsection of AS 39.35.150(f), (g), and
19 (h), added by sec. 8 of this Act, on or after January 1, 2007.

20 (b) A retired employee who was rehired and made an election under AS 39.35.150(b)
21 or (e) on or after November 3, 2004, may not continue to receive retirement benefits and
22 medical benefits under AS 39.35.150(b) or (e) after June 30, 2005. On July 1, 2005, the
23 period of reemployment to which the employee's original election under AS 39.35.150(b) or
24 (e) applied is considered terminated, and, as to that employee,

25 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
26 applies; and

27 (2) if the employee continues as an active member, that employee may not
28 continue to receive benefit payments while an active member unless the employer hires the
29 employee as a result of the competitive hiring process required by the applicable subsection of
30 AS 39.35.150(f), (g), and (h), added by sec. 8 of this Act, on or after January 1, 2007.

31 (c) This section does not apply to an employer who may be required to provide health

1 and medical benefits under AS 39.35.150(b), as amended by sec. 7 of this Act, regardless of
2 whether a member receives retirement medical benefits under this section."

3

4 Page 8, following line 15:

5 Insert a new bill section to read:

6 "** Sec. 20. Sections 2, 4, 5, and 7 of this Act take effect July 1, 2005."

7

8 Renumber the following bill sections accordingly.

9

10 Page 8, line 16:

11 Delete "sec. 19"

12 Insert "secs. 19 and 20"

SENATE FINANCE COMMITTEE
5/2/2005 COMMITTEE ACTION

Bill Number	SB 24		
Amendment	#1		
Motion	adpt		
<u>Motion by</u>	Wilken		
<u>Objection by</u>	Green		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson			
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION	Adopted		



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 2 May 2005 TIME: 3:00 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
CS SS SB 24 (FIN) 24-LS0211 X
Cramer 4/30/05
Plus 1 amendment: X.1

Thanks
Mindy

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS GARY STEVENS, Davis, Elton

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to reemployment of and benefits for retired teachers and public
2 employees and to teachers or employees who participated in retirement incentive
3 programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and
4 9, ch. 58, SLA 2001; providing for an effective date by amending the delayed effective
5 date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001,
6 which is the delayed effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing
7 for an effective date."

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

9 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

11 FINDINGS AND INTENT. (a) The legislature finds that provisions of ch. 57, SLA
12 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003, that provide for the reemployment of certain
13 retired members of the teachers' and public employees' retirement systems provide a valuable

1 tool for school districts and public employers to manage workforce shortages, especially in
2 teaching positions and job classes that require specialized knowledge and skills.

3 (b) The legislature also finds that school districts and public employers must plan to
4 meet their future workforce needs without reliance on retired workers. In extending the
5 termination date of the reemployment provisions, it is the intent of the legislature to allow
6 school districts and public employers to continue to use this management tool, while
7 developing plans that address the knowledge, skills, and abilities that need to be transferred or
8 developed to assure the work can be accomplished when the reemployment provisions
9 terminate. It is the intent of the legislature that all participation in the retiree reemployment
10 provisions by employers and reemployed retirees will end on July 1, 2009, unless that date is
11 extended by law.

12 (c) The legislature also finds that there have been unintended consequences resulting
13 from implementation of the retiree reemployment provisions, including an increase in the
14 unfunded liability of the retirement systems and the failure to realize savings in the health
15 expenses of the retirement systems as a result of the practice of some employers of
16 withdrawing health and medical coverage for reemployed retirees. It is the intent of the
17 legislature that employers that benefit from the provisions of the retiree reemployment
18 provisions pay any increase in unfunded liability that results to the retirement systems and
19 that employers provide reemployed retirees with the same health and medical benefits
20 provided to other active employees.

21 * Sec. 2. AS 14.20.135 is amended by adding a new subsection to read:

22 (e) If a school district or regional educational attendance area hires a retired
23 teacher under this section and the retired teacher who has been rehired elects to
24 continue receiving benefit payments during the period of reemployment under
25 AS 14.25.043(b), the employer of a retired teacher who has been rehired under this
26 section shall provide health and medical benefits to the retired teacher who has been
27 rehired. If the retired teacher has been rehired as a full-time teacher, the teacher's
28 employer shall provide the same health and medical benefits to that teacher as the
29 employer provides other full-time teachers, and the teacher may not receive
30 retirement medical benefits during the period of reemployment.

31 * Sec. 3. AS 14.25.043(a) is amended to read:

1 (a) If a retired member again becomes an active member, benefit payments
 2 may not be made during the period of reemployment [UNLESS THE TEACHER
 3 MAKES AN ELECTION UNDER (b) OR (c) OF THIS SECTION]. The retirement
 4 benefit must be suspended for the entire school year if the teacher is reemployed as an
 5 active teacher for a period equivalent to a year of service. During the period of
 6 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050, AND] deductions
 7 from the member's salary will be made in accordance with AS 14.25.050.

8 * Sec. 4. AS 14.25.043(b) is amended to read:

9 (b) A school district or regional educational attendance area that has adopted a
 10 policy that permits the employment of retired teachers in accordance with
 11 AS 14.20.135 shall notify the administrator that it is hiring retired teachers under
 12 AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently
 13 becomes an active member under a policy adopted in accordance with AS 14.20.135
 14 may, within 30 days after the date of reemployment, elect to continue receiving benefit
 15 payments during the period of reemployment by filing a waiver of coverage with the
 16 administrator on a form provided by the administrator. An election under this
 17 subsection waives coverage for the period of reemployment and is irrevocable during
 18 the period of reemployment. The period of reemployment is considered to end
 19 when this subsection is repealed or the person stops working, whichever occurs
 20 first. A teacher hired to work as a full-time teacher who makes the election to
 21 continue to receive benefit payments may not receive retirement medical benefits
 22 during reemployment but, instead, shall be covered under the medical coverage
 23 provided by the employer to active teachers. A teacher hired to work as a less
 24 than full-time teacher who makes the election to continue to receive benefit
 25 payments may continue to receive retirement medical benefits. Deductions from
 26 the member's salary may not be made under AS 14.25.050 during the period of
 27 reemployment, and the member may not receive credited service for the period of
 28 reemployment. A member who participated in a retirement incentive program under
 29 ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch.
 30 92, SLA 1997, is not eligible to make an election under this subsection.

31 * Sec. 5. AS 14.25.043(c) is amended to read:

1 (e) A member who retired under AS 14.25.110(a) and participated in a
 2 retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA
 3 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who is subsequently reemployed as a
 4 commissioner and becomes an active member may, within 30 days of the date of
 5 reemployment, elect to continue receiving benefit payments during the period of
 6 reemployment by filing a waiver of coverage with the administrator on a form
 7 provided by the administrator. An election under this subsection waives coverage for
 8 the period of reemployment and is irrevocable during the period of reemployment.
 9 The period of reemployment is considered to end when this subsection is repealed
 10 or the person stops working, whichever occurs first. A commissioner hired to
 11 work as a full-time employee who makes the election to continue to receive
 12 benefit payments may not receive retirement medical benefits during
 13 reemployment but, instead, shall be covered under the medical coverage
 14 provided by the employer to active employees. A commissioner hired to work as
 15 a less than full-time employee who makes the election to continue to receive
 16 benefit payments may continue to receive retirement medical benefits.
 17 Deductions from the member's salary may not be made under AS 14.25.050 during the
 18 period of reemployment, and the member may not receive credited service for the
 19 period of reemployment. A member who makes an election under this subsection
 20 does not lose the incentive credit provided under the applicable retirement incentive
 21 plan and is not subject to any related reemployment indebtedness.

22 * Sec. 6. AS 14.25.070 is amended by adding a new subsection to read:

23 (b) Each employer of a retired teacher rehired under the authority of
 24 AS 14.20.135 shall make contributions to the unfunded liability of the system on
 25 behalf of that retired teacher at the rate that the employer is making contributions to
 26 the unfunded liability of the system for other teachers.

27 * Sec. 7. AS 39.35.150(b) is amended to read:

28 (b) A member who retired under AS 39.35.370(a) and subsequently becomes
 29 an active member may, within 30 days of the date of reemployment, elect to continue
 30 receiving benefit payments during the period of reemployment by filing an election
 31 with the administrator on a form provided by the administrator. An election under this

1 subsection waives coverage for the period of reemployment and is irrevocable during
 2 the period of reemployment. The period of reemployment is considered to end
 3 when this subsection is repealed or the person stops working, whichever occurs
 4 first. A member hired to work as a full-time employee who makes the election to
 5 continue to receive benefit payments may not receive retirement medical benefits
 6 during reemployment but, instead, shall be covered under the medical coverage
 7 provided by the employer to active employees. A member hired to work as a less
 8 than full-time employee who makes the election to continue to receive benefit
 9 payments may continue to receive retirement medical benefits. During the period
 10 of reemployment, deductions from the member's salary may not be made under
 11 AS 39.35.160 and the member may not receive credited service. A member who
 12 participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA
 13 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to
 14 make an election under this subsection unless the member is reemployed as a
 15 commissioner.

16 * Sec. 8. AS 39.35.150 is amended by adding new subsections to read:

17 (f) Notwithstanding (b) of this section, a member employed by a political
 18 subdivision or a public organization may not make the election provided in (b) of this
 19 section unless the member's employer has adopted a policy that permits the
 20 employment of retired employees in accordance with (g) of this section. The
 21 administrator shall accept the election of a member subject to this subsection if the
 22 governing body or the person with hiring authority for the political subdivision or
 23 public organization certifies that the appointment to the position being filled by the
 24 retired member was the result of the competitive hiring process required under (g) of
 25 this section.

26 (g) In accordance with this section, a political subdivision or a public
 27 organization that has or anticipates having a shortage of employees qualified for
 28 particular job classes may, by resolution, adopt a policy that permits the employment
 29 of employees who retired under AS 39.35.370(a), who have been separated from
 30 employment for at least 30 days, and who are qualified for particular job classes. The
 31 policy adopted by resolution must describe the circumstances that constitute the

1 shortage. The policy must require recruitment procedures similar to the procedure
 2 described in (h) of this section for any position filled by a retired employee under (f)
 3 of this section. If a shortage of qualified employees exists as described in the policy,
 4 the political subdivision or the public organization shall notify the administrator that it
 5 is hiring retired members under (f) of this section and shall provide a copy of the
 6 resolution and policy adopted by the resolution to the administrator of the public
 7 employees' retirement system (AS 39.35).

8 (h) Notwithstanding (b) of this section, an employer in the executive branch of
 9 state government may not allow a member hired to fill a position that requires
 10 recruitment to make the election provided in (b) of this section unless

11 (1) the employer conducted an initial recruitment for at least 15 days
 12 for the position to be filled by the member making an election under (b) of this section
 13 that resulted in fewer than five qualified, eligible, and available applicants, including
 14 the retired member; and

15 (2) the employer then conducted an additional recruitment and the
 16 additional recruitment resulted in fewer than five qualified, eligible, and available
 17 applicants, including the retired member; this additional recruitment period added to
 18 the initial recruitment period must be at least 30 days total.

19 * **Sec. 9.** AS 39.35.270 is amended by adding a new subsection to read:

20 (b) Each employer of a retired member rehired under the authority of
 21 AS 39.35.150(b) shall make contributions to the unfunded liability of the system on
 22 behalf of that retired member at the rate that the employer is making contributions to
 23 the unfunded liability of the system for that employer's other members.

24 * **Sec. 10.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is
 25 amended to read:

26 Sec. 12. AS 14.20.135, as amended by sec. 2 of this Act; AS 14.25.043(b),
 27 as amended by sec. 4 of this Act, 14.25.043(e), added by sec. 3, ch. 15, SLA 2003,
 28 and as amended by sec. 5 of this Act [OF THIS 2003 ACT]; AS 39.35.120(b)(2),
 29 39.35.150(b), as amended by sec. 4, ch. 15, SLA 2003, and by sec. 7 of this Act [OF
 30 THIS 2003 ACT], and 39.35.150(c) are repealed July 1, 2009 [2005].

31 * **Sec. 11.** The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001,

1 is amended to read:

2 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and
3 ending in 2010 [2006], the administrator of the teachers' retirement system and the
4 administrator of the public employees' retirement system shall report to the
5 legislature by the 30th day of the regular legislative session concerning the effect of
6 this Act, as amended, on the retirement systems. The administrator of the public
7 employees' retirement system shall include information in the report regarding
8 the efforts of employers in the executive branch to address the recruitment
9 difficulties in job classes in which retired members have been rehired.

10 * 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)
11 are repealed July 1, 2009.

12 * Sec. 13. Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

13 * Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 APPLICABILITY OF SECS. 2, 4, AND 5 OF THIS ACT TO RETIRED TEACHERS
16 MAKING AN ELECTION UNDER AS 14.25.043(b) OR (c) BEFORE JULY 1, 2005. (a) A
17 retired teacher who was rehired and made an election under AS 14.25.043(b) or (c) before
18 November 3, 2004, may continue to receive retirement benefits and medical benefits under
19 AS 14.25.043(b) or (c) from July 1, 2005, through December 31, 2006, if that teacher
20 continues to serve in the same position. However, on January 1, 2007, the period of
21 reemployment to which the teacher's original election under AS 14.25.043(b) or (c) applied is
22 considered terminated. If the teacher continues as an active teacher, that teacher may not
23 continue to receive benefit payments while working as an active teacher unless the employer
24 rehires the teacher under AS 14.25.043(b) or (c), as amended by secs. 4 and 5 of this Act, on
25 or after January 1, 2007.

26 (b) A retired teacher who was rehired and made an election under AS 14.25.043(b) or
27 (c) on or after November 3, 2004, may not continue to receive retirement benefits and medical
28 benefits under AS 14.25.043(b) or (c) after June 30, 2005. On July 1, 2005, the period of
29 reemployment to which the teacher's original election under AS 14.25.043(b) or (c) applied is
30 considered terminated. If the teacher continues as an active teacher, that teacher may not
31 continue to receive benefit payments while working as an active teacher unless the employer

Amendment
#1

1 rehires the teacher under AS 14.25.043(b) or (e), as amended by secs. 4 and 5 of this Act, on
2 or after July 1, 2005. #1

3 (c) This section does not apply to an employer who may be required to provide health
4 and medical benefits under AS 14.25.043(b), as amended by sec. 4 of this Act, regardless of
5 whether a teacher receives retirement medical benefits under this section.

6 * Sec. 15. The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 APPLICABILITY OF SECS. 7 AND 8 OF THIS ACT FOR RETIRED
9 EMPLOYEES MAKING AN ELECTION UNDER AS 39.35.150(b) OR (e) BEFORE JULY
10 1, 2005. (a) A retired employee who was rehired and made an election under
11 AS 39.35.150(b) or (e) before November 3, 2004, may continue to receive retirement benefits
12 and medical benefits under AS 39.35.150(b) or (e) from July 1, 2005, through December 31,
13 2006, if that employee continues to serve in the same position. However, on January 1, 2007,
14 the period of reemployment to which the employee's original election under AS 39.35.150(b)
15 or (e) applied is considered terminated, and, as to that employee,

16 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
17 applies; and

18 (2) if the employee continues as an active member, that employee may not
19 continue to receive benefit payments unless the employer hires the employee as a result of the
20 competitive hiring process required by the applicable subsection of AS 39.35.150(f), (g), and
21 (h), added by sec. 8 of this Act, on or after January 1, 2007.

22 (b) A retired employee who was rehired and made an election under AS 39.35.150(b)
23 or (e) on or after November 3, 2004, may not continue to receive retirement benefits and
24 medical benefits under AS 39.35.150(b) or (e) after June 30, 2005. On July 1, 2005, the
25 period of reemployment to which the employee's original election under AS 39.35.150(b) or
26 (e) applied is considered terminated, and, as to that employee,

27 (1) AS 39.35.150(b), as amended by sec. 7 of this Act, or AS 39.35.150(e)
28 applies; and

29 (2) if the employee continues as an active member, that employee may not
30 continue to receive benefit payments while an active member unless the employer hires the
31 employee as a result of the competitive hiring process required by the applicable subsection of

1 AS 39.35.150(f), (g), and (h), added by sec. 8 of this Act, on or after January 1, 2007.

2 (c) This section does not apply to an employer who may be required to provide health
3 and medical benefits under AS 39.35.150(b), as amended by sec. 7 of this Act, regardless of
4 whether a member receives retirement medical benefits under this section.

5 * Sec. 16. The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 **CONDITIONAL RETROACTIVITY.** If secs. 2, 4 - 10, and 13 of this Act take effect
8 after July 1, 2005, secs. 2, 4 - 10, and 13 of this Act are retroactive to July 1, 2005.

9 * Sec. 17. Section 15, ch. 57, SLA 2001, is amended to read:

10 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2009 [2005].

11 * Sec. 18. Section 13, ch. 58, SLA 2001, is repealed.

12 * Sec. 19. Section 3 of this Act takes effect July 1, 009.

13 * Sec. 20. Sections 2, 4, 5, 7, and 8 of this Act take effect July 1, 2005.

14 * Sec. 21. Except as provided in secs. 19 and 20 of this Act, this Act takes effect
15 immediately under AS 01.10.070(c).

Necessary Technical change - per Kim C.
per Legal

Adopted 5/1/05

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-LS0211X
Craver
4/30/05

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 24(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS GARY STEVENS, Davis, Elton

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to reemployment of and benefits for retired teachers and public
2 employees and to teachers or employees who participated in retirement incentive
3 programs and are subsequently reemployed as a commissioner; repealing secs. 5, 7, and
4 9, ch. 58, SLA 2001; providing for an effective date by amending the delayed effective
5 date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and repealing sec. 13, ch. 58, SLA 2001,
6 which is the delayed effective date for secs. 5, 7, and 9, ch. 58, SLA 2001; and providing
7 for an effective date."

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

9 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

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12 2001, ch. 58, SLA 2001, and ch. 15, SLA 2003, that provide for the reemployment of certain
13 retired members of the teachers' and public employees' retirement systems provide a valuable

1 tool for school districts and public employers to manage workforce shortages, especially in
2 teaching positions and job classes that require specialized knowledge and skills.

3 (b) The legislature also finds that school districts and public employers must plan to
4 meet their future workforce needs without reliance on retired workers. In extending the
5 termination date of the reemployment provisions, it is the intent of the legislature to allow
6 school districts and public employers to continue to use this management tool, while
7 developing plans that address the knowledge, skills, and abilities that need to be transferred or
8 developed to assure the work can be accomplished when the reemployment provisions
9 terminate. It is the intent of the legislature that all participation in the retiree reemployment
10 provisions by employers and reemployed retirees will end on July 1, 2009, unless that date is
11 extended by law.

12 (c) The legislature also finds that there have been unintended consequences resulting
13 from implementation of the retiree reemployment provisions, including an increase in the
14 unfunded liability of the retirement systems and the failure to realize savings in the health
15 expenses of the retirement systems as a result of the practice of some employers of
16 withdrawing health and medical coverage for reemployed retirees. It is the intent of the
17 legislature that employers that benefit from the provisions of the retiree reemployment
18 provisions pay any increase in unfunded liability that results to the retirement systems and
19 that employers provide reemployed retirees with the same health and medical benefits
20 provided to other active employees.

21 * Sec. 2. AS 14.20.135 is amended by adding a new subsection to read:

22 (e) If a school district or regional educational attendance area hires a retired
23 teacher under this section and the retired teacher who has been rehired elects to
24 continue receiving benefit payments during the period of reemployment under
25 AS 14.25.043(b), the employer of a retired teacher who has been rehired under this
26 section shall provide health and medical benefits to the retired teacher who has been
27 rehired. If the retired teacher has been rehired as a full-time teacher, the teacher's
28 employer shall provide the same health and medical benefits to that teacher as the
29 employer provides to other full-time teachers, and the teacher may not receive
30 retirement medical benefits during the period of reemployment.

31 * Sec. 3. AS 14.25.043(a) is amended to read:

1 (a) If a retired member again becomes an active member, benefit payments
2 may not be made during the period of reemployment [UNLESS THE TEACHER
3 MAKES AN ELECTION UNDER (b) OR (c) OF THIS SECTION]. The retirement
4 benefit must be suspended for the entire school year if the teacher is reemployed as an
5 active teacher for a period equivalent to a year of service. During the period of
6 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050, AND] deductions
7 from the member's salary will be made in accordance with AS 14.25.050.

8 * Sec. 4. AS 14.25.043(b) is amended to read:

9 (b) A school district or regional educational attendance area that has adopted a
10 policy that permits the employment of retired teachers in accordance with
11 AS 14.20.135 shall notify the administrator that it is hiring retired teachers under
12 AS 14.20.135. A teacher who retired under AS 14.25.110(a) and subsequently
13 becomes an active member under a policy adopted in accordance with AS 14.20.135
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15 payments during the period of reemployment by filing a waiver of coverage with the
16 administrator on a form provided by the administrator. An election under this
17 subsection waives coverage for the period of reemployment and is irrevocable during
18 the period of reemployment. The period of reemployment is considered to end
19 when this subsection is repealed or the person stops working, whichever occurs
20 first. A teacher hired to work as a full-time teacher who makes the election to
21 continue to receive benefit payments may not receive retirement medical benefits
22 during reemployment but, instead, shall be covered under the medical coverage
23 provided by the employer to active teachers. A teacher hired to work as a less
24 than full-time teacher who makes the election to continue to receive benefit
25 payments may continue to receive retirement medical benefits. Deductions from
26 the member's salary may not be made under AS 14.25.050 during the period of
27 reemployment, and the member may not receive credited service for the period of
28 reemployment. A member who participated in a retirement incentive program under
29 ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch.
30 92, SLA 1997, is not eligible to make an election under this subsection.

31 * Sec. 5. AS 14.25.043(e) is amended to read:

1 (c) A member who retired under AS 14.25.110(a) and participated in a
2 retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA
3 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, who is subsequently reemployed as a
4 commissioner and becomes an active member may, within 30 days of the date of
5 reemployment, elect to continue receiving benefit payments during the period of
6 reemployment by filing a waiver of coverage with the administrator on a form
7 provided by the administrator. An election under this subsection waives coverage for
8 the period of reemployment and is irrevocable during the period of reemployment.
9 The period of reemployment is considered to end when this subsection is repealed
10 or the person stops working, whichever occurs first. A commissioner hired to
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17 Deductions from the member's salary may not be made under AS 14.25.050 during the
18 period of reemployment, and the member may not receive credited service for the
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21 plan and is not subject to any related reemployment indebtedness.

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23 (b) Each employer of a retired teacher rehired under the authority of
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25 behalf of that retired teacher at the rate that the employer is making contributions to
26 the unfunded liability of the system for other teachers.

27 * Sec. 7. AS 39.35.150(b) is amended to read:

28 (b) A member who retired under AS 39.35.370(a) and subsequently becomes
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8 than full-time employee who makes the election to continue to receive benefit
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10 of reemployment, deductions from the member's salary may not be made under
11 AS 39.35.160 and the member may not receive credited service. A member who
12 participated in a retirement incentive program under ch. 26, SLA 1986; ch. 89, SLA
13 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA 1997, is not eligible to
14 make an election under this subsection unless the member is reemployed as a
15 commissioner.

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18 subdivision or a public organization may not make the election provided in (b) of this
19 section unless the member's employer has adopted a policy that permits the
20 employment of retired employees in accordance with (g) of this section. The
21 administrator shall accept the election of a member subject to this subsection if the
22 governing body or the person with hiring authority for the political subdivision or
23 public organization certifies that the appointment to the position being filled by the
24 retired member was the result of the competitive hiring process required under (g) of
25 this section.

26 (g) In accordance with this section, a political subdivision or a public
27 organization that has or anticipates having a shortage of employees qualified for
28 particular job classes may, by resolution, adopt a policy that permits the employment
29 of employees who retired under AS 39.35.370(a), who have been separated from
30 employment for at least 30 days, and who are qualified for particular job classes. The
31 policy adopted by resolution must describe the circumstances that constitute the

1 shortage. The policy must require recruitment procedures similar to the procedure
2 described in (h) of this section for any position filled by a retired employee under (f)
3 of this section. If a shortage of qualified employees exists as described in the policy,
4 the political subdivision or the public organization shall notify the administrator that it
5 is hiring retired members under (f) of this section and shall provide a copy of the
6 resolution and policy adopted by the resolution to the administrator of the public
7 employees' retirement system (AS 39.35).

8 (h) Notwithstanding (b) of this section, an employer in the executive branch of
9 state government may not allow a member hired to fill a position that requires
10 recruitment to make the election provided in (b) of this section unless

11 (1) the employer conducted an initial recruitment for at least 15 days
12 for the position to be filled by the member making an election under (b) of this section
13 that resulted in fewer than five qualified, eligible, and available applicants, including
14 the retired member; and

15 (2) the employer then conducted an additional recruitment and the
16 additional recruitment resulted in fewer than five qualified, eligible, and available
17 applicants, including the retired member; this additional recruitment period added to
18 the initial recruitment period must be at least 30 days total.

19 * Sec. 9. AS 39.35.270 is amended by adding a new subsection to read:

20 (b) Each employer of a retired member rehired under the authority of
21 AS 39.35.150(b) shall make contributions to the unfunded liability of the system on
22 behalf of that retired member at the rate that the employer is making contributions to
23 the unfunded liability of the system for that employer's other members.

24 * Sec. 10. Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, is
25 amended to read:

26 Sec. 12. AS 14.20.135, as amended by sec. 2 of this Act; AS 14.25.043(b),
27 as amended by sec. 4 of this Act, 14.25.043(e), added by sec. 3, ch. 15, SLA 2003,
28 and as amended by sec. 5 of this Act [OF THIS 2003 ACT]; AS 39.35.120(b)(2),
29 39.35.150(b), as amended by sec. 4, ch. 15, SLA 2003, and by sec. 7 of this Act [OF
30 THIS 2003 ACT], and 39.35.150(c) are repealed July 1, 2009 [2005].

31 * Sec. 11. The uncodified law of the State of Alaska enacted in sec. 13, ch. 57, SLA 2001,

1 is amended to read:

2 Sec. 13. REPORT TO LEGISLATURE. Annually, beginning in 2002 and
3 ending in 2010 [2006], the administrator of the teachers' retirement system and the
4 administrator of the public employees' retirement system shall report to the
5 legislature by the 30th day of the regular legislative session concerning the effect of
6 this Act, as amended, on the retirement systems. The administrator of the public
7 employees' retirement system shall include information in the report regarding
8 the efforts of employers in the executive branch to address the recruitment
9 difficulties in job classes in which retired members have been rehired.

10 * 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)
11 are repealed July 1, 2009.

12 * Sec. 13. Sections 5, 7, and 9, ch. 58, SLA 2001, are repealed.

13 * Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 WAIVER OF APPLICABILITY OF SECS. 2, 4, AND 5 OF THIS ACT TO
16 RETIRED TEACHERS WHO MADE AN ELECTION UNDER AS 14.25.043(b) OR (c)
17 BEFORE NOVEMBER 3, 2004, AND CONDITIONS APPLICABLE TO SERVICE FROM
18 JULY 1, 2005, THROUGH DECEMBER 31, 2006. From July 1, 2005, through
19 December 31, 2006, the amendments made to AS 14.20.135 and AS 14.25.043 by secs. 2, 4,
20 and 5 of this Act do not apply to a retired member who was rehired and made an election
21 under AS 14.25.043(b) or (c) before November 3, 2004, if that person continues to serve in
22 the same position. This section applies, notwithstanding the requirement of AS 14.25.043(a)
23 that the suspension of retirement benefits expires at the end of a school year. However, this
24 section does not apply to employers who are required to provide health and medical benefits
25 under AS 14.20.135(e), added by sec. 2 of this Act, regardless of whether a teacher receives
26 retirement medical benefits under this section.

27 * Sec. 15. The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 WAIVER OF APPLICABILITY OF SEC. 7 OF THIS ACT FOR RETIRED
30 EMPLOYEES WHO MADE AN ELECTION UNDER AS 39.35.150(b) OR (c) BEFORE
31 NOVEMBER 3, 2004, AND CONDITIONS APPLICABLE TO SERVICE FROM JULY 1,

1 2005, THROUGH DECEMBER 31, 2006. From July 1, 2005, through December 31, 2006,
2 the amendment made to AS 39.35.150(b) by sec. 7 of this Act does not apply to a retired
3 employee who was rehired and made an election under AS 39.35.150(b) or (c) before
4 November 3, 2004, if that person continues to serve in the same position. However, this
5 section does not apply to employers who are required to provide health and medical benefits
6 under AS 39.35.150(b), as amended by sec. 7 of this Act, regardless of whether a member
7 receives retirement medical benefits under this section.

8 * Sec. 16. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 CONDITIONAL RETROACTIVITY. If secs. 2 and 4 - 10 of this Act take effect after
11 July 1, 2005, secs. 2 and 4 - 10 of this Act are retroactive to July 1, 2005.

12 * Sec. 17. Section 15, ch. 57, SLA 2001, is amended to read:

13 Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, 2009 [2005].

14 * Sec. 18. Section 13, ch. 58, SLA 2001, is repealed.

15 * Sec. 19. Section 3 of this Act takes effect July 1, 2009.

16 * Sec. 20. Except as provided in sec. 19 of this Act, this Act takes effect immediately under
17 AS 01.10.070(c).

SENATE FINANCE COMMITTEE
5/1 / 2005 COMMITTEE ACTION

Bill Number	SB 24		
Amendment	CS "X"		
Motion	adopt		
<i>Motion by</i>	Wilken		
<i>Objection by</i>	Green		
<i>Removed</i>	✓		
<i>Second Objection by</i>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION	adopted		

CS SB24(FIN)

Summary of Provisions

Amends AS 14.25.043(b), AS 14.25.043(e) and AS 39.35.150(b) (Sections 4, 5 and 7)
Clarifies that the period of reemployment for rehired retirees is considered to end when the authorizing statutes are repealed or when the individual separates from service, whichever occurs first.

Insert new sections AS 14.20.135(e) and amends AS 14.25.043(b), AS 14.25.043(e) and AS 39.35.150(b) (Sections 2, 4, 5 and 7)

Requires a PERS or TRS employer to provide the same health insurance to a retiree that is rehired into a full-time position as provided to all other full-time members.

Also requires a retired member to suspend their retirement health coverage if returning to work in a full-time position.

Provision will restrict an employer from achieving a cost savings by shifting health care costs from the employer's active health insurance to the retirement system.

Amends bill language in AS 14.25.070 and AS 39.35.270 (Sections 6 and 9)

Requires employers to contribute to the retirement system for rehired retirees at the same past service rate they contribute to the unfunded liability of the system for other members.

Provision will ensure there is no additional cost to the system.

Insert new section AS 39.35.150(f) and (g) (Section 8)

Requires political subdivisions or public organizations to adopt a policy by resolution prior to rehiring retired members. Policy must include a period of separation from employment for at least 30 days for retirees and a description of the circumstances that constitute the shortage of employees qualified for particular job classes. Policy must also require a competitive recruitment similar to what is required for the executive branch of state government under AS 39.35.150(h)

Insert new section AS 39.35.150(h) (Section 8)

Requires the State of Alaska and other PERS employers (political subdivisions or public organizations) to recruit for a minimum 30 days and result in an applicant pool of fewer than five qualified, eligible, and available applicants.

Amends uncodified law enacted in Section 13, ch. 57, SLA 2001

Requires the administrator of the PERS system to include information in the annual report to the Legislature regarding the efforts of employers in the executive branch to address the recruitment difficulties in job classes in which retired members have been rehired.

Adds additional uncodified law (Sections 14 and 15)

Notwithstanding the sunset of the program June 30, 2005, those individuals who were rehired prior to November 3, 2004 are authorized to continue to receive their retirement benefits until December 31, 2006 or until they separate from service. However, if a retiree was rehired on a full-time basis prior to November 3, 2004 and the employer failed to provide active health insurance, the employee is not authorized to continue to receive retirement health insurance as their primary coverage. All employers will be required to provide their full-time rehired employees health and medical benefits offered to their other employees.

Individuals who were rehired after November 3, 2004 will be required to comply with all the requirements established in this act.

Amends sunset date in Section 15, ch. 57, SLA 2001 (Section 17)

Authorizes the rehire of retirees as long as they meet all the requirements in this act until July 1, 2009. Unless extended by law, all individuals rehired who elect to continue receiving retirement benefits, must by July 1, 2009 (1) decide to continue working, accrue additional benefits, resume paying into the system and suspend their retirement benefits or (2) separate from service and continue to receive their retirement benefits.

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925

Senator Gary Stevens
Alaska State Legislature

INTERIM ADDRESS:
112 Mill Bay Road
Kodiak, Alaska 99615
(907) 486-4925
Fax: (907) 486-5264

Sponsor Statement
CS SS SB 24(STA)

"An Act relating to reemployment of and benefits for retired teachers and public employees and to teachers or employees who participated in retirement incentive programs and are subsequently reemployed as a commissioner; and providing for an effective date."

CS SS SB 24 (STA) would extend for one year a program that was established under a program authorized by HB 242 in 2001 that allows retired teachers and public employees that retired under normal retirement or those individuals that retired under the Retirement Incentive Program (RIP) and are subsequently reemployed as a commissioner; to return to the workforce without foregoing their retirement benefit payments during their period of return. In addition, it mandates that employers who have hired a retiree under the program must offer health insurance and the employee no longer receives medical coverage from the retirement system. It also requires the employer to pay past service contributions to the retirement system for rehires at the same rate as for all other employees.

This legislation will provide a management tool to assist Alaska's public employers who are having difficulty filling vacancies. It will also enable employers to develop plans that address the knowledge, skills, and abilities that need to be transferred or developed to assure the work can be accomplished when the reemployment provisions sunset on July 1, 2006.

I urge you to support this legislation.

Updated 4/18/05



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Senator Gary Stevens
Current Version: CS SS SB 24 (STA)
Contact: Katrina Matheny, 465-4713

Fact Sheet for: Senate Bill 24

Short Title: REEMPLOYMENT OF RETIREES

Summary:

- Allows state employees who are working as of July 1, 2005 under a program authorized by House Bill 242 in 2001 to continue to receive retirement pay for one year, then ends retirement payments while employed.
- Mandates that employers who have hired a retiree under the program must offer health insurance and that the employee no longer receives medical coverage from the retirement system.
- Requires an employer to pay past service contribution to the retirement system for rehires at the same rate as for all other employees.
- Repeals duplicate sections inadvertently included in previous legislation.

Benefits:

- Gives employees hired under HB 242 one year to transition before losing retirement pay.
- Gives employers a year to transition the existing workforce to meet demand when re-employment provisions sunset.
- Reduces state costs by eliminating retirement system medical coverage and by requiring the employer to pay past service contribution to the retirement system for rehires at the same rate as for all other employees.

Background:

- HB 242, passed in 2001, allowed retired teachers hired under the "teacher shortage" program (AS 14.20.135) and public employees who retired under normal retirement to return to work and continue to receive both retirement pay and a salary.



Frank H. Murkowski
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 08, 2005

ADMINISTRATIVE ORDER NO. 225

FINDINGS

I, Frank H. Murkowski, Governor of the State of Alaska, make the following findings:

1. Provisions of ch. 57, SLA 2001, commonly known as the retiree rehire provisions of HB 242, permit certain retirees who return to work in positions normally covered by the public employees' and teachers' retirement systems to waive active coverage under the retirement systems and continue to receive state retirement benefits while working.

2. The purpose of the retiree rehire provisions of HB 242 is to provide a management tool to help address existing and anticipated recruitment problems faced by public employers who participate in the retirement systems. The executive branch of state government is currently facing demonstrated recruitment difficulties in a variety of job classes, particularly those job classes that require specific education or that require a strong professional work history that is usually gained over a period of time working in a professional field.

3. Consistent application of the retiree rehire program of HB 242 is especially important for recruitment for positions in the classified service to ensure that the principles of collective bargaining are consistently met. Furthermore, it is essential that managers in all state agencies anticipate and plan for the eventuality of retirement of the state's seasoned workforce in the classified service in a manner that does not undermine the state's workforce or create morale problems among less experienced staff who are preparing for promotional opportunities created by retirement of their coworkers.

4. The retiree rehire provisions of HB 242 sunset on July 1, 2005, and legislation extending the use of this valuable management tool and addressing participation by current rehired retirees is unlikely to pass and be enacted into law unless the retiree rehire program is properly managed to meet the Legislature's original intent.

ORDER

Under the authority of art. III, secs. 1 and 24, of the Alaska Constitution, I, Frank H. Murkowski, Governor of the State of Alaska, order the following regarding appointment of rehired retirees to positions in the classified service of the executive branch of state government:

1. The hiring authority shall use the following competitive process for recruitment:

- A. an applicant must be recruited through a competitive process before an appointment is made;
 - B. the recruitment must have been posted on Workplace Alaska for at least 15 days before an appointment is made;
 - C. the hiring authority must consider all applicants before making the appointment; and
 - D. if the selected applicant would be appointed using the retiree rehire provisions of HB 242, the applicant must have been separated from state service for at least 30 days.
2. Before a position is offered to an applicant using the retiree rehire provisions of HB 242:
 - A. the recruitment described in (1) of this Order must have resulted in an applicant pool of fewer than five qualified, eligible, and available applicants;
 - B. the hiring authority must demonstrate why no other applicant will have the knowledge, skills, or ability to perform the duties of the positions after the full probationary period; and
 - C. the approval for the hire must have been secured in writing from the director of personnel in the Department of Administration.
3. Within 60 days after receipt of the director of personnel's approval under (2)(C) of this Order and the acceptance of the position by the person under the retiree rehire provisions of HB 242, the hiring authority shall work with the division of personnel in the Department of Administration to develop a plan that addresses:
 - A. the critical components of the position;
 - B. 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
 - C. a development plan for accomplishing the transfer of knowledge.
4. Step placement for the salary of an appointee under the retiree rehire program of HB 242 shall be determined by the hiring authority in accordance with applicable statutes, personnel rules, collective bargaining agreements, and enforceable policies and procedures.
5. State agencies are encouraged to develop a strategic view of human resource needs, including the development of a workforce plan, with the assistance of the division of personnel, to address the future needs of the state agency.

DEFINITION

In this Order, "state agency" means a department, office, or other organizational unit of the executive branch of state government; "state agency" includes a state board, commission, authority, or independent state agency assigned to a department for administrative purposes.

APPLICABILITY

This Order applies to all appointments made to the classified service of the executive branch of state government on or after the effective date of this Order.

This Order takes effect immediately.

DATED at Juneau, Alaska, this 8th day of March, 2005.

/s/Frank H. Murkowski
Governor

WWW.GOV.STATE.AK.US

Administrative Orders 201-present | Contact the Governor | Webmaster | State of Alaska

Sponsor: City Manager

**CITY OF HOMER
HOMER, ALASKA**

RESOLUTION 05-39

A RESOLUTION OF THE HOMER CITY COUNCIL SUPPORTING EXTENSION OF THE SUNSET PROVISION APPLICABLE TO REEMPLOYMENT OF RETIRED MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM AND THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

WHEREAS, in 2001 the Alaska Legislature enacted HB242 which amended the statutes to allow certain Public Employees (PERS) and Teacher's Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive further participation in the retirement systems, and;

WHEREAS, on September 14, 2004 the State of Alaska Attorney General's office advised that, once the legislation sunsets members enrolled in the program will no longer be permitted to participate beyond the sunset date of July 1, 2005, and;

WHEREAS, the City of Homer currently has four employees participating in the program, and;

WHEREAS, the program has provided the city with qualified experienced personnel that would not otherwise be available and provided a substantial savings in training costs.

NOW THEREFORE BE IT RESOLVED the City of Homer supports extension of the sunset provision applicable to reemployment of retired members of the Teachers' Retirement System and the Public Employee's Retirement System.

PASSED AND ADOPTED by the Homer City Council on this 29th day of March 2005.

CITY OF HOMER



JAMES HORNADAY, MAYOR

ATTEST:



MARY L. CALHOUN, CMC, CITY CLERK

Fiscal Impact: None

MEMORANDUM 05-54

TO: Mayor Hornaday and Homer City Council
THRU: Walt Wrede, City Manager *W*
FROM: Sheri Hobbs, Personnel *Shu*
DATE: March 22, 2005
RE: PERS Retiree Reemployment Option

When an employee retires from the city or state they can begin collecting their PERS pension and can work full-time with any employer as long as it is not a PERS employer. If they return to work for a PERS employer their pension stops while they are working. Due to a state wide shortage of qualified experienced workers HB 242 was proposed.


The Alaska Legislature enacted HB242 in 2001 which amended the statutes to allow certain Public Employees (PERS) and Teacher's Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive further participation in the retirement systems. This legislation is scheduled to sunset on July 1, 2005. When originally enacted PERS was under the assumption if you returned to work and applied for a waiver you could continue to work indefinitely. In a written opinion issued September 14, 2004 the State of Alaska Attorney General's office explained that, once the legislation sunsets on July 1, 2005, members enrolled in the program will no longer be permitted to participate. Several cities and school districts have employees in this program and have requested the sunset provision be extended or eliminated. Two bills are being reviewed by the Alaska Legislature. SB24 would extend the sunset date to July 1, 2009 and SB31 which would eliminate the sunset provision of July 1, 2005.

The City currently has three police officers and one jail officer participating in this program. During the last few years it has become increasing difficult to fill police officer positions, not just in Homer but around the state. We have increased salaries and benefits to make positions competitive with other cities. In 1996 we received 87 applications for advertised positions in 2004 we received 15 applications. The City has been required to hire applicants, send them to the academy and provide field training. This involves a minimum of one year of training and over \$20,000 in training costs.

With HB242 we have the option of hiring or rehiring a 20 year police veteran who requires little or no training. The employee waives PERS participation which provides the city a savings in 2005 of 10.42% of their salary. If HB242 sunsets on July 1, 2005 we will most likely lose all four employees in the police department.

The city spends thousands of dollars over a 20 year career to train and certify employees in specific fields. The program is a beneficial and cost saving tool in hiring and retaining experienced workers for positions that are difficult to fill.

P.O.Box 8-2977
Fairbanks, AK 99708
31 January, 2005



The Honorable Gary Stevens
State Senate
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Senator Stevens:

On June 30, 2005, provisions of HB 242 (2001) are scheduled to "sunset". Sometimes referred to as the retire/rehire bill, a portion of this legislation was intended to make State employment an attractive option to recently retired or retiring State employees, at the same time saving the State money and preserving corporate experience. It provided the incentive that returning employees could waive further State and personal contributions to their retirement account, in return for continuing to draw their original retirement pay (just as they would if they went to work for another employer).

For those retirees who were going to continue a working life anyway, their experience would be put to best use directly for the State, offsetting in part the losses due to "brain drain" – losses that are expected to continue for the next several years. In the current issue of the Division of Personnel's "HR Solutions", it says "Over the next five years, 26% of the State employees are eligible to retire based on age, retirement tier, and years of service. In some occupational groups, the retirement rate is as high as 40%."

I'm writing to ask that you support elimination of that sunset provision, or extension of it by another four to five year term. That would carry the State past the current "clump" of retirements, and be long enough to make returning to State employment an attractive option to those intending to retire this year (before the sunset provision takes effect).

There is a second reason for this request. One of the recent staff opinions from the Attorney General's office on this subject interpreted the existing law to not only eliminate selection of the waiver option for retirees returning after June 30th, but also to withdraw that option from those retirees who have already returned to State employment under those provisions. This despite the language in the law that election of the waiver option is made irrevocably, "for the term of reemployment". I am one of these, having been rehired through the State's competitive hiring process a year and a half ago.

The original legislation was passed with little or no opposition, and rightfully so – it is a win-win situation for the State and for those employees who choose to make their second career and extension of the first.

Thank you for sponsoring SSSB 24, which would extend the sunset provision by several years. I appreciate your efforts to address this problem, and hope for the sake of those whose retirement is imminent that the proposed legislation can be passed and signed into law quickly.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Gary C. Tyndall".

Gary C. Tyndall

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

December 14, 2004

Ray Matiashowski, Commissioner
State of Alaska, Dept. of Administration
P.O. Box 110203
Juneau, AK 99811-0203

Subject: HB 242 Rehired Retiree – PERS Employment Waiver

Dear Commissioner Matiashowski,

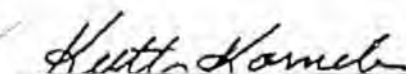
The PERS employment waiver option allows a retiree to reemploy with a PERS employer and continue to receive PERS retirement benefits.

Your letter of November 3, 2004 conveying the State Attorney General Office's opinion that employees enrolled under this PERS waiver program will not be allowed to continue with this program after June 30, 2005 has caused much distress for the six employees working for the City of Kenai that are participating in the program.

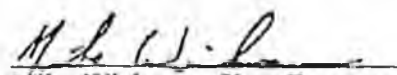
The State of Alaska, Division of Retirement and Benefits assured the City of Kenai and its employees in writing that **"Any member who is participating in the program and continues employment after 7/1/2005 will be allowed to continue participating in the plan."** We expect to continue working under the PERS waiver program as it was described to us by the state.

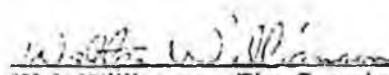
- The July 1, 2005 date in HB 242 was the date set when employees could no longer enroll in the PERS waiver program. It doesn't make sense to allow employees to enroll in the PERS waiver program right up to the same date they would be required to rejoin the PERS on July 1, 2005. If the intent were to discontinue benefits to PERS waiver participants on June 30, 2005 the legislature would have stopped program enrollment long before July 1, 2005.
- The stated intent of this legislation is to attract and retain a strong skilled work force. It has been very successful for the City of Kenai, and also saved the city money, and will save PERS money in the long run.
- The City of Kenai has 6 of the 308 statewide employees participating in this PERS waiver program. Two are Department Heads, three are Foreman, and one is a Fire Captain. A timely resolution to this problem is very important. The city is starting our budget process and this has an impact on the budget and possible hiring concerns of replacing very experienced supervisors.

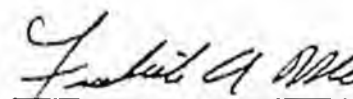
- Employees made PERS decisions based on Alaska Division of Retirement and Benefits' assurance that the current participants in the PERS waiver program would continue. Joint Survivor Option, Dental-Vision-Audio, and Long-Term Care Insurance decisions may have been different if employees had been advised they could no longer participate in the PERS waiver program after July 1, 2005. Many would have taken the 100% benefit instead of the Joint Survivor Option if they knew it was for only for a short period of time and not chosen to pay for the Dental-Vision-Audio option if they thought they might be returning to the city's insurance plan.
- Employees have made financial, personal, and life-altering decisions based on the Alaska Division of Retirement and Benefits representing that the PERS waiver program would continue. Investments, contracts, loans, and retirement decisions have been based on the PERS waiver program continuing. Discontinuing the waiver program will significantly affect employee's futures.
- If participating employees who elected the PERS waiver option were discontinued on July 1, 2005, the results would be confusing. The second time an employee retires do they get to make all new benefit decisions? When the employee goes off PERS medical insurance and back on the employers insurance will new deductibles start? Does the time in the waiver program count as time before the cost of living increase goes into affect?
- On May 5, 2004 the City of Kenai passed a resolution limiting future opt-out PERS participants to 5 years in the PERS waiver option program. The city interpreted HB 242 and was told by Alaska Division of Retirement and Benefits that the PERS waiver option program would continue for enrolled participants beyond July 1, 2005.

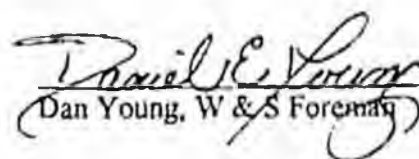

 Keith Kornelis, Public Works Manager
 1-907-283-8232


 Scott Walden, Fire Chief
 1-907-283-7666


 Mike Wichman, Shop Foreman


 Walt Williamson, Fire Captain


 Fred Macvie, STP Foreman


 Dan Young, W & S Foreman



CITY OF KENAI

" Oil Capital of Alaska "

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99611-7794
TELEPHONE 907-283-7535
FAX 907-283-3014



January 6, 2005

Governor Frank Murkowski
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

RE: **CITY OF KENAI RESOLUTION NO. 2005-02 - SUPPORTING LEGISLATION TO
CONTINUE THE REHIRED RETIREE EMPLOYMENT WAIVER PROGRAM ENACTED BY
HB242 IN 2001 FOR THOSE CURRENTLY ENROLLED.**

Dear Governor Murkowski:

Enclosed is a copy of the City of Kenai Resolution No. 2005-02 which was unanimously passed at the January 5, 2005 meeting of the Kenai City Council.

Through their resolution, the Council has stated its concern the interpretation of HB242 has changed since the bill was enacted; the provisions of the bill, through information provided in writing by the Division of Retirement and Benefits, was used as a basis for negotiating agreements by the City of Kenai, its employees, as well as other public employees throughout the state; these negotiations were done in good faith; and, the stated terms and conditions should be honored.

The City of Kenai supports legislation to continue the Rehired Retiree Employment Waiver Program enacted by HB242 in 2001 for those currently enrolled in the program and also supports such legislation to be acted upon early in the 2005 session.

If you have any questions, please contact this office.

CITY OF KENAI

A handwritten signature in cursive script that reads "Carol L. Freas".

Carol L. Freas
City Clerk

CIF

Enclosure

cc: 24th Alaska State Legislature

March 7, 2005

Attention Gary Stevens & Committee

Re: SB24

Dear Mr. Stevens & Committee:

My name is Dan Young & I work for the City of Kenai, Dept. of Public Works, water & sewer foreman, where I have been employed for 25 years.

I am a tier 1 & joined the "Retirement-Back to Work Program" last June (2004), after months of very careful research, and consultation with PERS & the City of Kenai. The opportunity to join this program was to "sunset" (end) in June of 2005 - NOT the "retirement-rehire, back-to-work" benefits program. This program was made very clear to us by PERS counselors, as well as the City of Kenai. There were only a few City employees who were even eligible to accept this retirement-rehire package.

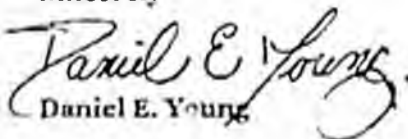
I had to cash-in ALL of my \$30,000 retirement stocks, with the City of Kenai, to buy my 4 years of Coast Guard time to add to my PERS retirement, which was encouraged by the PERS consultant. Every dime I had in the City of Kenai retirement program has gone to the State of Alaska PERS system.

The only reason, I considered this program in the first place, was to try and get my house paid off before my 75th birthday.

NEVER, would I, or anyone else on their right mind, of considered entering this PERS retirement-rehire system for only 12 months of PERS benefits.

It will be an extreme financial hardship to lose this retirement-rehire benefit. PLEASE understand I had to make many life altering decisions to enter this PERS retirement-rehire program that was presented as a lifetime offer & NOT an offer for 12 months.

Sincerely


Daniel E. Young

City of Kenai
Dept. of Public Works
Water-Sewer Foreman

STATE OF ALASKA

FRANK H. MURKOWSKI
GOVERNOR

DEPARTMENT OF FISH AND GAME
ALASKA BOARDS OF FISHERIES AND GAME

P.O. BOX 25526
JUNEAU, AK 99802-5526
PHONE: (907) 465-4100
FAX: (907) 465-2332

March 12, 2005

The Honorable Gary Stevens
Alaska State Legislature
Room 111; State Capitol
Juneau, AK 99801

Dear Senator Stevens:

I am writing on behalf of the Alaska Board of Fisheries (board) in support of Senate Bill 24. As you know, the board works closely with the Department of Fish and Game (department) in carrying out the board's responsibilities to allocate the state's fisheries resources. The board relies heavily on the data, knowledge, and experience the department's staff brings to the board's process. The board supports the grandfathering in of the existing program participants and the extension of the retire/rehire program.

The retire/rehire program has been of great value to the department in retaining highly qualified biologists and managers who were eligible to retire and seek employment elsewhere. If this program is allowed to lapse, the department could lose many of these employees to the federal government, whose salaries are well above those paid by state agencies. Neither the board nor the department can afford to lose such valuable and highly qualified employees whose historic, biological, and local knowledge are integral to wildlife and fishery management in the State of Alaska.

In closing, the board would like to offer you its support in passage of S.B. 24. Please share this letter with your colleagues, and feel free to contact me if you have any questions or would like additional information.

Sincerely,


Art Nelson, Chair
Alaska Board of Fisheries

March 17, 2005

Senator Gary Stevens
State Capitol, Room 103
Juneau, AK 99801-1182

Re: SB 24, Retire/Rehire Bill

Senator Stevens,

I am a seasonal employee of the Alaska Department of Fish and Game in Kodiak. Although I'm a retiree/rehire, I am not working in the position that I retired out of.

I believe this program serves a useful purpose for the state if correctly applied. It is my understanding the intent of the original legislation was to fill vacancies where personnel shortages existed. The value to the state was derived when critical positions were filled despite a lack of qualified applicants, state contributions to PERS and TERS were reduced and experienced personnel provided more efficient service.

The retire/rehire program is a valuable tool that hiring managers could utilize if necessary to fill positions where qualified applicants are not available. It should not be a reward program for the "good old boys". I was surprised myself to learn that rehires could come back into their old positions at the same salary and step increase as they previously received. That part doesn't seem right. Those step increases are considerable pay raises.

I think the program should be extended but additional controls may be appropriate.

- 1) Confirm that a personnel shortage does exist for any particular vacancy. Allow the retiree to be hired only if there are no qualified applicants, especially current state employees.
- 2) Mandate the rehire salary begins at the entry-level pay step.

On a more personal note, even if the program is not extended for new retirees, those people already working in this capacity should be allowed to continue in their job without terminating retirement benefits. When I retired and came back into service, I received conflicting advice from the Division of Retirement and Benefits as to whether or not I could continue in my position after 2005 and continue receiving benefits. My retirement benefits alone or my seasonal salary alone are not sufficient to maintain my household.

Thank you for your consideration of this important matter. Please continue to support SB 24.

Sincerely,



Dave Jackson
11248 Kalsin Dr.
Kodiak, AK 99615

Current Folder: INBOX [Sign Out](#)[Compose](#) [Addresses](#) [Folders](#) [Search](#) [Search State](#) [E-mail Directory](#) [Options](#) [Help](#)[Message List](#) | [Delete](#)[Previous](#) | [Next](#)[Forward](#) | [Reply](#) | [Reply All](#)**Subject: Retire/rehire**[View Full Header](#)**From:** joan brodie <jbrodie@alaska.com> [Add](#)[View Printable Version](#)**Date:** Tue, March 15, 2005 9:46 pm[View as plain text](#)**To:** Senator_Gary_Stevens@legis.state.ak.us[View Message details](#)**Cc:** Gabrielle LeDoux <Representative_Gabrielle_LeDoux@legis.state.ak.us>**Priority:** Normal

Hi Gary,

Greetings from Kodiak. I am in support of SB24/HB 161 and felt my input may be helpful. First, I am a rehired/retiree. I am a groundfish age reader. One of a handful in the state. I have a significant backlog of structures to age here in Kodiak. I would be happy to train someone to replace me. I am however well aware of the effects of having worked through numerous BUDGET CUTS, almost NEGLIGIBLE WAGE INCREASES, NO ADJUSTMENT FOR COST OF LIVING DIFFERENCE IN KODIAK, and the EROSION OF THE RETIREMENT SYSTEM.

The budget cuts have made it virtually impossible to hire someone to be trained in some positions, as we have already for years been trying (attempting, but not necessarily succeeding) to do more with less. The wage/retirement issues, as well as some of the hiring procedures, have made it difficult to find qualified, LONG_TERM employees.

I wouldn't mind having to pay into retirement while I am employed, I would not however, remain employed if I had to pay for health insurance during my now seasonal unemployment or if I was not receiving my retirement check, because of the fewer months I work. (Also, in case you are interested, I rehired at a lower wage, approx 7 steps lower, than I retired at.)

Perhaps, some creative checks and balances/ alternatives could be considered if the bills meets with much disap, roval.

I personally would like to see the state fix the system instead of filling potholes, but things have gone too far to do that quickly. I appreciate your efforts.

[Download this as a file](#)**Attachments:**untitled-[1] 1.4 k [text/plain] [download](#) | [view](#)[Previous](#) | [Next](#) | [Delete & Prev](#) | [Delete & Next](#)Move to: [Move](#)

Senate State Affairs Committee
 HB 242 Follow-Up
 March 3, 2005

Question: What were the calculated savings for employers who rehired retired members under HB 242?

Since rehired retirees waived participation in the retirement systems, payroll information was not reported to the retirement systems. However, the State of Alaska has provided the attached spreadsheet showing \$1,091,720 in savings as a representation of the potential savings experienced.

Question: What were the age demographics of HB 242 retirees who participated in the rehire program?

Teachers' Retirement System (TRS)

Age at Retirement	40-44	45-49	50-54	55-59	60-64	65+
No. Retirees	7	45	63	65	14	5

Public Employees' Retirement System (PERS)

Age at Retirement	40-44	45-49	50-54	55-59	60-64	65+
No. Retirees	15	50	46	172	41	16

Question: Can you proactively determine who was advised in what manner.

In general, we can state that Retirement personnel counseled about twenty of the participating employers regarding our understanding of the bill provisions. We also believe we actively counseled in person, by letter and by phone about 175 individuals who are participating in the program. A spot search of 20 PERS and TRS member microfiche records has not indicated any letters to members specifically about this issue. However, our understanding of this provision has been part of our Retirement Process seminars for both PERS and TRS for the duration of the legislation and we estimate we have distributed the rehire information to approximately 2,000 members.

Question: What is the percent of employees who were enrolled in the program who have then left.

System	Total Waivers Filed	Total Active Waivers	% Retirees Leaving the Program
PERS	297	211	30%
TRS	187	124	34%

Question: What was the total number of teachers aides and where were they located?

There were 7 teachers aides hired. The majority were with Northwest Arctic School District and the Kenai Peninsula Borough School District. There were 3 hired by the Anchorage School District, 2 in Special Education and 1 in Indian Education.

PERS Saving from HB 242 from January 1, 2001 through January 31, 2005

Department	Total
Governor's Office	25,544
Administration	50,325
Law	40,184
Revenue	15,211
Education and Early Development	27,480
Health and Social Services	105,961
Labor and Workforce Development	5,924
Commerce, Community and Economic Development	21,873
Military and Veterans' Affairs	14,864
Natural Resources	52,131
Fish and Game	213,695
Public Safety	171,176
Environmental Conservation	16,363
Corrections	83,743
Transportation	184,395
Legislative	62,851
Grand Total	1,091,720

Sources: DB2 Connect through PP 1/31/05 to Access, AKPAY
 Parameters=Gross Salary-(Earnings codes between 348 and 434)
 x:Projects/HB 242/HB 242 Cost Difference-DOP-050223
 Prepared by C. Preece, Human Resource Specialist, Division of Personnel



UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

March 8, 2005

Senator Fred Dyson, Chair
Senate Health, Education & Social Services Committee
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau AK 99801-1182

Dear Senator Dyson,

United Fishermen of Alaska (UFA) represents thirty-one Alaska commercial fishing groups and hundreds of individual fishermen, crew members and related businesses. The UFA Board of Directors recently met and discussed SB 24 regarding the retirement and reemployment of certain public employees.

UFA supported House Bill 242 in 2001 as a way for the state to retain qualified biologists and administrative personnel in the Alaska Department of Fish and Game. At that time, the management of subsistence fisheries on federal waters was shifting to federal management and federal pay scales were luring qualified fisheries personnel from Alaska Department of Fish and Game. Alaska's highly regarded fisheries management requires the retention of highly qualified employees with local knowledge.

UFA supports SB 24 to continue this worthwhile program to retain key fishery management personnel.

Respectfully,

Mark D. Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Armstrong Kola • At-sea Processors Association
Bristol Bay Reserve • Concerned Area "M" Fishermen • Cordova District Fishermen United • Douglas Island Pink and Chum
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
North Pacific Fisheries Association • North Pacific Scallop Cooperative • Northern Southeast Regional Aquaculture Association
Old Harbor Fishermen's Association • Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation
Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Southeast Alaska Herring Seiners Marketing Association
Southeast Alaska Fisherman's Alliance • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association
Southern Southeast Regional Aquaculture Association • United Catcher Boats • United Salmon Association • United Southeast Alaska Gillnetters
Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen

3-15-2005

1/2

To: Lydia Green & Committee

Re: SB 24

Just to let you know (regarding
Peninsula Clarion front page 3/15/2005
Fred Macvie conversation to Lydia Green)

We have been in Alaska 60 yrs.
& our home is 30+ yrs, an Alaska
Housing type ranch style, we do NOT
have a new home, we are just trying
to payoff what we have before
Dan is 75 yrs.

Sincerely
Nita Young.

(Not everyone is blessed with
savings accounts & new fancy homes.)

PH/FAX 262-7777

PO BOX 2708

KENAI, ALASKA 99611

To: Lydia Green

3-15-2005

2/2

March 7, 2005

Attention Gary Stevens & Committee

Re: SB24

Dear Mr. Stevens & Committee:

My name is Dan Young & I work for the City of Kenai, Dept. of Public Works, water & sewer foreman, where I have been employed for 25 years.

I am a tier 1 & joined the "Retirement-Back to Work Program" last June (2004), after months of very careful research, and consultation with PERS & the City of Kenai. The opportunity to join this program was to "sunset" (end) in June of 2005 - NOT the "retirement-rehire, back-to-work" benefits program. This program was made very clear to us by PERS counselors, as well as the City of Kenai. There were only a few City employees who were even eligible to accept this retirement-rehire package.

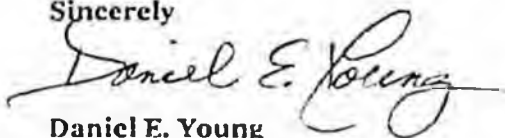
I had to cash-in ALL of my \$30,000 retirement stocks, with the City of Kenai, to buy my 4 years of Coast Guard time to add to my PERS retirement, which was encouraged by the PERS consultant. Every dime I had in the City of Kenai retirement program has gone to the State of Alaska PERS system.

The only reason, I considered this program in the first place, was to try and get my house paid off before my 75th birthday.

NEVER, would I, or anyone else on their right mind, of considered entering this PERS-retirement-rehire system for only 12 months of PERS benefits.

It will be an extreme financial hardship to lose this retirement-rehire benefit. PLEASE understand I had to make many life altering decisions to enter this PERS retirement-rehire program that was presented as a lifetime offer & NOT an offer for 12 months.

Sincerely



Daniel E. Young

City of Kenai
Dept. of Public Works
Water-Sewer Foreman

P

Supreme Court of Alaska.
Gerald E. CRUM, Appellant,
v.

Robert STALNAKER, in his official capacity as the
administrator of the
Teachers' Retirement System, Appellee.
No. S-7258.

April 25, 1997.

Retired teacher sought judicial review of administrative denial of his claim for unused sick leave credit in Teachers' Retirement System. The Superior Court, Third Judicial District, Anchorage, Milton M. Souter, J. upheld administrative ruling, and teacher appealed. The Supreme Court, Eabe, J., held that doctrine of equitable estoppel required Teachers' Retirement System to accept teacher's application.

Reversed and remanded.

West Headnotes

[1] Administrative Law and Procedure ■■■ 791
15Ak791 Most Cited Cases

[1] Administrative Law and Procedure ■■■ 796
15Ak796 Most Cited Cases
Supreme Court reviews agency's findings of fact under substantial evidence test, and its resolution of questions of law not involving agency expertise under substitution of judgment standard.

[2] Administrative Law and Procedure ■■■ 683
15Ak683 Most Cited Cases
Supreme Court gives no deference to decision of superior court acting as intermediate court of appeal.

[3] Estoppel ■■■ 62.1
156k62.1 Most Cited Cases
Estoppel may apply against government and in favor of private party if four elements are present: governmental body asserts position by conduct or words; private party acts in reasonable reliance thereon; private party suffers resulting prejudice; and estoppel serves interest of justice so as to limit public injury.

[4] Estoppel ■■■ 62.2(2)
156k62.2(2) Most Cited Cases

Doctrine of equitable estoppel required state Teachers' Retirement System to accept retired teacher's late application for unused sick leave credit; system asserted position by failing to timely provide teacher with proper form or clear notice of claims procedure, teacher's failure to timely file claim form in reliance on such failure was reasonable, teacher's reliance resulted in prejudice, and application of estoppel prevented teacher from suffering substantial and unfair hardship while causing no harm to public. AS 14.25.115; Alaska Admin. Code title 36, § 36.290(a).

[5] Appeal and Error ■■■ 171(1)
30k171(1) Most Cited Cases

Supreme Court will consider new arguments on appeal if issue is: not dependent on any new or controverted facts; closely related to appellant's trial court arguments; and could have been gleaned from pleadings.

[6] Schools ■■■ 146(7)
345k146(7) Most Cited Cases

Issue of whether Division of Retirement and Benefits violated its own written policy by not providing teacher with proper form to claim unused sick leave credit upon his retirement was properly before Supreme Court, despite contention that teacher failed to make such argument below; Teachers' Retirement System Board of Directors squarely addressed issue of equitable estoppel, and its decision reflected that it was aware of teacher's argument that Division failed to give him proper form.

[7] Estoppel ■■■ 62.2(2)
156k62.2(2) Most Cited Cases

For purpose of determining applicability of doctrine of equitable estoppel to require governmental agency to accept retired teacher's late filing of claim for unused sick credit, agency's omission in failing to provide form or clear notice of claims procedure at time of teacher's retirement constituted assertion of agency's position by conduct or words, in that it constituted silence where agency was under duty to speak.

*1254 Joe P. Josephson, Josephson & Blair, Anchorage, for Appellant.

John B. Gagning, Assistant Attorney General, and
Bruce M. Botelho, Attorney General, Juneau, for
Appellee.

*1255 Before COMPTON, C.J., and
RABINOWITZ, MATTHEWS, EASTAUGH and
FABE, JJ.

OPINION

FABE, Justice.

I. INTRODUCTION

This appeal arises from the denial of a claim by Gerald Crum for unused sick leave credit in the Teachers' Retirement System. The Division of Retirement and Benefits (Division) rejected the claim because Crum filed it after the statutory deadline. The Teachers' Retirement System Board of Directors (Board) and the superior court upheld the denial. We reverse, holding that the Division is estopped from rejecting Crum's claim as late.

II. FACTS AND PROCEEDINGS

After twenty-one years of teaching, Gerald Crum retired on July 1, 1992. During his years as a teacher, Crum accumulated 183 days of unused sick leave credit, equivalent to about one year of service under AS 14.25.115. [FN1] Crum estimated that loss of the credit would decrease his retirement benefits by more than \$100 per month and decrease his wife's benefits, if he dies before her, by about sixty dollars per month.

[FN1] Alaska Statute 14.25.115 provides in part:

(a) A teacher in membership service on or after July 1, 1977, who is appointed to retirement on or after July 1, 1978, may elect to apply unused sick leave credit in computing the total number of years of credited service under AS 14.25.110(d)... To obtain service credit for unused sick leave, a teacher must apply to the administrator no later than one year after appointment to retirement. Unused sick leave shall be credited on a day-for-day basis in accordance with the table for service after July 1, 1969, contained in AS 14.25.220(33). Teacher contributions may not be required for credited unused sick

leave.

When Crum decided to retire, he began his retirement paperwork at the offices of the Matanuska-Susitna Borough (Borough) in June 1992. Crum testified that

they sat me down at a--at a desk and the lady who was filling out the retirement forms then pulled out a form, one after the other, and wanted me to either fill in the top or the bottom as was appropriate, and then after that was finished I would either sign--some of them had to be signed, some of them didn't and when she finished filling the forms out and--and putting them in front of me, that was the end of--of the process there at the Mat-Su Borough.

On July 8, 1992, the Division sent to Crum a form letter containing several inserts and enclosures. A Division employee placed check marks in various boxes on the form and filled in applicable dates and deadlines. One of the marked sentences stated: "If you want to enroll in the optional Long Term Care (LTC) insurance plan, the enclosed enrollment form must be received before ____." The Division employee filled in the blank with the date "August 30, 1992" and added a note: "If you do not wish to elect Long Term Care please check the appropriate box and return. Thank you." The Division employee also checked the box next to the following sentences: "If you wish to receive credit for your unused sick leave, your claim must be verified and received by us before ____." Please read the insert, 'Minimum Requirements for Retirement and Service Credit' for more information." The date of "July 1, 1993" was inserted in the blank. At the bottom of the form letter, the employee added the following handwritten comment: "Please fill out the enclosed form 'Retiree Information Form' and return along with the Long Term Care form. Thank you very much."

The "Minimum Requirements for Retirement and Service Credit" insert referred to in the letter stated in part:

You may receive additional credit by claiming your unused sick leave when you retire if you were in [Teachers'] R[etirement] S[ystem] membership service after June 30, 1977....

Your unused sick leave claim must be verified by your last employer and must be received by the TRS no later than one year after you are appointed to retirement.

Crum testified and the Division does not contest that neither the Division nor the Borough ever provided

Crum a form for claiming the sick leave benefit.

*1256 Crum read the letter and the insert but he did not take any action to claim the unused sick leave credit. He testified as to his belief regarding the application process:

A As I understood that process right there, it was my understanding that there had been already accomplished when I did my mustering out process through the Matanuska-Susitna Borough a (indiscernible) out through the Matanuska-Susitna Borough they made out one form that I was aware of, although I never got to see it or sign it, on the verification of all of my service with the Borough itself. And my thinking at this time when I both read were she had done the check mark and also in that [insert], my concept of that was that I had already completed that particular portion of the retirement process, and, therefore it was--it was completed.

Q In other words, you knew that they were verifying your years for retirement credit.

A That is correct.

Q And you inferred that they were--that that involved a verification of the sick leave as an aspect of that.

A That is correct.

Crum first became aware of his failure to claim the credit in September 1993 when he went to the Division's office in Anchorage and asked why the unused sick leave had not been credited to his retirement account. After a Division employee explained the situation to him, Crum obtained a claim form, completed it with the assistance of the Borough, and returned it to the Division. The Division received the claim on September 13, 1993, approximately two-and-a-half months after the statutory deadline.

Robert Stalaker, the administrator of the Teachers' Retirement System, rejected the claim. Crum appealed to the Board. After a hearing, the Board upheld Stalaker's decision by a vote of three to two. The superior court affirmed, and Crum appeals.

III. DISCUSSION [FN2]

[FN2] We review an agency's findings of fact under the substantial evidence test, *State, Pub. Employers Retirement Bd. v. Cacioppo*, 813 P.2d 679, 683 n. 6 (Alaska 1991), and its resolution of questions of law

not involving agency expertise under the substitution of judgment standard. *Earth Resources Co. v. State, Dep't of Revenue*, 665 P.2d 960, 965 (Alaska 1983). When a superior court acts as an intermediate court of appeal, we give no deference to its decision. *State, Dep't of Pub. Safety, Div. of Motor Vehicles v. Funn*, 864 P.2d 533, 535-36 (Alaska 1993).

[1][2][3] Crum argues that the Division was estopped from rejecting his late application for unused sick leave credit because it failed to provide him with a claim form or clearly instruct him that he needed to obtain the form. [FN3] We have stated that estoppel may apply against the government and in favor of a private party if four elements are present: (1) the governmental body asserts a position by conduct or words; (2) the private party acts in reasonable reliance thereon; (3) the private party suffers resulting prejudice; and (4) the estoppel serves the interest of justice so as to limit public injury. *Wassink v. Hawkins*, 763 P.2d 971, 975 (Alaska 1988).

[FN3] Crum also argues that the deadline imposed by AS 14.25.011 should be considered "directory" rather than "mandatory." Because we reverse on other grounds, we do not address this argument.

The Board rejected Crum's estoppel argument, concluding that while "principles of estoppel could apply under certain circumstances," it was

not satisfied that the Division, by action or inaction, asserted a position (i.e., that Mr. Crum did not need to make a claim for unused sick leave credit within one year from the date of his termination) or that Mr. Crum had a reasonable basis upon which to rely on a misrepresentation or omission by the government.

The Board also concluded that the preponderance of the evidence indicates that, more probably than not, Mr. Crum received and had the opportunity to timely review information regarding claims for sick leave and received specific instructions that he verify and claim unused sick leave credit by July 1, 1993. Further, the preponderance of the evidence indicates that *1257 Mr. Crum had the opportunity and obligation to be familiar with the provisions of AS 14.25.115 and the explanations of how claims for unused sick leave credit are to be made.

Although we have not applied equitable estoppel to require a government agency to accept a late application because of its failure to provide the proper form, courts in other jurisdictions have done so. [FN4] For example, in *Iowa Dep't of Transp. v. Nebraska-Iowa Supply Co.*, 272 N.W.2d 6, 14 (Iowa 1978), *overruled in part on other grounds by Estate of Grossman v. McCreary*, 373 N.W.2d 113 (Iowa 1985), the Iowa Supreme Court applied equitable estoppel to prevent the state Department of Transportation (DOT) from removing several billboards. The owner of the billboards argued that he had not been able to file applications for billboard permits by the statutory deadline because application forms had not been available at the DOT's district office. *Id.* at 9, 14-15. The court determined that the statutory requirement that "the application for a permit shall be on a form provided by the department" imposed a duty on the DOT to make the necessary forms available. *Id.* at 14 (emphasis supplied in original). The court concluded that

[FN4] We applied equitable estoppel in the factual context of a late application in *Mortvedt v. State, Dep't of Natural Resources*, 858 P.2d 1140 (Alaska 1993). In that case, we considered whether the Department of Natural Resources (DNR) abused its discretion when it denied Mortvedt's application as untimely. *Id.* at 1142. After noting that estoppel may be invoked against a public entity, we concluded

that the case should be remanded to the DNR for the purpose of requiring DNR to make explicit findings of fact as to the four elements of equitable estoppel...

In the event DNR concludes that Mortvedt has established the elements of equitable estoppel then DNR should proceed to determine the merits of Mortvedt's application for a [permit].

Id. at 1144 (footnotes omitted).

the inability of the defendant to obtain the requisite forms and make timely applications resulted from the failure of DOT to meet its statutory obligation. Since the defendant made a good faith effort to comply with the statute and was frustrated by DOT, it necessarily follows that DOT should be estopped from removing the billboards without

compensation.

Id.

Similarly, in *Hartway v. State, Bd. of Control*, 69 Cal.App.3d 502, 137 Cal.Rptr. 199, 200 (1976), the California Court of Appeal held that a city police department's failure to provide claim forms estopped the state from denying late claims under a state law providing indemnification to needy crime victims. The *Hartway* court determined that the indemnification statute "placed an obligation on the law enforcement agency investigating the crime to provide forms" to eligible individuals. *Id.* The court held that the

failure ... to provide claim forms is a valid basis upon which estoppel may be asserted. While the trial court found that "[r]espondents did nothing to mislead [appellants] into not filing their claim ... within one year," "[w]hen one is under a duty to speak, and has an opportunity to do so, knowing the circumstances require it, an estoppel may arise from his silence."

Id. (citations omitted).

[H15H6] As in the above cases, the Division had an obligation to provide Crum with the proper form to claim the credit. The regulation implementing AS 14.25.115 requires that the claim for unused sick leave credit "be in a form approved by the administrator [of the Teachers' Retirement System]." 2 Alaska Administrative Code (AAC) 36.290(a) (1994). Additionally, the Division's own "Information Handbook" for the Teachers' Retirement System states that the "form [for claiming the unused sick leave credit] will be provided to the member by the Division of Retirement and Benefits." [H15H5]

[H15H5] The Division asserts that Crum failed to argue that the Division violated its written policy by not providing him with a form. We will consider new arguments on appeal if the issue is (1) not dependent on any new or controverted facts; (2) closely related to the appellant's trial court arguments; and (3) could have been gleaned from the pleadings. *State, Dep't of Revenue v. Gazaway*, 793 P.2d 1025, 1027 (Alaska 1990). The Board squarely addressed the issue of equitable estoppel, and its decision reflects that it was aware of Crum's argument that the Division failed to give him the proper form. Therefore, we hold that this issue is properly before us.

*1258 [7] The Division, like the state agency in *Hartway*, argues that because it never made any statements "inconsistent" with the statute, it did not mislead Crum into filing his claim late. It contends that its "omission does not rise to the level of misconduct necessary for estoppel." We disagree. In light of the Division's obligation, its "omission" in failing to provide a form or clear notice of the claims procedure satisfies the first element of the four-part test outlined above for applying estoppel against the government.

Furthermore, Crum's failure to file a timely claim form in reliance on the Division's omission and poorly written instructions satisfies the second element of the estoppel test because it was reasonable. The Division's statements, written in the passive tense and emphasizing the verification of the claim rather than the initial application, gave the definite impression that the employer, not the employee, bears the burden of completing and filing the necessary forms. The contrast between the checkmarked statement regarding the optional insurance plan and the statement about unused sick leave credit reinforced this impression. While the latter states only that the "claim" must be "verified and received" by the Division, the former draws attention to Crum's need to return the "enclosed enrollment form." The Division's handwritten note at the bottom of the letter further accentuated the contrast. While clearly directing Crum to file the insurance form and a "Retiree Information Form," it ignored the unused sick leave credit form, thus seeming to confirm Crum's mistaken belief that he need not act to claim the credit.

Crum's claim meets the third and fourth elements of the estoppel test because his reliance resulted in prejudice, and application of the equitable estoppel doctrine in this case "serves the interest of justice so as to limit public injury." In discussing this final element, we observed in *Municipality of Anchorage v. Schneider*, 685 P.2d 94, 97 (Alaska 1984), that even where reliance has been foreseeable, reasonable, and substantial, the interest of justice may not be served by the application of estoppel because the public interest would be significantly prejudiced. However, this is not true in every case. When the public will not be significantly prejudiced, and the other elements of the theory are present ... [foreclosing] the use of estoppel causes arbitrary and unjust results.

In *Schneider*, we also noted with approval a commentator's statement that "courts should be encouraged to weigh in every case the gravity of the injustice to the citizen if the doctrine is not applied against the injury to the commonwealth if the doctrine is applied." *Id.* at 97 n. 6 (citing 2 C. Antieu, *Municipal Corporation Law* § 16A.06, at 16A-15 (1984)). In this case, estoppel will prevent Crum from suffering a substantial and unfair hardship while causing no harm to the public.

We determine that the Board erred in its legal conclusion that equitable estoppel is unavailable under the facts of this case. The Division's failure to provide Crum with the proper form constituted "silence" where the Division "was under a duty to speak." *Hartway*, 137 Cal.Rptr. at 200. Relying on this silence and the Division's poorly written instructions, Crum reasonably assumed to his detriment that a claim for unused sick leave would be made and verified along with the verification of his years of service. Therefore, following the rationale of *Hartway* and *Nebraska-Iowa Supply*, we hold that the Division is estopped from denying his claim as late.

IV. CONCLUSION

For the above reasons, we REVERSE the decision of the trial court and REMAND this case for further proceedings consistent with this opinion.

936 P.2d 1254, 118 Ed. Law Rep. 497

END OF DOCUMENT



Alaska Legislative Report

Results of the Retiree Return Program

Enacted by HB 242/SB 149 in 2001 on
The Public Employees' Retirement System and
The Teachers' Retirement System



February 2005

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ALASKA LEGISLATURE REPORT
RESULTS OF THE RETIREE RETURN PROGRAM
ENACTED BY HB 242/SB 149 IN 2001 ON
THE PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS

HB 242 Background

In 2001 the Twenty-First Legislature enacted HB 242, which, among other things, amended the statutes to allow certain Public Employees' (PERS) and Teachers' Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive participation in the retirement systems.¹ Once participation was waived, no contributions were required from the employer or the employee. This legislation is scheduled to sunset on July 1, 2005. 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 242 was introduced April 17, 2001 in House State Affairs Committee. In his introduction to the bill, Roger Wortman, Staff to Representative Pete Kott, Alaska State Legislature, noted that baby boomers were about to retire en masse in the years 2008-2009. This would leave a big void in the state work force. Some of those shortages would be critical, such as in education and law enforcement. He explained that HB 242 provided a "carrot" to retain employees after they are eligible to retire.

Other testimony at the hearing indicated:

- HB 242 was a component of a workforce development initiative that the state and a number of other employers undertook in an effort to address workforce shortages already being experienced.
- Employers would have the opportunity to offer less salary to returning retirees.
- The ability to rehire experienced teachers would be a tremendous asset to every school district.
- Alaska has needed to recruit 12,000 to 13,000 new teachers each year but at the largest job fair that year there were fewer than 300 applicants.

Testimony at the House Finance Committee on April 23, 2001 added the following:

- Concern was expressed on the affect on entry-level workforce. New graduating teachers could lose in the choice between experienced retired teachers.
- A 3-year sunset (later amended to 5 years) was proposed to allow assessment of any unintended consequences of the program.
- Alaska is only producing 20-30 percent of the teachers needed to fill its teaching positions. This is not sufficient to meet the need.
- Department of Fish and Game had lost 25 biologists in their commercial fish division within 6 months to jobs with the federal government. The retiree return program would allow them to keep some of these employees.
- The Municipality of Anchorage testified to a "brain drain" as employees leave the municipality and 25% of their police officers were eligible for retirement. Retention of these employees was important to them.

¹ AS 14.25.040; AS 14.25.043; AS 39.55.120; AS 39.55.150

SB 149 Background

A similar bill affecting the Teachers' Retirement System (TRS) was SB 149. Testimony was taken on this bill at a Senate Health, Education and Social Services Committee meeting on April 20, 2001. Besides not including members of the Public Employees' Retirement System (PERS), SB 149 also required an annual report be sent to the Legislature regarding the impact of the reemployment of retired teachers on the retirement programs. A copy of HB 242 and SB 149 is included with this report.

Reporting

This report comprises a summary of the waiver activity since the Retiree Return program became effective on July 1, 2001 to the last reporting period, November 30, 2004 for both the TRS and, although not required, for the PERS.

TRS Results

During the course of the Retiree Return program, 56% of all TRS employers have participated and 187 waivers were filed with the Division of Retirement and Benefits. As of November 30, 2004, there are 124 individuals who remain employed under the waiver provisions. The largest number of retirees rehired within 30-90 days of their termination and retirement (42%). The second largest number of returned retirees were those who had been retired for 24 or more months (38%). The largest number of positions rehired was general teachers with the second highest being Special Education teachers.

Analysis by Mercer Human Resource Consulting, the TRS actuaries, indicate the following impact on the TRS as a result of the 124 returned retirees and the potential effect if more retirees were to return:

Number of Members Electing the Waiver	Increase in Average TRS Employer Contribution Rate
100 Members	.02%
500 Members	.10%
1,000 Members	.20%

Total TRS salaries as of the last valuation on June 30, 2003 was \$532,630,000.00. The liability to the TRS fund would be:

TRS Salaries	Contribution Rate Increase	Liability to the TRS Fund
\$532,630,000.00	.02%	\$106,526.00
\$532,630,000.00	.10%	\$532,630.00
\$532,630,000.00	.20%	\$1,065,260.00

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.

PERS Results

During the period of the retiree return program, 26% of PERS employers have participated in the program with a total of 297 waivers filed with the Division of Retirement and Benefits. As of November 30, 2004, there are 211 retirees still employed under the waiver provision.

The largest number of retirees rehired within 30-90 days of their termination and retirement (46%). The second largest number of returned retirees were those who had been retired for 24 or more months (28%). The largest number of positions rehired was Biologists and the second highest position rehired was Engineers.

Analysis by Mercer Human Resource Consulting, the PERS actuaries, indicate the following impact on the PERS fund as a result of the 211 returned retirees and the potential effect if more retirees were to return:

Number of Members Electing the Waiver	Increase in Average PERS Employer Contribution Rate
100 Members	negligible
500 Members	.01%
1,000 Members	.02%

Total PERS salaries as of the last valuation on June 30, 2003 were \$1,460,783,000.00. The liability to the PERS fund would be:

PERS Salaries	Contribution Rate Increase	Liability to the PERS Fund
\$1,460,783,000.00	negligible	\$--
\$1,460,783,000.00	.01%	\$146,078.30
\$1,460,783,000.00	.02%	\$292,156.60

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.

Cost Savings

The main cost savings experienced by employers using HB 242 reside in the payment of employer contributions. When a qualified retiree rehires and waives participation in the PERS or TRS, no employer contributions are paid to either the PERS or the TRS. In some cases, municipalities have negotiated with employee unions not to provide health insurance benefits to rehired retirees since they are covered under the AlaskaCare Retiree Health Plan. This results in further savings to employers.

HB 242 did not contain a requirement for employers to report cost savings realized from hiring positions at lower salary level. The State of Alaska Division of Personnel, however, prepared a report that contained some limited information that can be included here.

As of August 17, 2004, the Division of Personnel reported 123 active State of Alaska employees working under the waiver program. Of these, 78 returned to work in a position at a salary lower than the salary they earned prior to their retirement. 22 retirees returned to a position at the same salary and 23 returned to a position at a higher salary. Of the 23 that returned to a position at a higher salary range, all but 2 had been retired between 1 and 4 years.

Sunset Provision

On September 14, 2004 the Division of Retirement and Benefits received an Attorney General Opinion regarding the employment status of returned retirees as of the sunset date of the legislation. The opinion states that once the reemployment amendments to the PERS and TRS statutes sunset on July 1, 2005, reemployed retirees can no longer receive retirement benefits while employed by a PERS or TRS employer. If they continue employment with a PERS or TRS employer, they must begin making contributions to the retirement systems and have their retirement benefits stopped.

A copy of the Attorney General opinion is included in this report.

MERCER

Human Resource Consulting

One Union Square
600 University Street, Suite 3200
Seattle, WA 98101-3137
206 808 8800 Fax 206 382 0627
www.mercerHR.com

RECEIVED

SEP 07 2004

Div. of Ret. & Benefits

September 2, 2004

Ms. Melanie Millhorn
Director of Retirement and Benefits
State of Alaska
Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Subject:

Retiree Return under HB 242/SB 149

Dear Melanie:

As you described in your August 10 email, the legislation enacted in July of 2001 allows PERS and TRS retirees who retired under the normal retirement provisions to return to covered employment. Such retirees can sign an irrevocable waiver allowing the member to continue to receive his or her retirement benefit. Neither the employer nor the employee makes further contributions to the Retirement System. In your email you asked for an indication of the effect of this election on System funding. The chart that follows might help to illustrate this issue:

Number of Members Electing the Waiver	Increase In Average PERS Employer Contribution Rate	Increase In Average TRS Employer Contribution Rate
100	negligible	0.02%
500	0.01%	0.10%
1,000	0.02%	0.20%

A member who elects the waiver earns no additional benefits from the Retirement System. Therefore, such a member has no "normal cost" and there is no normal cost rate. However, a portion of the employer contribution for each member is needed to amortize the Systems' unfunded past service liability. This portion is referred to as the "past service rate." When a member elects the waiver, the payroll base that can be used to amortize the unfunded liability is reduced. A higher past service rate must be applied to the remaining payroll to arrive at the same payment towards the unfunded liability.

MERCER

Human Resource Consulting

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SEP 07 2004

Div. of Ret. & Benefits

Page 2

September 2, 2004

Ms. Melanie Millhorn

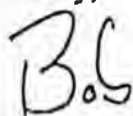
State of Alaska

The waivers have a greater impact on employer rates for TRS than PERS. This is because (1) the total payroll for PERS is higher so the loss of one member's contribution to the unfunded has a smaller impact and (2) the current past service rate for TRS is almost twice as high as PERS. Our analysis is extremely dependent on the current funded status of the Systems. For example, if the Systems were 100 percent funded and remained so, the waiver would have virtually no impact on employer rates.

We based our analysis on actuarial valuation information as of June 30, 2003. We assumed annual earnings for returning retirees of \$46,000 for PERS and \$64,000 for TRS. This is based on the average annual earning of current active PERS and TRS members of ages 55 to 59.

We hope you find this information helpful. Please call if you have any questions.

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/CMB/kmp

Copy: Chris Byrnes

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**NOTIFICATION SENT TO EMPLOYERS REGARDING
SEPTEMBER 14, 2004 AG OPINION**

November 3, 2004

«mrms» «fnni» «ln»«jrstr», «title»
«ltrregion»
«address»
«city», «st» «zip»

PERS / TRS: «crs_code»

Re: HB 242 Rehired Retiree - Employment Waiver

Dear «mrms» «ln»:

In 2001 the Alaska Legislature enacted HB 242, which amended the statutes to allow certain Public Employees' (PERS) and Teachers' Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive further participation in the retirement systems. Once participation was waived, no contributions were required from the employer or the employee. This legislation is scheduled to sunset on July 1, 2005.

In a written opinion issued September 14, 2004, the State of Alaska Attorney General's (AG) Office explained that, once the legislation sunsets, the members enrolled in the program will no longer be permitted to participate beyond the sunset date of July 1, 2005. The re-employment amendments will be repealed on July 1, 2005, and the statutes that require re-employed retirees and their employers to contribute to the applicable retirement system are in effect.

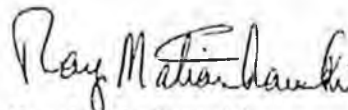
In order to address this matter, the Governor's Office will work with the Legislature on legislation to allow members who are currently covered under the re-employment waiver provision to continue to both work and receive normal retirement benefits after July 1, 2005. However, unless the Legislature approves legislation all retirees who have re-employed under the HB 242 waiver provisions and their employers will be required to contribute once again to the retirement systems. Furthermore, retirement benefits would be stopped for those retirees who continue working after the sunset date of this legislation.

We are providing notice to all employers by this letter and enclosed copy of the opinion. A separate letter is being sent to all affected retirees and that letter and a copy of the AG opinion will be published on the Division of Retirement and Benefits web site at www.state.ak.us/drb.

November 3, 2004

under Headlines. Notice will also be provided in the next edition of the PERS and TRS member newsletters. If you have further questions regarding HB 242 or your retirement benefits, please contact Kathy Lea, Retirement Manager at 465-4460 in Juneau or 1-800-821-2251 if you are outside of Juneau.

Sincerely,



Ray Matiashowski
Commissioner

RM/MM/ksl

Enclosure

G:/mailouts/hb242/november2004/pers_employer.doc

cc: All Commissioners

Kevin Brooks, Deputy Commissioner, Department of Administration

Mike Tibbles, Deputy Commissioner, Department of Administration

Melanie Millhorn, Director, Division of Retirement and Benefits

Virginia Ragle, Assistant Attorney General, Department of Law

Toby Steinberger, Assistant Attorney General, Department of Law

PERS Contacts

**NOTIFICATION SENT TO REHIRED RETIREES REGARDING
SEPTEMBER 14, 2004 AG OPINION**

November 3, 2004

«FirstName» «MI» «LastName»
«attn»
«address»
«city», «state» «zip»

Re: HB 242 Rehired Retiree - Employment Waiver

Dear «FirstName» «MI» «LastName»:

In 2001 the Alaska Legislature enacted HB 242, which amended the statutes to allow certain Public Employees' (PERS) and Teachers' Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive participation in the retirement systems. Once participation was waived, no contributions were required from the employer or the employee. This legislation is scheduled to sunset on July 1, 2005.

The State of Alaska Attorney General's (AG) Office has issued a written opinion dated September 14, 2004, regarding the treatment of employees enrolled under this waiver after June 30, 2005. The Attorney General's Office has determined that the Legislature did not intend to extend this legislation beyond June 30, 2005, and the re-employment amendments are repealed as of July 1, 2005. The statutes that previously required re-employed retirees and their employers to contribute to the applicable retirement system will be in effect as of July 1, 2005.

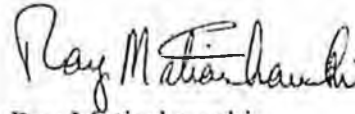
In order to address this matter, the Governor's Office will work with the Legislature on legislation to allow members who are currently covered under the re-employment waiver provision to continue to both work and receive normal retirement benefits after July 1, 2005. However, unless the Legislature approves legislation all retirees who have re-employed under the HB 242 waiver provisions and their employers will be required to contribute once again to the retirement systems. Furthermore, retirement benefits will be stopped for those retirees who continue working after the sunset date of this legislation.

Our records indicate that you have filed a waiver under the HB 242 provisions and have returned to work with a participating employer. The Division wanted to make you aware of this AG opinion, which can be referenced at www.state.ak.us/drb, under Headlines. A separate letter and

November 3, 2004

copy of the opinion is being sent to all affected employers. If you have further questions regarding HB 242 or your retirement benefits, please contact Kathy Lea, Retirement Manager at 465-4460 in Juneau or 1-800-821-2251 if you are outside of Juneau.

Sincerely,



Ray Matiashowski
Commissioner

RM/MM/ksl

G:/mailouts/hb242/november2004/participant.doc

cc: All Commissioners

Kevin Brooks, Deputy Commissioner, Department of Administration
Mike Tibbles, Deputy Commissioner, Department of Administration
Melanie Millhorn, Director, Division of Retirement and Benefits
Virginia Ragle, Assistant Attorney General, Department of Law
Toby Steinberger, Assistant Attorney General, Department of Law

RETIREE RETURN UNDER HB 242/ SB 149

Public Employees' Retirement System			
Number of Members Electing the Waiver	Increase in Average PERS Employer Contribution Rate	Total PERS Salaries as of June 30, 2003	Liability to the PERS Fund
100	negligible	\$ 1,460,783,000.00	\$ -
500	0.01%	\$ 1,460,783,000.00	\$ 146,078.30
1,000	0.02%	\$ 1,460,783,000.00	\$ 292,156.60

Teachers' Retirement System			
Number of Members Electing the Waiver	Increase in Average TRS Employer Contribution Rate	Total TRS Salaries as of June 30, 2003	Liability to the TRS Fund
100	0.02%	\$ 532,630,000.00	\$ 106,526.00
500	0.10%	\$ 532,630,000.00	\$ 532,630.00
1,000	0.20%	\$ 532,630,000.00	\$ 1,065,260.00

Analysis of Retiree Rehire Program-PERS (HB 242)

Summary

The following information summarizes the activity reported by employers to the division from July 1, 2001 through November 30, 2004.

Total number of PERS employers	160
Total number of PERS employers participating in the retiree rehire program	34
Percentage of total PERS employers participating in the retiree rehire program	21%
Total number of PERS waivers received	297

Total number of waivers received by year:

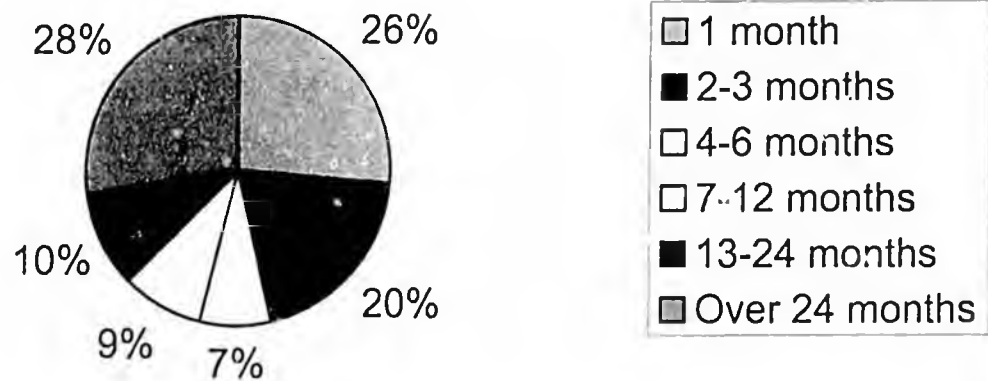
July 1, 2001 to December 31, 2001	46
January 1, 2002 to December 31, 2002	90
January 1, 2003 to December 31, 2003	89
January 1, 2004 to November 30, 2004	72

Number of months between termination and rehire

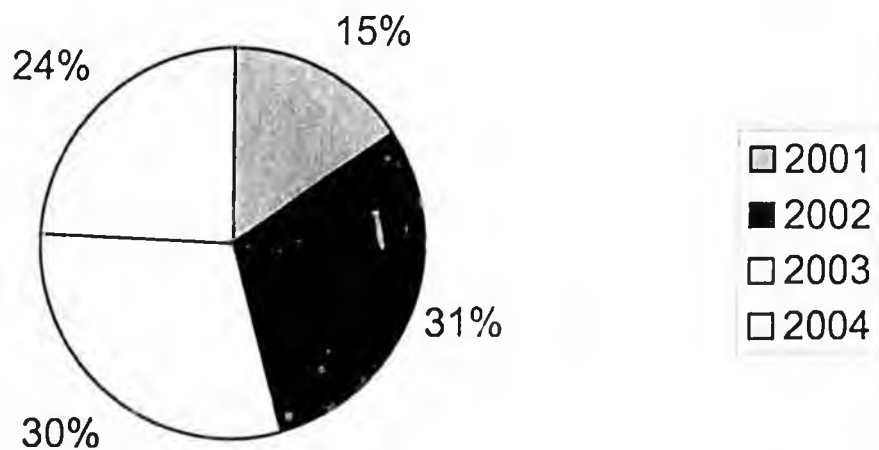
- 26% of retirees rehired within 30 days of termination of employment
- 20% of retirees rehired within 60-90 days of termination of employment
- 26% of retirees rehired between 4 and 24 months from termination of employment
- 28% of retirees rehired more than 24 months from termination of employment

Number of retirees working under a waiver as of November 30, 2004	211
---	-----

Number of Months Between Termination and Rehire-PERS



PERS Rehired Retirees by Year



Top Ten Job Classes Rehired Under PERS (HB 242)

Job Class	Waivers On File
Biologist (various)	16
Engineer (various)	16
Directors, (various)	10
Peace Officers	10
Admin Clerk	9
Managers, Various	9
Analyst Programmer	8
Admin Asst.	7
Attorney	6
Program or Project Coord.	6
Investigator	5
Secretary	5
Teacher's Aide	5
Airport Screening Officer	4
Biometrician	4
Deputy Commissioner	4
Fish & Wildlife Tech	4
Maintenance	4
Nurses	4
Admin. Managers	3
Accountants	3
Chief of Police	3
City Administration	3
Manager, Natural Resource	3

Detail of Number of Retirees Rehired by Each PERS Employer

Participating Employer	Employment Walters Issued	EE Employed as of 11/30/04
Alaska Housing Authority	1	1
Alaska Housing Finance	1	1
Aleutian Region School District	1	1
Anchorage School District	17	13
Bartlett Hospital	5	5
Bering Straits School District	1	1
Bristol Bay Borough	2	1
City & Borough of Juneau	8	6
City & Borough of Sitka	2	1
City of Bethel	1	1
City of Delta Junction	1	1
City of Dillingham	1	0
City of Fairbanks	10	7
City of Homer	3	3
City of Kenai	6	6
City of Ketchikan	1	0
City of Klawock	1	0
City of Sand Point	1	1
City of Seward	1	1
City of St. George	1	1
City of St. Mary's	1	1
City of Wasilla	3	1
City of Whittier	1	1
Cook Inlet Housing Authority	1	0
Fairbanks North Star Borough	2	2
Haines Borough	1	0
Iditarod Area School District	1	1
Interior Region Housing Authority	1	0
Juneau School District	1	1
Kenai Peninsula Borough School District	1	0
Ketchikan Gateway Borough School District	2	1
Ketchikan Gateway Borough	1	0
Mat-Su Borough	3	2
Municipality of Anchorage	18	12
North Slope Borough	9	7
Nome School District	1	1
Northwest Arctic School District	1	1
Southeast Regional Resources Center	3	1
Sitka Community Hospital	1	0
State of Alaska	169	123
University of Alaska	11	5
Totals	297	211

PERS Rehired Retiree Job Class by Employer

Employer	Position
Political Subdivision	AA Assistant
	Accountant
	Accounting Tech
	Accounts Payable Clerk
	Administrative Assistant
	Adult Educator
	Appraisal Analyst
	Addiction Recovery Aide
	Army Instructor
	Assistant Attorney
	Assistant Librarian
	Business Manager
	Chief Admin Officer
	Chief of Police
	Chief Regulatory Engineer
	City Administrator
	City Clerk
	Civil Engineer
	Community Jail Officer
	Construction Inspector
	Controller
	Customer Service Representative
	CST/ORT (Medical)
	Detective
	Diet Aide
	Dispatcher
	Economic Developer/Planner
	Electrical Projects Superintendent
	Engineer Associate
	Engineering Technician
	Engineer
	Equipment Operator
	Evidence Technician
	Finance Director
	Financial Manager
	Fire Captain
	Fire Chief
	Food Prep./Bldg. & Groundskeeper
	Foreign Language Teacher
	General Foreman
	Grants Accountant
	Harbor Officer
	Heavy Equipment Operator
	Indian Education
	Inst. Systems Technician
	Labor Manager
	Maintenance