

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2889 SCOMM 125: HOUSE SPECIAL COMMITTEE ON EDUCATION 2001-02

1. Insert "The Department of Education and Early Development, a"
- 2.
3. Page 2, line 7
4. Following "as amended by sec. 1"
5. Insert "and sec. 2"



Advocates for Alaska's Youth

AASB Position HB 416 – Reemployment of Retired Teachers

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

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

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

Initial Placement on Salary Schedule

Anchorage School District – 1 year prior experience credit allowed for both Baccalaureate and Master's degrees (effective July 1, 2002)

2002/2003 school year Baccalaureate degree - \$33,914
Master's degree - \$38,036

Galena City School District – 5 (or 6) years prior experience credit allowed for both Baccalaureate and Master's (one higher induction step may be allowed due to a shortage of sufficiently qualified applicants)

2001-2002 school year Baccalaureate degree - \$42,972 (\$44,493)
Master's degree - \$47,534 (\$49,055)

Juneau School District – 4 years prior experience credit allowed for both Baccalaureate and Master's

2002/2003 school year Baccalaureate degree - \$37,806
Master's degree - \$40,372

Kenai School District – 5 years prior experience credit allowed for both Baccalaureate and Master's

2001-2002 school year Baccalaureate degree - \$38,908
Master's degree - \$41,460

North Slope Borough School District – 6 years prior experience credit allowed for Baccalaureate; 8 years prior experience credit allowed for Master's

2001-2002 school year Baccalaureate degree - \$52,572
Master's degree - \$60,266

Northwest Arctic School District – 6 years prior experience credit allowed for Baccalaureate; 8 years prior experience credit allowed for Master's

2000-2001 school year Baccalaureate degree - \$46,336
Master's degree - \$54,555

Re: your reply

Subject: Re: your reply

Date: Wed, 20 Feb 2002 11:53:28 -0900

From: kathy lea <kathy_lea@admin.state.ak.us>

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

>From the Retirement System side I don't think it matters at what range RIP teachers are rehired at. Basically, both the employer and employee paid the cost to allow the employee to take advantage of the RIP so the retirement system suffered no loss there. Rehiring a person in a position and allowing them to waive participation in either PERS or TRS would also not affect us as no new liability would be created.

>From the public policy standpoint I can see that it is a concern given that school districts, as so correctly put by Rep. Stevens, paid to have RIP teachers go away in the first place. Having a restriction may make it easier for school districts to rehire local RIP teachers without an outcry from their communities.

However, I believe you may want to run this by NEA because I believe there may be concerns regarding negotiated agreements (union contracts with school districts). We had a small problem with that on the PERS side last summer when the City of Fairbanks began using the waiver option to rehire a few of their retired employees. They ultimately worked with their unions and produced a letter of agreement that satisfied the union before they could rehire some retirees.

If you have any other questions, please let me know, glad to help.

Kathy Lea

Representative Con Bunde wrote:

> Cool. Do you all have any thoughts on the committee's discussion about
> putting into the statute that districts would have to hire back people at the
> appropriate negotiated bottom of their pay scales? Thanks! Karen

>
> kathy lea wrote:

>
> > Yes, my email relates to the RIP statutes as they currently exist--

> >

> > Representative Con Bunde wrote:

> >

> > > Kathy --

> > >

> > > I think your e-mail that I received this morning relates to current
> > > statute, but does not comment on the bill as currently amended. Is that
> > > correct? Just checking to make sure we didn't create a giant ball of
> > > wax this morning.

> > >

> > > Karen

Re: your reply

Subject: Re: your reply

Date: Wed, 20 Feb 2002 10:25:26 -0900

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

Organization: Alaska State Legislature

To: kathy_lea@admin.state.ak.us

CC: Terri F Campbell <terri_campbell@eed.state.ak.us>

Kathy --

I think your e-mail that I received this morning relates to current statute, but does not comment on the bill as currently amended. Is that correct? Just checking to make sure we didn't create a giant ball of wax this morning.

Karen

Subject: DOEED and RIP hires

Date: Wed, 20 Feb 2002 07:33:28 -0900

From: kathy lea <kathy_lea@admin.state.ak.us>

To: Karen L Mccarthy <Karen_McCarthy@legis.state.ak.us>

Sorry I didn't get back to you yesterday, I've been out of the office for a week, had hearings in the morning and crisis in the afternoon so I didn't get to all my phone messages.

Here is the crux of the problem with DOEED rehiring RIP retirees who retired under the most recent RIP:

* The RIP allows rehire of RIP employees only into non-permanent positions or personal services contracts after the person has been retired for 3 years if they retired under the school district RIP, 5 years if they retired under the State of Alaska/Political Subdivision RIP.

*The exception to this rule is that DOEED can to request a waiver from the Commissioner of Administration to hire a person who has particular skills in a specialized area. DOEED would have to state the reason for the waiver request, the duration of employment and the salary paid. The waiver is only good for one school year (July 1 through June 30). Another waiver would have to be applied for the following school year.

* If a person took the RIP from DOEED, they cannot be rehired as a non-permanent employee or on a personal services contract regardless of how long they have been retired.

* DOEED may hire a RIP retiree into a permanent TRS or PERS covered position, but in that instance, the retiree would have to pay the RIP penalties and would lose the RIP credit when they again retired.

If you have other questions, I would be happy to answer them for you. Again, please accept my apology for being late getting back to you with this answer.

District	Average Salary*	Benefit Percentage	Annual Benefit	Monthly Benefit
Anchorage	\$ 62,889.00	40%	\$ 25,155.60	\$ 2,096.30
Barrow	\$ 65,543.00	40%	\$ 26,217.20	\$ 2,184.77
Galena	\$ 59,701.00	40%	\$ 23,880.40	\$ 1,990.03
Juneau	\$ 64,694.00	40%	\$ 25,877.60	\$ 2,156.47
Kenai	\$ 58,650.00	40%	\$ 23,460.00	\$ 1,955.00
Kotzebue	\$ 70,931.00	40%	\$ 28,372.40	\$ 2,364.37

*Assumes last three salaries were at highest pay range.

**Assumes 20 years of service performed all with same school district.

LEGAL SERVICES

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STATE OF ALASKA

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Mail Stop 3101

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

MEMORANDUM

February 18, 2002

SUBJECT: Proposed amendment to HB 416 by Department of Education and Early Development (Work Order No. 22-LS1472\C)

TO: Representative Con Bunde
Attn: Karen McCarthy

FROM: Barbara R. Craver *BRC*
Legislative Counsel

An amendment to HB 416 has been proposed by the Department of Education and Early Development (DEED). DEED suggests they need this amendment so that the department can hire teachers who had retired under a retirement incentive program (RIP). You ask whether the proposed amendment accomplishes that purpose. I don't think the proposed amendment is needed for those purposes.

If the DEED wishes to rehire a person who had previously retired under a RIP program, they are allowed to do so under AS 14.25.043(a). The only limitation might be found in the terms of the individual's RIP program.¹ If the DEED wishes to allow a rehired person to make an election similar to the one permitted under AS 14.25.043(b) then a different amendment to HB 416 would be better, or a different bill altogether, depending on what the department hopes to accomplish.

The proposed amendment would add the DEED to AS 14.20.135(a) which was created to help school districts and regional education attendance areas with teacher shortages under certain circumstances. You say that DEED does not intend to hire teachers to instruct students directly. It seems inappropriate to amend AS 14.25.043 if the only result desired is for DEED to be able to rehire RIP retirees, as they can do this already. If the intent is

¹ For example, the RIP program enacted in 1996 provides that other than the significant penalties the rehired member might incur, there is an outright prohibition on being rehired by a state agency for 5 years unless " . . . the commissioner of administration, for a state agency, determines that there is a compelling reason to do so because of the individual's specialized or extensive experience that relates to a particular program or project of the state agency or university. However, a state agency may not enter into a contract with an individual under this subsection if the individual was employed by the state agency at the time of the individual's appointment to retirement." §30(c), Ch 4 FSSLA 1996.

Representative Con Bunde
February 18, 2002
Page 2

to permit rehired RIP retirees to make an election under AS 14.25.043 regarding their pay and benefits during rehire, then DEED should address that issue directly.

The only function which AS 14.25.043 serves is to allow certain reemployed retired members to make an election concerning the way their retirement benefits are treated during their period of reemployment. Prior to the changes made to AS 14.25.043 in 2001, if a retired member (whether under RIP or not) was rehired, AS 14.25.043 prohibited retirement benefit payments to be made during the period of reemployment. In return, the reemployed retiree's PERS service continues, and their retirement pay, when they again retire will be increased by the additional service.

Under the changes to AS 14.25.043, teachers rehired because of shortages under AS 14.20.135 or members retiring under AS 14.25.110(a) (normal retirement) may make an election to continue to receive retirement pay and benefits while also receiving the new salary. In order to prevent having insurance and PERS benefits being withheld from the rehired member's salary, while continuing to get retirement pay and coverage under the retirement program, the member is required to waive coverage if they elect to continue to receive retirement while rehired. If they chose not to make the election, then their retirement pay and benefits would stop while they were reemployed, as had been required of all reemployed retirees previously under AS 14.25.043.

BRC:med
02-175.med

The attached amendment, suggested by the Department of Education and Early Development, would allow DEED to hire teachers who had retired under a Retirement Incentive Program. The following shows how the suggested amendment would affect HB 416 with regard to AS 14.20.135.

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

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

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

[(c) A SCHOOL DISTRICT OR REGIONAL EDUCATIONAL ATTENDANCE AREA MAY NOT EMPLOY A TEACHER, PRINCIPAL, OR ADMINISTRATOR WHO PARTICIPATED IN A RETIREMENT INCENTIVE PROGRAM UNDER CH. 26, SLA 1986; CH. 89, SLA 1989; CH. 65, SLA 1996; CH. 4, FSSLA 1996; OR CH. 92, SLA 1997, UNDER THIS SECTION.]

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

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MEMORANDUM

February 8, 2002

SUBJECT: Reemployment of teachers and principals and retirement incentive programs (Work Order No. 22-LS1472\A)

TO: Representative Con Bunde
Attn: Karen

FROM: Barbara R. Craver *BRC*
Legislative Counsel

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

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

Section 1. This section allows rehired RIP teachers to make the same election as other rehired retired teachers within 30 days of the date of reemployment. That election is to choose to receive retirement payments as well as payment for the job they are rehired for, but waive coverage under TRS for the time they are rehired, *i.e.*, they would not receive any more years of credited service, and they would not have any contributions to TRS deducted from their paycheck. If they fail to make that election, their retirement pay will cease and they will become members of TRS again, earning years of service and having contributions withheld for TRS.

Section 2. This amends the section in ch. 57, SLA 2001, to indicate legislative intent that AS 14.25.043(b) as amended will be repealed on July 1, 2005, the same date as the original termination provision in the bill passed last year.

Section 3. AS 14.20.135 was a new section added to AS 14.20 last session. It allowed a school district that had teacher shortages to rehire retired teachers in certain circumstances. This section repeals AS 14.20.135(c) which made TRS members who had participated in Retirement Incentive Programs (RIP) ineligible to be hired under AS 14.20.135(a). The repeal of AS 14.20.135(c) would allow a school district to rehire a teacher who participated in a RIP.

Representative Con Bunde
February 8, 2002
Page 2

Section 4. This gives the Act an immediate effective date so that any school districts that may need teachers who participated in RIP will be able to hire them in time for the next school year.

BRC:med
02-129.med

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

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

From: Greg Giles <ggiles@asb.org>

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

AASB Position In Support of Re-hire of Retired Teachers

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

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

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

February 2002

Review of the Bill:

- Alaska is experiencing a severe shortage of qualified teachers and principals.
- Recruitment and retention are difficult issues for many school districts, especially in rural areas and for specialized fields.
- Last year, HB 242 became law, allowing school districts that are experiencing a shortage of teachers and/or principals to re-hire retired teachers.
- HB 416 adds another layer to that by giving districts *the option* to re-hire TRS and PERS retirees who retired under a Retirement Incentive Program, or RIP.
- There would be no actuarial impact to the TRS or the PERS systems.
- The ability to re-hire retired teachers under last year's bill sunsets on July 1, 2005 so that the Legislature can assess the impact of the legislation. This bill has the same sunset date. Teachers and principals hired under HB 242 and HB 416 could continue their re-employment after the sunset date, but no new teachers or principals could be hired.
- These experienced, highly qualified teachers could also mentor new teachers.
- The following have testified or sent letters in support of HB 416 in previous hearings.
 - Mat-Su School District
 - Anchorage School District
 - North Slope Borough School District
 - Klawock School District
 - Wrangell School District
 - Alaska Gateway School District
 - Kodiak Island Borough School District
 - Sitka School District
 - Alaska Association of School Boards
 - Alaska Association of Secondary School Principals
 - A.A.R.P.
- HB 416 would put another tool at school districts' disposal to find excellent, highly qualified teachers. I urge your support for this legislation.
- I also declare a possible conflict, as both my wife and I are TRS retirees. Thank you.

Review of Amendment:

- HB 416 as passed by the House HESS Committee, has one little hitch. The representative from District 32 and I offer amendment "J.2" to address that hitch.
- This amendment would require that any teacher hired under this legislation, who retired under a Retirement Incentive Program,
 - be paid under the local negotiated contract as if they were new to the school district.
 - **They would receive the negotiated credit for their education and teaching experience**, but
 - this amendment would prevent any favoritism or malfeasance (remote as that possibility may be) in hiring a teacher or principal back from retirement at a very high salary due to friendship or family relationship.
- Districts would be using public money to hire these teachers and the state has an interest in how it is spent.
- The RIP was meant to save money. The desire now is to bring those teachers back while still recognizing that they got substantial bonuses. To hire these teachers back at high pay rates is totally opposite to the cost-saving principles in the original RIP.
- It may well create a morale problem in schools if some teachers are being paid and the top of the pay scale plus receiving retirement checks while their colleagues have no such bonus.
- I draw your attention to the chart attached to this amendment. Note that with this proposed amendment, teachers with Masters degrees would make more money than they did when they retired. Without this amendment, they would be making significantly more than their colleagues -- in some cases over \$20,000.
- What the columns show.
 - 1) names representative districts around the state.
 - 2) the average salary in each district after 20 years.
 - 3) the average retirement benefit for a teacher after 20 years.
 - 4) the maximum salary for someone who is new to the district with a Bachelor's degree and for someone with a Master's degree.
 - 5) the maximum years experience the district credits teachers with when they are new to the district.
 - 6) what a teacher, who retired under a RIP, would earn if this amendment passes.
 - 7) what that same teacher would earn if the amendment does not pass.
 - 8) the difference in salary with vs. without this amendment.
- I urge your acceptance of this amendment and your support for HB 416. Thank you.

Review of Amendment:

- HB 416 as passed by the House HESS Committee, has one little hitch. The representative from District 32 and I offer amendment "J.2" to address that hitch.
- This amendment would require that any teacher hired under this legislation, who retired under a Retirement Incentive Program,
 - be paid under the local negotiated contract as if they were new to the school district.
 - **They would receive the negotiated credit for their education and teaching experience**, but
 - this amendment would prevent any favoritism or malfeasance (remote as that possibility may be) in hiring a teacher or principal back from retirement at a very high salary due to friendship or family relationship.
- Districts would be using public money to hire these teachers and the state has an interest in how it is spent.
- Coghill* {
 - The RIP was meant to save money. The desire now is to bring those teachers back while still recognizing that they got substantial bonuses. To hire these teachers back at high pay rates is totally opposite to the cost-saving principles in the original RIP.
No savings on health insurance - school district would be primary.
 - It may well create a morale problem in schools if some teachers are being paid and the top of the pay scale plus receiving retirement checks while their colleagues have no such bonus.
 - I draw your attention to the chart attached to this amendment. Note that with this proposed amendment, teachers with Masters degrees would make more money than they did when they retired. Without this amendment, they would be making significantly more than their colleagues -- in some cases over \$20,000.
- What the columns show.
 - 1) names representative districts around the state.
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 - 4) the maximum salary for someone who is new to the district with a Bachelor's degree and for someone with a Master's degree.
 - 5) the maximum years experience the district credits teachers with when they are new to the district.
 - 6) what a teacher, who retired under a RIP, would earn if this amendment passes.
 - 7) what that same teacher would earn if the amendment does not pass.
 - 8) the difference in salary with vs. without this amendment.
- I urge your acceptance of this amendment and your support for HB 416. Thank you.

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 416(HES)

BY REPRESENTATIVES BUNDE
AND COGHILL

1 Page 2, line 21:

2 Delete "a new subsection"

3 Insert "new subsections"

4

5 Page 2, following line 27:

6 Insert a new subsection to read:

7 "(e) A retired teacher who participated in a retirement incentive program
8 under ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or
9 ch. 92, SLA 1997, and who is subsequently reemployed under this section shall be
10 paid at the rate new teachers are paid according to the negotiated salary schedule of
11 the school district or regional education attendance area that hires the teacher."

12

13 Page 2, line 30, following "AS 14.25.043(d)":

14 Insert "and 14.25.043(e)"

Comparison:
Average Possible Salaries for Re-employed Teachers

District	Average Salary at 20 Year Retirement #	Average Retirement Benefit (40%) *	Maximum Salary For Teacher New to District	Maximum Years of Experience Counted for Teacher New to District	Average Salary With Amendment	Average Salary Without Amendment	Difference
Anchorage	\$62,889.00	Annual: \$25,155.60 Monthly: 2,096.30	BA \$33,914 MA \$38,036 (2002-2003)	0 years (currently) 1 year (effective 7-1-02)	BA \$59,069.60 MA \$63,191.60	\$88,044.60	BA \$28,975.00 MA \$24,853.00
NW Arctic Borough (Kotzebue)	\$70,931.00	Annual: \$28,372.40 Monthly: 2,364.37	BA \$46,336 MA \$54,555 (2000 - 2001)	6 years for BA 8 years for MA	BA \$74,708.40 MA \$82,927.40	\$99,303.40	BA \$24,595.00 MA \$16,376.00
Juneau	\$64,694.00	Annual: 25,877.60 Monthly: 2,156.47	BA \$37,806 MA \$40,372 (2002-2003)	4 years	BA \$63,683.60 MA \$66,249.60	\$90,571.60	BA \$26,888.00 MA \$24,322.00
Galena	\$59,701.00	Annual: 23,880.40 Monthly: 1,990.03	BA \$42,972 (\$44,493) MA \$47,534 (\$49,055) (2001-2002)	5 years (or 6 due to shortage of qualified applicants)	BA \$66,852.40 MA \$71,414.40	\$83,581.40	BA \$16,729.00 MA \$12,167.00
N. Slope Borough (Barrow)	\$65,543.00	Annual: \$26,217.20 Monthly: \$2,184.77	BA \$52,572 MA \$60,266 (2001-2002)	6 years for BA 8 years for MA	BA \$78,789.20 MA \$86,483.20	\$91,760.20	BA \$12,971.00 MA \$5,277.00
Kenai	\$58,650.00	Annual: \$23,460.00 Monthly: \$1,955.00	BA \$38,908 MA \$41,460 (2001-2002)	5 years	BA \$62,368.00 MA \$64,920.00	\$82,110.00	BA \$19,742.00 MA \$17,190.00
* Assumes last three salaries were at the highest pay range.							
# Assumes 20 years of service performed within the same school district.							



Alaska State Legislature

House Special Committee on Education Representative Con Bunde, Chair

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

Sponsor Statement

CSHB 416(HES)

"An Act relating to reemployment of and benefits for retired teachers and principals who participated in retirement incentive programs and to the employment as teachers of members of the public employees' retirement system who participated in a retirement incentive program; and providing for an effective date."

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

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

School districts would be required to certify that they are experiencing a shortage in order to reemploy a RIP-retired teacher or principal. Those reemployed under this provision would not be required to pay back their retirement incentive and could elect to either continue receiving their retirement benefits or to accrue new Teacher Retirement System (TRS) credited service during the re-hire period. The Department of Education would also be able to hire RIP-retired teachers and principals for Alyeska Central School, Mt. Edgecumbe, the Alaska State School for the Deaf and Hard of Hearing, and the Alaska Vocational Technical Center.

Two amendments were incorporated into CSHB 416(HES). The first included any former Public Employee Retirement System (PERS) members who retired under a RIP and who earns certification as a teacher or principal in this legislation. The second removed the requirement that any teacher reemployed under this legislation would be paid under the local negotiated salary schedule as a teacher who is new to the district.

Statute allowing school districts to hire any retired personnel without penalty sunsets on July 1, 2005; school districts would not be able to reemploy any additional retirees after that date.

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

What is current statute regarding rehiring retired teachers?

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

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

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

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

Early Retirees may return to work under two options:

Standard Option:

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

Waiver Option:

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

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

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

Current Statute for Reemployment of Retired TRS Members

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

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

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

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

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

Sec. 14.25.043. Reemployment of retired members.

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

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

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



Advocates for Alaska's Youth

AASB Position HB 416 – Reemployment of Retired Teachers

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

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

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

**Opening Remarks to House HESS Committee
HB 416, "Reemployment of Retired Teachers"
March 14, 2002**

- Alaska is experiencing a severe shortage of qualified teachers and principals.
- Recruitment and retention are difficult issues for many school districts, especially in rural areas and for specialized fields.
- HB 416 would provide an additional tool for districts to use to bring experienced teachers and principals back into the classroom and to serve as mentors for new teachers.
- There would be no actuarial impact to the TRS system.
- HB 416 amends last year's HB 242 (provided in your packets) to allow districts that are experiencing a shortage *the option* to hire teachers who previously retired under a Retirement Incentive Program, or RIP.
- The Department of Education and Early Development would also be able to take advantage of this option for Alyeska Central School, AVTEC and Mt. Edgecumbe.
- Districts who choose to take advantage of this option would be required to pay teachers hired through this legislation as if they were new to the district under the local negotiated agreement. Please note the chart in your packets that describes some districts' retirement benefits, maximum beginning salaries, and maximum credit for teaching experience. I also have a chart here that compares average salary at retirement with the salary of teachers hired under this bill. *(Give charts to Jason to hand out.)*
- The ability to re-hire retired teachers, whether RIP retired or regular retired, sunsets on July 1, 2005 under HB 242. This was enacted so that legislators would have information about the impact of the legislation. Teachers and principals hired under HB 242 and HB 416 could continue their re-employment after the sunset date, but no new teachers or principals could be hired.
- As you can see from the Memorandums prepared by the Division of Retirement and Benefits that are in your packets, a total of 21 retired TRS members were re-employed by school districts last year since HB 242 went into effect. That is a small fraction of those who have retired since 1996.
- The Department of Education and Early Development has also provided information for your packets on the re-certification requirements for retired teachers. Currently, only 457 retired teachers hold or have applied for a retired certificate, and only 2.9% of those have reinstated or kept their regular teaching certificate.
- The Division of Retirement and Benefits has suggested an amendment that has been provided to you -- to allow former PERS employees who retired under a Retirement Incentive Program and who want to be certified to teach as a second career to be eligible under this bill. It would, for example, allow a RIP-retired teacher aide to complete the necessary coursework to be certificated as a teacher and be re-hired without prohibitive penalties.
- In conclusion, the following have testified in support of HB 416 in previous hearings.
 - Mat-Su School District
 - Anchorage School District
 - Alaska Association of School Boards
 - Alaska Association of Secondary School Principals

I hope you will support this bill and amendment F.3. Thank you.

Comparison:
Average Possible Salaries for Re-employed Teachers Under CSHB 416(edu) vs. CSHB 416(hes)

District	Average Salary at 20 Year Retirement #	Average Retirement Benefit (40%) *	Maximum Beginning Salary For Teacher New to District	Maximum Years of Experience Counted for Teacher New to District	Average Salary With Restriction (Under CSHB 416 (EDU))	Average Salary Without Restriction (Under CSHB 416 (HES))	Potential Difference in Salary
Anchorage	\$62,889.00	Annual: \$25,155.60 Monthly: 2,096.30	BA \$33,914 MA \$38,036 (2002-2003)	0 years (currently) 1 year (effective 7-1-02)	BA \$59,069.60 MA \$63,191.60	\$88,044.60	BA \$28,975.00 MA \$24,853.00
NW Arctic Borough (Kotzebue)	\$70,931.00	Annual: \$28,372.40 Monthly: 2,364.37	BA \$46,336 MA \$54,555 (2000 - 2001)	6 years for BA 8 years for MA	BA \$74,708.40 MA \$82,927.40	\$99,303.40	BA \$24,595.00 MA \$16,376.00
Juneau	\$64,694.00	Annual: 25,877.60 Monthly: 2,156.47	BA \$37,806 MA \$40,372 (2002-2003)	4 years	BA \$63,683.60 MA \$66,249.60	\$90,571.60	BA \$26,888.00 MA \$24,322.00
Galena	\$59,701.00	Annual: 23,880.40 Monthly: 1,990.03	BA \$42,972 (\$44, 493) MA \$47,534 (\$49,055) (2001-2002)	5 years (or 6 due to shortage of qualified applicants)	BA \$66,852.40 MA \$71,414.40	\$83,581.40	BA \$16,729.00 MA \$12,167.00
N. Slope Borough (Barrow)	\$65,543.00	Annual: \$26,217.20 Monthly: \$2,184.77	BA \$52,572 MA \$60,266 (2001-2002)	6 years for BA 8 years for MA	BA \$78,789.20 MA \$86,483.20	\$91,760.20	BA \$12,971.00 MA \$5,277.00
Kenai	\$58,650.00	Annual: \$23,460.00 Monthly: \$1,955.00	BA \$38,908 MA \$41,460 (2001-2002)	5 years	BA \$62,368.00 MA \$64,920.00	\$82,110.00	BA \$19,742.00 MA \$17,190.00
* Assumes last three salaries were at the highest pay range.							
# Assumes 20 years of service performed within the same school district.							

LEGAL SERVICES

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MEMORANDUM

January 22, 2002

SUBJECT: Sectional Summary of SCS CSHB 242(FIN)
TO: Representative Con Bunde
Attn: Karen
FROM: Barbara R. Craver *BRC*
Legislative Counsel

*Passed
last
year*

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

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

Section 1. Adds a new section, AS 14.20.135.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Representative Con Bunde
January 22, 2002
Page 4

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

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

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

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

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

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

BRC:med
02-037.med

Signed into law 5-24-01. JUST CLAY

SENATE CS FOR CS FOR HOUSE BILL NO. 242(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/5/01

Referred: Rules

Sponsor(s): REPRESENTATIVES KOTT, Stevens, Hayes, Dyson, Cissna, Crawford, Guess

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to reemployment of and medical benefits for retired members of the
2 teachers' retirement system and public employees' retirement system; relating to the
3 inclusion of cost-of-living differentials on compensation and benefits under the public
4 employees' retirement system; and providing for an effective date."

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

6 * **Section 1.** AS 14.20 is amended by adding a new section to read:

7 **Sec. 14.20.135. Employment of retired teachers because of shortages. (a)**
8 A school district or regional educational attendance area that has or anticipates having
9 a shortage of teachers qualified to teach in a particular discipline or specialty may, by
10 resolution, adopt a policy that permits the employment of retired teachers who are
11 qualified to teach in the discipline or specialty in accordance with this section. The
12 policy must describe the circumstances that constitute the shortage. If a shortage of
13 teachers exists as described in the policy, the district or attendance area shall notify the
14 administrator of the teachers' retirement system (AS 14.25) that it is hiring retired

1 teachers under this section.

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

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

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

12 * Sec. 2. AS 14.25.040(a) is amended to read:

13 (a) Unless a teacher or member has elected to participate in the optional
14 university retirement program under AS 14.40.661 - 14.40.799 or has filed an
15 election under AS 14.25.043(b), a teacher or member contracting for service with a
16 participating employer is subject to this chapter.

17 * Sec. 3. AS 14.25.040(a) is amended to read:

18 (a) Unless a teacher or member has elected to participate in the optional
19 university retirement program under AS 14.40.661 - 14.40.799 [OR HAS FILED AN
20 ELECTION UNDER AS 14.25.043(b)], a teacher or member contracting for service
21 with a participating employer is subject to this chapter.

22 * Sec. 4. AS 14.25.043 is amended to read:

23 **Sec. 14.25.043. Reemployment of retired members.** (a) If a retired member
24 again becomes an active member, benefit payments may not be made during the
25 period of reemployment unless the teacher makes an election under (b) of this
26 section. The retirement benefit must be suspended for the entire school year if the
27 teacher is reemployed as an active teacher for a period equivalent to a year of service.
28 During the period of reemployment, the member is subject to AS 14.25.050 and
29 deductions from the member's salary will be made in accordance with AS 14.25.050.

30 (b) A school district or regional educational attendance area that has
31 adopted a policy that permits the employment of retired teachers in accordance

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

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

29 * Sec. 5. AS 14.25.043(a) is amended to read:

30 (a) If a retired member again becomes an active member, benefit payments
 31 may not be made during the period of reemployment [UNLESS THE TEACHER

1 MAKES AN ELECTION UNDER (b) OF THIS SECTION]. The retirement benefit
 2 must be suspended for the entire school year if the teacher is reemployed as an active
 3 teacher for a period equivalent to a year of service. During the period of
 4 reemployment, [THE MEMBER IS SUBJECT TO AS 14.25.050 AND] deductions
 5 from the member's salary will be made in accordance with AS 14.25.050.

6 * Sec. 6. AS 14.25.168(d) is amended to read:

7 (d) A benefit recipient may elect major medical insurance coverage in
 8 accordance with regulations and under the following conditions:

9 (1) a person who has less than 25 years of membership service and
 10 who is younger than 60 years of age must pay an amount equal to the full monthly
 11 group premium for retiree major medical insurance coverage;

12 (2) [A PERSON WHO IS AT LEAST 60 YEARS OF AGE BUT IS
 13 YOUNGER THAN 65 YEARS OF AGE MUST PAY AN AMOUNT EQUAL TO
 14 ONE-HALF OF THE FULL MONTHLY GROUP PREMIUM FOR RETIREE
 15 MAJOR MEDICAL INSURANCE COVERAGE;

16 (3)] a disabled member, a disabled member who is appointed to
 17 normal retirement, [OR] a person 60 [65] years of age or older, or a person who has
 18 at least 25 years of membership service is not required to make premium payments.

19 * Sec. 7. AS 39.35.120(b) is amended to read:

20 (b) Inclusion in the system is a condition of employment for an employee
 21 except as otherwise provided for an

22 (1) elected official;

23 (2) employee making an election under AS 39.35.150(b); and

24 (3) [FOR AN] employee of the university who has elected to
 25 participate in the optional university retirement program under AS 14.40.661 -
 26 14.40.799.

27 * Sec. 8. AS 39.35.150 is amended to read:

28 Sec. 39.35.150. Re-employment of retired employees. (a) If a retired
 29 employee subsequently becomes an active member, benefit payments may not be
 30 made during the period of re-employment unless the member makes an election
 31 under (b) of this section. During the period of re-employment, deductions from the

1 employee's salary shall be made in accordance with AS 39.35.160. Upon subsequent
 2 retirement, the retired employee is entitled to receive an additional pension based on
 3 the credited service and the average monthly compensation earned during the period
 4 of re-employment in accordance with AS 39.35.370.

5 (b) A member who retired under AS 39.35.370(a) and subsequently
 6 becomes an active member may, within 30 days of the date of reemployment,
 7 elect to continue receiving benefit payments during the period of reemployment
 8 by filing an election with the administrator on a form provided by the
 9 administrator. An election under this subsection waives coverage for the period
 10 of reemployment and is irrevocable during the period of reemployment. During
 11 the period of reemployment, deductions from the member's salary may not be
 12 made under AS 39.35.160 and the member may not receive credited service. A
 13 member who participated in a retirement incentive program under ch. 26, SLA
 14 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch. 92, SLA
 15 1997, is not eligible to make an election under this subsection.

16 (c) A member who has not made an election under (b) of this section is
 17 subject to AS 39.35.120 and 39.35.160.

18 (d) If the initial benefit payments to which the retired member is eligible have
 19 been reduced because the member retired early under AS 39.35.370(b) or increased
 20 because the member elected to receive a level income option benefit under former
 21 AS 39.35.460, the member shall also receive an incremental benefit based on the
 22 amount of the reduction imposed by AS 39.35.370(b) or the increase under former
 23 AS 39.35.460 on the first benefit and the length of time that the employee was
 24 reemployed and not receiving retirement benefits. The amount of the incremental
 25 benefit is equal to the difference between the normal retirement benefit to which the
 26 member would have been entitled had the member taken a normal retirement and the
 27 early retirement benefit or benefit under the level income option that the member has
 28 been receiving based on the member's initial period of employment multiplied by the
 29 total number of months that the member did not receive retirement benefits because of
 30 reemployment and that amount actuarially adjusted to be paid over the expected
 31 lifetime of the member. In the case of a member who selected benefits under the level

1 income option, the total number of months may not include any month in which the
2 member was 65 years of age or older.

3 * Sec. 9. AS 39.35.150(a) is amended to read:

4 (a) If a retired employee subsequently becomes an active member, benefit
5 payments may not be made during the period of re-employment [UNLESS THE
6 MEMBER MAKES AN ELECTION UNDER (b) OF THIS SECTION]. During the
7 period of re-employment, deductions from the employee's salary shall be made in
8 accordance with AS 39.35.160. Upon subsequent retirement, the retired employee is
9 entitled to receive an additional pension based on the credited service and the average
10 monthly compensation earned during the period of re-employment in accordance with
11 AS 39.35.370.

12 * Sec. 10. AS 39.35.535(c) is repealed and reenacted to read:

13 (c) A benefit recipient may elect major medical insurance coverage in
14 accordance with regulations and under the following conditions:

15 (1) a person, other than a disabled member or a disabled member who
16 is appointed to normal retirement, must pay an amount equal to the full monthly group
17 premium for retiree major medical insurance coverage if the person is

18 (A) younger than 60 years of age and has less than

19 (i) 25 years of credited service as a peace officer under
20 AS 39.35.360 and 39.35.370; or

21 (ii) 30 years of credited service under AS 39.35.360 and
22 39.35.370 that is not service as a peace officer; or

23 (B) of any age and has less than 10 years of credited service;

24 (2) a person is not required to make premium payments for retiree
25 major medical coverage if the person

26 (A) is a disabled member;

27 (B) is a disabled member who is appointed to normal
28 retirement;

29 (C) is 60 years of age or older and has at least 10 years of
30 credited service; or

31 (D) has at least

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer.

* **Sec. 11.** AS 39.35.675(b) is amended to read:

(b) The amount of a cost-of-living differential may not be included in the employee's compensation for purposes of calculating benefits paid under this chapter unless the employee has received a cost-of-living differential [IN A COMPARABLE AMOUNT OR OF AT LEAST THAT MANY STEPS] for at least 50 percent of the employee's credited service.

* **Sec. 12.** AS 14.20.135; AS 14.25.043(b); AS 39.35.120(b)(2), 39.35.150(b), and 39.35.150(c) are repealed July 1, 2005.

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

REPORT TO LEGISLATURE. Annually, beginning in 2002 and ending in 2006, the administrator of the teachers' retirement system shall report to the legislature by the 30th day of the regular legislative session concerning the effect of this Act on the retirement system.

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

TRANSITION: REGULATIONS. (a) Notwithstanding sec. 17 of this Act, the Alaska Teachers' Retirement Board may immediately proceed to adopt regulations necessary to implement changes made by secs. 2, 4, and 6 of this Act. The regulations take effect under AS 14.25.022, but not before July 1, 2001.

(b) Notwithstanding sec. 17 of this Act, the Public Employees' Retirement Board may immediately proceed to adopt regulations necessary to implement changes made by secs. 7, 8, 10, and 11 of this Act. The regulations take effect under AS 39.35.042, but not before July 1, 2001.

* **Sec. 15.** Sections 3, 5, 9, and 12 of this Act take effect July 1, 2005.

* **Sec. 16.** Section 14 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 17.** Except as provided in secs. 15 and 16 of this Act, this Act takes effect July 1, 2001.

Sponsor Statement for HB 242

TRS & PERS Reemploy & Med Benefit; COLA

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

Last Updated: April 18, 2001

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

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

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

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

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

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

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

I urge your support for this legislation.

Comparison:

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

District	Average Salary at 20 Year Retirement #	Average Retirement Benefit (40%) *	Maximum Beginning Salary For Teacher New to District	Retired Teacher's Salary Under CSHB 416 (EDU)
Anchorage	\$62,889.00	Annual: \$25,155.60 Monthly: 2,096.30	BA \$33,914 MA \$38,036 (2002-2003)	BA \$59,069.60 MA \$63,191.60
NW Arctic Borough (Kotzebue)	\$70,931.00	Annual: \$28,372.40 Monthly: 2,364.37	BA \$46,336 MA \$54,555 (2000 - 2001)	BA \$74,708.40 MA \$82,927.40
Juneau	\$64,694.00	Annual: 25,877.60 Monthly: 2,156.47	BA \$37,806 MA \$40,372 (2002-2003)	BA \$63,683.60 MA \$66,249.60
Galena	\$59,701.00	Annual: 23,880.40 Monthly: 1,990.03	BA \$42,972 (\$44, 493) MA \$47,534 (\$49,055) (2001-2002)	BA \$66,852.40 MA \$71,414.40
N. Slope Borough (Barrow)	\$65,543.00	Annual: \$26,217.20 Monthly: \$2,184.77	BA \$52,572 MA \$60,266 (2001-2002)	BA \$78,789.20 MA \$86,483.20
Kenai	\$58,650.00	Annual: \$23,460.00 Monthly: \$1,955.00	BA \$38,908 MA \$41,460 (2001-2002)	BA \$62,368.00 MA \$64,920.00
* Assumes last three salaries were at the highest pay range.				
# Assumes 20 years of service performed within the same school district.				

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

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

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 416(EDU)

BY REPRESENTATIVE STEVENS

1 Page 2, lines 17 - 22:

2 Delete all material.

*Requirement for PIP-relatives to
be paid as new teachers.*

3
4 Renumber the following bill sections accordingly.

5

6 Page 2, lines 25 - 26:

7 Delete "AS 14.25.043(d), added by sec. 3 of this 2002 Act"

Ref. to AS 14.25.043(d)

Retired Teachers Information → *Re-Certification*

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

Application requirements:

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

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

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

Implications:

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

People who have retired fall into these categories:

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

Currently there are 452 people who hold a retired certificate.

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

Currently there are 5 people awaiting their retired certificates.

- 1 person has an address outside Alaska

Reinstatement of Regular Certificates

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

**Opening Remarks to House HESS Committee
HB 416, "Reemployment of Retired Teachers"
March 14, 2002**

- Alaska is experiencing a severe shortage of qualified teachers and principals.
- Recruitment and retention are difficult issues for many school districts, especially in rural areas and for specialized fields.
- HB 416 would provide an additional tool for districts to use to bring experienced teachers and principals back into the classroom and to serve as mentors for new teachers.
- There would be no actuarial impact to the TRS system.
- HB 416 amends last year's HB 242 (provided in your packets) to allow districts that are experiencing a shortage *the option* to hire teachers who previously retired under a Retirement Incentive Program, or RIP.
- The Department of Education and Early Development would also be able to take advantage of this option for Alyeska Central School, AVTEC and Mt. Edgecumbe.
- Districts who choose to take advantage of this option would be required to pay teachers hired through this legislation as if they were new to the district under the local negotiated agreement. Please note the chart in your packets that describes some districts' retirement benefits, maximum beginning salaries, and maximum credit for teaching experience. I also have a chart here that compares average salary at retirement with the salary of teachers hired under this bill. (*Give charts to Jason to hand out.*)
- The ability to re-hire retired teachers, whether RIP retired or regular retired, sunsets on July 1, 2005 under HB 242. This was enacted so that legislators would have information about the impact of the legislation. Teachers and principals hired under HB 242 and HB 416 could continue their re-employment after the sunset date, but no new teachers or principals could be hired.
- As you can see from the Memorandums prepared by the Division of Retirement and Benefits that are in your packets, a total of 21 retired TRS members were re-employed by school districts last year since HB 242 went into effect. That is a small fraction of those who have retired since 1996.
- The Department of Education and Early Development has also provided information for your packets on the re-certification requirements for retired teachers. Currently, only 457 retired teachers hold or have applied for a retired certificate, and only 2.9% of those have reinstated or kept their regular teaching certificate.
- The Division of Retirement and Benefits has suggested an amendment that has been provided to you -- to allow former PERS employees who retired under a Retirement Incentive Program and who want to be certified to teach as a second career to be eligible under this bill. It would, for example, allow a RIP-retired teacher aide to complete the necessary coursework to be certificated as a teacher and be re-hired without prohibitive penalties.
- In conclusion, the following have testified in support of HB 416 in previous hearings.
 - Mat-Su School District
 - Anchorage School District
 - Alaska Association of School Boards
 - Alaska Association of Secondary School Principals

I hope you will support this bill and amendment F.3. Thank you.

AMENDMENT

#1 moved
adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

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

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

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

4
5 Page 2, line 17:

6 Delete "a new subsection"

7 Insert "new subsections"

8
9 Page 2, following line 22:

10 Insert a new subsection to read:

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

17

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

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

*moved
adopted*

22-LS1472\F.2
Craver
3/13/02

AMENDMENT #2

OFFERED IN THE HOUSE
TO: CSHB 416(EDU)

BY REPRESENTATIVE STEVENS

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

Dyson	yes	
Kohring	no	
Coghill	no	
Wilson	no	4-3 yes
Cissna	yes	
Joule	yes	
Stevens	yes	

Con- FYI .
K

Subject: Re: Amendment for Retired Pers Teachers

Date: Thu, 14 Mar 2002 07:35:20 -0900

From: guy bell <guy_bell@admin.state.ak.us>

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

CC: Kathleen Lea <kathy_lea@admin.state.ak.us>

1. Yes. Regular PERS retirees can, once they are certificated, teach and be considered new members of TRS. While in TRS, PERS retirement benefits continue.

2. All public employment professions not requiring a teaching certificate are in PERS.

3. I think very few RIP retired PERS members may enter teaching. However, it could occur, so we suggested adding this new language "just in case." For example, at times classified aides (PERS) sometimes decide to enter teaching.

4. Both Kathy Lea and I will attend the House HESS meeting.

P.S. Barbara Craver's language looks fine.

Representative Con Bunde wrote:

> Guy:

>

> We have the amendment (F.3) that you suggested that would allow

> RIP-retired PERS members to have a new career in teaching. Questions:

> Can current regular retirees work as teachers if they achieve

> certification? What kinds of professions are covered under PERS? Do

> you have any way to gauge how many RIP retired PERS members there are

> and how many might want to become teachers?

>

> You will be there in House HESS tomorrow to answer questions about the

> bill and the amendment?

>

> Thanks!

> Karen

Post-It® Fax Note	7671	Date: 3-13	# of pages 1
To Barb Craver	From Karen	Co./Dept. Legal	Co. Rep Bunde
Phone #	Phone # 3881	Fax # 2029	Fax #

Subject: CS for HB 416 Proposed Amendment
Date: Wed, 13 Mar 2002 08:27:40 -0900
From: kathy lea <kathy_lea@admin.state.ak.us>
Organization: State of Alaska
To: Representative_Con_Bunde@legis.state.ak.us
CC: Guy Bell <guy_bell@admin.state.ak.us>

Karen:

You had requested sample amendment language to allow a PERS member who retired under any of the Retirement Incentive Programs (RIP), who becomes a qualified teacher, to be hired as a teacher without losing the incentive credit or becoming subject to the penalty provisions of the RIP.

We would propose a new section, AS 14.25.043(d) that would read:

A member of the public employees' retirement system who participated in a retirement incentive program under Ch. 26, SLA 1986; Ch. 89, SLA 1989; Ch. 65, SLA 1996; Ch. 4, FSSLA 1996; or Ch. 92, SLA 1997, who subsequently becomes a qualified teacher, may become an active member under AS 14.25.040 without losing the incentive credit and will not be subject to the reemployment indebedness.

If you have questions, please let us know.

Kathy Lea

Kathy Lea <Kathy_Lea@admin.state.ak.us>
Retirement Supervisor
Division of Retirement and Benefits
Department of Administration

Con - Do you want
to do this? HB 416 is up
tomorrow in HES. K

yes



Alaska State Legislature

House Special Committee on Education

Representative Con Bunde, Chair

State Capitol
Juneau, AK 99801-1182
(800) 892-4843 (907) 465-4843 (phone)
(907) 465-3871 (fax)
Representative_Con_Bunde@legis.state.ak.us

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

MEMORANDUM

DATE: March 1, 2002

TO: Representative Fred Dyson
Chair, House HESS Committee

FROM: Representative Con Bunde, Chair 

RE: CSHB 416, "Reemployment of Retired Teachers"

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

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

Thank you for your consideration of this request.

CSHB 211(EDU) was reported out of the House Special Committee on Education committee by a vote of 5 to 1.

#

#hb416

HB 416-REEMPLOYMENT OF RETIRED TEACHERS

[The following committee discussion preceded the introduction of the committee-sponsored bill, HB 416, first heard by the House Special Committee on Education on February 20.]

REHIRING RIP RETIRED TEACHERS

DRAFT

Number 2222

CHAIR BUNDE announced that the next order of business would be the Rehiring of RIP Retired Teachers.

Number 2167

CAROL KANE, Executive Director, Alaska Association of Secondary School Principals, testified via teleconference in favor of inclusion of teachers retiring under the Retirement Incentive Program (RIP) for rehiring eligibility. She added that she thinks it important to include administrators in that eligibility. There is a critical shortage of teachers, principals, and other school personnel. This proposed inclusion will help districts meet their needs in special education, counseling, and administration, she stated; it might also entice people into the profession. Rehired experienced teachers and administrators could serve as mentors to those new to the field. She also noted that districts would save money on salaries and retirement benefits.

Number 2129

MS. KANE said that Alaska no longer has competitive teachers' salaries when compared to other states. Other states are offering signing bonuses, living expenses, and loan advantages to teachers and administrators; these states are taking away some of Alaska's best retirees who could benefit Alaska. She stated that Alaska has exemplary teachers and administrators, and she encouraged members to help districts retain [these employees]. She pointed out that principals will be visiting

Juneau and meeting with legislators on April 1 and 2; she offered the principals' assistance to members.

Number 2079

CHAIR BUNDE asked Ms. Kane how many teachers would have been hired under this bill's provisions had it been law this year.

MS. KANE responded that she didn't have specific numbers, but said it would have helped her human resources director in his acquisition of special education teachers and school counselors.

Number 2050

CHAIR BUNDE asked about current shortages in Ms. Kane's district.

MS. KANE replied that she didn't have specific numbers and offered to provide them to the committee later.

CHAIR BUNDE indicated that these figures would be made part of the proposed bill's record. He furnished that in most cases districts have rehired just one or two retired teachers. Earlier comments suggest that this inclusion of RIP retired teachers would not solve the entire problem but would provide an additional tool.

Number 2010

MARK JONES, UniServe Director, National Education Association - Alaska (NEA-Alaska), pointed out several problems pertaining to education that are facing all states: How do we enhance the quality of instruction? How do we attract and retain the best and the brightest? How do we continually improve the quality of instruction in the classroom? He offered that he believes mentoring is a tool that will address most of the aforementioned issues.

MR. JONES noted that in order to appreciate this point, one needs to look at the teaching profession historically. He said:

Historically, teaching is a very lonely and isolated profession. It's one of the few professions that I know of where a person comes out of school, is placed into a confined classroom with four walls and a door, and is expected to take off and produce high-quality outcomes from the get-go. Very few opportunities are

built into the school setting for teachers to interact with each other, to share ideas, to nurture each other, to learn together. So, in the bigger picture, mentoring is part of the creation, I believe, of a learning environment within a school. It is the creation of a collegial environment with professional teachers providing tutoring, mentoring, and educational or instructional leadership to their colleagues.

MR. JONES furnished that he has been working to establish mentor programs throughout the state, because NEA-Alaska has been concerned about new teachers coming into the state and the high turnover rate when these teachers arrive ill-prepared. Ketchikan has a mentor program in place that was established by NEA-Alaska about 5 years ago. He offered insight into mentoring based on NEA-Alaska's experience. Mentoring is not a casual relationship or a "buddy" system. Selection of mentors must be based on well-defined criteria; these mentors must receive a curriculum of study that helps them understand adult learning processes; and both mentor and protege need time during the day to interact with each other for demonstration, observation, exchange of ideas, and the addressing of problems and concerns. He referenced private-sector studies of mentoring programs that indicate confidentiality in the mentor-protege relationship is critical. In several ad-hoc mentoring programs in the state, administrators are asking mentors for input for the protege's evaluation. As a result, the trust has deteriorated between the mentor and protege, so it is an ineffective relationship.

Number 1829

MR. JONES cited statistics from a study conducted by Marshall Goldsmith, a well-known mentor trainer. In comparison studies, the progress of proteges in confidential mentor relationships is 35 percent greater than in mentoring situations where the mentor is part of the evaluation process. He stated that NEA-Alaska is interested in creating Alaska Native paraprofessional partnerships with new teachers to the community. He said:

We believe that teachers coming from outside the state into an Alaska Native village have no concept of what they're dealing with. Often, by the time they have discovered what the cultural distinctions are, they have made mistakes that have alienated them from the community. They have become ... dissatisfied because they don't know how to interact with people

effectively, and, as a result, many of them leave. We believe that if we could effectively train and prepare Alaska Native paraprofessionals to serve as mentors, that we would deal with the cultural conflicts that occur when new teachers arrive in the state.

MR. JONES indicated NEA-Alaska's goal of organizing communities and bringing them into the mentoring process. He concluded by stating that mentorship touches on retention, educational quality, and induction issues facing members. He offered to submit written testimony pertaining to these issues.

Number 1707

CHAIR BUNDE asked Mr. Jones about NEA-Alaska's position on the rehiring of RIP-retired teachers.

MR. JONES replied that NEA-Alaska is concerned about the use of the retirement system as a supplementary compensation program for teachers. However, the organization is sensitive to the shortage issues schools are facing in special education, speech, occupational therapists, school psychologists, and some higher-level math and sciences. He offered that bringing back retirees as a short-term solution is a critical tool. He emphasized that long-term solutions to these problems must be found.

Number 1645

REPRESENTATIVE PORTER asked Mr. Jones to elaborate on the statistics presented regarding results of mentor programs and the inclusion of the mentor in the protege's evaluation.

MR. JONES said he could provide more information in written form. In general, the success rates in the study were determined by criteria defined by the employer, the employee, and the mentor. For example, a protege might identify classroom management as a primary concern and then specify particular classroom management issues with which he/she has problems. The mentoring partnership would systematically work at remedying each specific problem. In situations where the protege knows confidentiality exists, he/she will be more forthcoming with his/her perceptions and weaknesses. According to these studies, a 35 percent better success rate in meeting those defined goals existed in mentoring situations where confidentiality existed than in situations where the mentor was involved in the protege's evaluation process. The definition of success is individualized in each mentoring situation.

Number 1530

REPRESENTATIVE PORTER asked for clarification on the parties setting the goals for improvement.

MR. JONES answered that the goals in most of the studies were set [collaboratively] by the mentor, the protege, and the employer. In private-sector mentoring situations, the mentoring program is generally established because certain performance criteria are not being met. In education, he pointed out that NEA-Alaska is advocating mentoring as general course in the induction process.

Number 1433

CHAIR BUNDE closed public testimony on the subject of rehiring RIP-retired teachers. He requested direction from members regarding potential committee-sponsored legislation to repeal the RIP prohibition. He recounted the report from the Division of Retirement and Benefits that there is no negative actuarial impact on the retirement fund with such a bill.

Number 1421

REPRESENTATIVE STEVENS offered that the committee has studied this subject quite carefully, and he stated it would provide an additional option to school districts. He noted the uncertainty regarding how many teachers might actually be rehired under this proposed legislation, but it would be a value to districts. He suggested that the House Special Committee on Education should sponsor a bill to this end.

CHAIR BUNDE asked if there was any objection to this. He noted that there was no objection and that a committee bill will be drafted.

#

DRAFT

#hcr11

#hcr23

HCR 11-UNIFORM RULES: STANDING COMMITTEES

HCR 23-LEGISLATIVE COMMITTEES:SPLIT HOUSE HESS

[The following committee discussion is the foundation for HCR 23 which was first heard at the February 13 meeting of the House Special Committee on Education (HEDU).]

Number 1392

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

Number 1410

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

Number 1508

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

Number 1533

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

Number 1550

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

Number 1560

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

Number 1605

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

Number 1660

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

Number 1686

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

Number 1720

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

Number 1738

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

Number 1761

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

Number 1790

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

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

Number 1407

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

Number 1405

CHAIR BUNDE objected.

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

WORK SESSION ON TEACHER SHORTAGE
Rehiring of Retired Teachers

Number 1286

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

Number 1184

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

Number 1017

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

MR. BELL responded that this was correct.

Number 0982

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

Number 0893

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

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

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

Number 0834

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

Number 0757

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

Number 0738

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

Number 0690

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

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

Number 0643

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

Number 0600

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

CHAIR BUNDE confirmed that this was true.

Number 0571

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

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

Number 0505

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

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

Number 0450

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

Number 0380

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

Number 0350

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

Number 0301

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

Number 0242

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

Number 0145

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

Number 0086

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

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

Number 0025

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

TAPE 02-3, SIDE A
Number 0001

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

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

Number 0071

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

Number 0185

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

Number 0226

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

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

Number 0300

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

Number 0448

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

Number 0517

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

Number 0547

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

Number 0590

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

Number 0627

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

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

Teacher and Principal Mentoring

Number 0679

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

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



NEA-ALASKA

Affiliated with the National Education Association

To: The Hon. Rep. Con Bundy, Chair
House Special Committee on Education

From: Mark L. Jones, Staff
National Education Association of Alaska

Date: March 4, 2002

Re: Rehiring of RIP'd teachers: testimony given before committee,
Jan 30, and Feb 6, 2002.

NEA-Alaska has taken the opportunity to address the issue of recalling RIP'd teachers into active service as an extension of the right now open for normally retired teachers. It is imperative that NEA-Alaska states, up front, its reservations about the use of retired teachers to fill active duty positions. It is NEA-Alaska's position that active full time teaching positions should be filled with active teachers contributing to Teachers Retirement. NEA-Alaska also recognizes that the state of Alaska is facing a teacher recruitment and retention crisis. It is in the public interest to address this teacher shortage in any responsible manner available. That being said, it is important that any effective solution contain both short-term and long-term components. The concept of rehiring retired teachers is a stopgap measure with limited short-term value. The more difficult issues leading to this teacher shortage are clearly long term in nature. Long-term problems require long-term solutions. The state must address the long-term issues causing this shortage, in both a studied and calculated manner, if long-term relief to the problem can be realized.

The Teachers' Retirement System (TRS) was never intended to provide supplementary compensation to active school district employees. The Teachers' Retirement System's review of the practice concluded that there would be no long term actuarial impact of recalling retired teachers back into service. This conclusion not with standing, NEA-Alaska believes that a widespread and long-term use of this practice will have a negative impact

upon the system. NEA-Alaska believes that the overall health of the system relies upon a predictable career cycle with active teaching positions contributing to the fund and retired teachers collecting their hard-earned retirement benefit. In a healthy cycle, for every teacher who retires a new teacher should be hired to continue the steady stream of contributions to the TRS fund. Under the law that provides for recall of retired teachers the cycle is disrupted. The law now permits a teacher to retire, collect retirement benefits and, at the same time, fill a position that should be contributing to the fund. NEA-Alaska's concern about the appropriateness of using TRS to supplement school district compensation packages does not distinguish between teachers who retire normally and those who retire under a RIP program. It is NEA-Alaska's understanding that there is no actuarial difference between these two types of retirees.

NEA-Alaska has continuing concerns about the disparity in compensation between teachers who continue to work within the system and those retirees and then return to work in similar positions. In theory, two teachers, with similar training, experience and assignments are making markedly disparate salaries because one teacher is receiving supplemental income from the retirement system while the other teacher must contribute to that system as a condition of employment. The impact this has on teacher morale within a building is palpable. Many teachers are now reviewing their retirement options with the notion that they too could retire and return to work under this provision. Though there has not yet been a wide spread move to retire early as of yet; the talk of earlier retirements is on the rise. If the existence of this provision continues to provide an opportunity for instant pay increases for senior teachers it may actually exacerbate the teacher shortage problem. This provision could actually serve as an incentive to existing staff to retire as soon as they are eligible rather than continue in their current position at the rate of pay provided by the salary schedule. If earlier retirements increase as a result of this provision then the teacher shortage problem will increase rather than decrease.

NEA-Alaska would recommend the following points for considerations by the legislature. First: Districts seeking to rehire retired teachers should be able to demonstrate that they have made every reasonable effort to recruit new teacher. They should be able to prove that no qualified applicants exist in the subject areas that they wish to fill under this program. The requirements under this restriction should be similar to current requirements for consideration of requests for certification waivers. Second: Both districts and the state should actively plan for long-term remedies to the existing teacher recruitment and retention problems. Third: Granting

permission for and the practice of rehiring retirees should be strictly monitored and controlled. Rehires should be allowed to return to work under clearly defined circumstances for a limited period of time that is not renewable. If a retiree is willing and ready to work long-term they should be employed as regular active employees under the same obligation to contribute to TRS as any other active teacher.

Given that the question currently before the legislature is limited to the inclusion or exclusion of RIP'd teachers, NEA-Alaska does not object to the inclusion of RIP's teachers. Inclusion of RIP'd teachers is contingent on assurances that the impact of RIP'd teacher is no greater than that of normally retired teachers. NEA-Alaska recognizes that rehiring of retired teachers may serve the immediate and short-term needs of districts during this hiring crisis. Neither the rehiring of normally retired or RIP'd teachers should replace a well planned and implemented teacher recruitment and retention strategy. Alaska must develop long-term strategies to deal with the staffing needs of our school.

Another, more compelling issue for NEA-Alaska is the affect that the widespread use of rehired retired teachers will have on the development of new teaching talent within Alaska's school districts. The analogy used by NEA-Alaska's President, Rich Kronberg, "Schools are a little like major league baseball teams. Teams that rely upon aging superstars may do well one year or two years in a row on the outside. When those aging superstars retire permanently, who has been trained to take their place? On the other hand, teams that utilize a farm system develop a continuous stream of fresh new talent to revitalize their team." The predictable consequence of rehiring retired teachers will be a delayed crash of the system. In two or three years, not only will the rehired teachers be ready to retire permanently, but an entire new crop of retirees will be ready to leave the system. Current recruitment problems will be magnified as the need to fill a disproportionately high number of vacancies hits our schools. If Alaska has not addressed the long-term problems of recruitment and retention our schools will soon be facing a recruitment problem of geometric proportions. Attempts to fill vacancies will be hampered by the same problems that face recruiter during this current crisis. At some point no short-term solutions will be available that can affect the magnitude of Alaska's teacher shortage.

Copy: Representative Green
Representative Porter
Representative Stevens

Representative Wilson
Representative Joule
Representative Guess

Division of Retirement and Benefits
HB 416 RIP Notes

PERS RIP Person

- Cannot be reemployed as a teacher without paying penalties.

TRS RIP Person

- TRS RIP provisions would still apply
 - May not be reemployed by a state department or agency for up to 3 years (only affects state TRS RIpee's. Last RIP participant 1/1/2000.)
 - We assume that by making the waiver, the teacher is not reemployed as a *member* of TRS, and RIP penalties would not apply.

Bill Analysis: HB 416

Meeting to adopt Amendment #2 and Move the Bill

Bill Title: "Reemployment of Retired Teachers"

Sponsor: House Special Committee on Education

Amendment #2 Would:

- 1) **Require that the RIP-retired education professional be hired at the bottom of the pay scale, according to the local negotiated agreement for teachers who are new to the district. It would allow teachers to get credit for their level of education.**

This Meeting is "Listen Only" but committee members do have a copy of the statements from AASB and AK Council of School Administrators (ACSA):

- 1) AASB supports this bill. However, they'd prefer giving broad latitude to school districts for re-hiring RIP retirees. School districts will save money on RIP rehires because they won't have to pay for insurance or retirement benefits. Other states are willing to provide attractive hiring packages to hire retired teachers.
- 2) ACSA supports HB 416. Most (members) seem to agree that rehires should be paid as new teachers, but each district should be able to place them according to local policy and negotiated agreements.

Teleconference Sites are "Listen Only" for the whole hearing.

Valdez, Wrangell, Kotzebue, Kodiak and Anchorage.

AMENDMENT

#2

adopted 2/27/02

OFFERED IN THE HOUSE

BY REPRESENTATIVE BUNDE

TO: HB 416

1 Page 2, following line 5:

2 Insert a new bill section to read:

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

4 (d) A retired teacher who participated in a retirement incentive program under
5 ch. 26, SLA 1986; ch. 89, SLA 1989; ch. 65, SLA 1996; ch. 4, FSSLA 1996; or ch.
6 92, SLA 1997, and who is subsequently reemployed under this section shall be paid at
7 the rate new teachers are paid according to the negotiated salary schedule of the school
8 district or regional education attendance area that hires the teacher."

9

10 Renumber the following bill sections accordingly.

11

12 Page 2, line 8, following "Act":13 Insert "AS 14.25.043(d)"

Subject: Re: HB 416 Amendment #2 Comments?

Date: Tue, 26 Feb 2002 07:23:37 -0900

From: Darroll Hargraves <acsa@gci.net>

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

Karen,

There is generally support for HB 416. Most seem to agree that rehires should be as new teachers, but each district should be able to place them according to local policy and negotiated agreements.

Thanks for notifying me about the progress of this bill.

Later,
Darroll

--

Dr. Darroll Hargraves, Executive Director
Alaska Council of School Administrators
326 Fourth Street, Suite 404
Juneau, Alaska 99801
Phone: (907) 586-9702
Fax: (907) 586-5879
Web site: www.alaskaacsa.com

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

Organization: Alaska State Legislature

Date: Mon, 25 Feb 2002 17:36:18 -0900

To: crose@asb.org, acsa@gci.net, tom.harvey@neaalaksa.org

Subject: HB 416 Amendment #2 Comments?

Carl, Darroll and Tom--

Just checking to see if any of you will have written comments for the committee on Amendment #2 to HB 416. If you will get them to me Tuesday morning, I can distribute them to the committee members with their packets.

Karen McCarthy



Advocates for Alaska's Youth

AASB Position HB 416 – Reemployment of Retired Teachers

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

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

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

Possible Salary for Reemployed Teachers Who Participated in a Retirement Incentive Program

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

AMENDMENT [#]1

OFFERED IN THE HOUSE

BY DEED

TO: HB 416

adopted 2/20/02

1. Page 1, following line 3:

2. Insert a new bill section to read:

3. "Sec. 1. AS 14.20.135(a) is amended to read:

4. **Sec. 14.20.135. Employment of retired teachers because of**

5. **shortages. (a) The Department of Education and Early Development,**

6. **a [A] school district or regional educational attendance area that has or**

7. **anticipates having a shortage of teachers qualified to teach in a particular**

8. **discipline or specialty may, by resolution, adopt a policy that permits the**

9. **employment of retired teachers who are qualified to teach in the discipline**

10. **or specialty in accordance with this section. The policy must describe the**

11. **circumstances that constitute the shortage. If a shortage of teachers exists**

12. **as described in the policy, the department, district or attendance area shall**

13. **notify the administrator of the teachers' retirement system (AS 14.25) that**

14. **it is hiring retired teachers under this section."**

15.

16. Renumber the following bill sections accordingly.

17. Page 1, line 5

18. Following "(b)"

19. Delete "[A]"

1. Insert **"The Department of Education and Early Development, a"**
- 2.
3. Page 2, line 7
4. Following **“, as amended by sec. 1”**
5. Insert **"and sec. 2"**

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

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

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

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

Estimate of any current year (FY2002) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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

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

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

Current Statute for Reemployment of Retired TRS Members

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

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

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

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

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

Sec. 14.25.043. Reemployment of retired members.

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

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

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

Re-hiring Teachers Who Have Retired under a Retirement Incentive Plan

Legislative History:

- HB 354 established a retirement incentive program (RIP) for TRS and PRS employees in 1996. SB 1003 addressed state and political subdivision PERS employees
- Both bills were changed with an amendment the following year in SB 103 to allow employers to establish "RIP windows" up to June 30, 1999 with the last available RIP retirement date of January 2000
- SCS CSHB 242(FIN) passed last year and allowed those retirees who had not taken advantage of a RIP to come back to work without penalty. This bill specifically disallowed retirees who had taken advantage of a RIP program to be re-hired. School districts must declare a hardship in order to re-hire teachers who have retired under normal circumstances.
- Please see attachments for information on current statute for teacher re-hire.

Impacts and Costs:

- Per the Division of Retirement and Benefits, there would be no cost to the state to allow teachers who had taken advantage of a RIP to be re-hired, as all costs would have been paid at the time of the RIP retirement.
- Per the Division of Retirement and Benefits employers would save money by re-hiring teachers who had retired under a RIP because they would not be paying their share of a subsequent TRS or PRS benefit.
- Bruce Johnson of the Association of Alaska School Boards will be available to describe whether this proposal would be of significant benefit to the school districts of Alaska, and if so, for what specialties and geographic areas.
- Larry Wiget of the Anchorage School District will be available to describe whether this proposal would be of significant benefit to that district and if so, for what specialties.
- DEED will be available to discuss the impacts to the teacher re-certification process.
- Guy Bell and Kathy Lea from the Division of Retirement and Benefits will be available to answer any questions.

Attachments:

- Bullet points, "What is current statute regarding rehiring retired teachers"
- Summary of Anchorage School District's Service Recognition Program
- Employers who have hired retirees under HB 242
- Number of RIP retirees for PRS and TRS
- SB 242 and HB 354 Information
- Pamphlets, "Working After Retirement" (PRS and TRS)

What is current statute regarding rehiring retired teachers?

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

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

Normal Retirees who have not retired under a RIP may work, without limitations, for:

- a private company
- the federal government
- a private school that does not participate in TRS, and
- Be re-hired and work under PRS, JRS (Judicial Retirement System) or the NGNMRS (National Guard and Naval Militia Retirement System) without limitations.

Normal Retirees may return to work under two options:

Standard Option:

- AS 14.25.043 prohibits a TRS member from working while receiving benefits
- Retirement benefits are suspended until the retiree terminates employment
- TRS contributions will be deducted and TRS service does accrue.
- After second retirement, employee receives benefits from both employment segments
- TRS members required to pay back, in full, benefits received while simultaneously earning TRS credit before retiring again.
- Major medical benefits end during re-employment.
- Dental-Visual-Audio (DVA) insurance benefits may or may not continue
- Re-hired retirees continue to pay for Long Term Care (LTC) insurance

Waiver Option:

- Defined by HB 242 in 2001, effective July 1, 2001 - June 30, 2005.
- Governing body must pass a resolution declaring a teacher shortage in a particular discipline to Division of Retirement and Benefits.
- Option only available for normal retirees -- not RIP retirees or early retirees
- Retiree files a Waiver Option form with the Division of Retirement and Benefits
- Any retiree's insurance is secondary to the employer plan.

RIP Re-employment Provisions:

- RIP retirees who return to work in a position covered by TRS and PRS, or who retired under the 1996-2000 RIP, JRS and UA Optional Retirement Programs:
 - forfeit three years of incentive credits received at retirement
 - owe TRS 110% of benefits received, plus cost of health insurance
 - accrue interest of 7% on the indebtedness
 - are prohibited from entering into a personal services contract with UA or a State agency or being hired by the State as a temporary or nonpermanent employee for three years
- Exceptions:
 - Personal services contracts may be allowed under narrow circumstances:
 - by the University Board of Regents and the Commissioner of the Dept. of Administration for retirees with specialized and extensive experience
 - with the Legislature for hourly individuals who are not eligible for retirement, health or leave benefits.
 - for UA employees who teach or do research
 - during the 3 or 5 year restriction with a State agency or the University for compelling reasons.

Anchorage School District RIP Program Details:

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

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

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

MEMORANDUM

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

To: Guy Bell, Director
Division of Retirement and Benefits

Date: January 8, 2002

Thru: Kathy Lea, Supervisor *Klea*
Retirement Services

Phone: 465-3226

From: Susan Doerflinger *Susan Doerflinger*
Retiree Services

Subject: HB 242/SB149 Waivers

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

Public Employees' Retirement System (PERS)

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

Teachers' Retirement System (TRS)

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

MEMORANDUM

STATE OF ALASKA

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

DATE: January 28, 2002

TELEPHONE: 465-4460

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

SUBJECT: 1996-2000 RIP

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

NORMAL RETIREMENT

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

EARLY RETIREMENT

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

If you need further information, please let me know.

TRS Receives Award

TRS again receives an award.

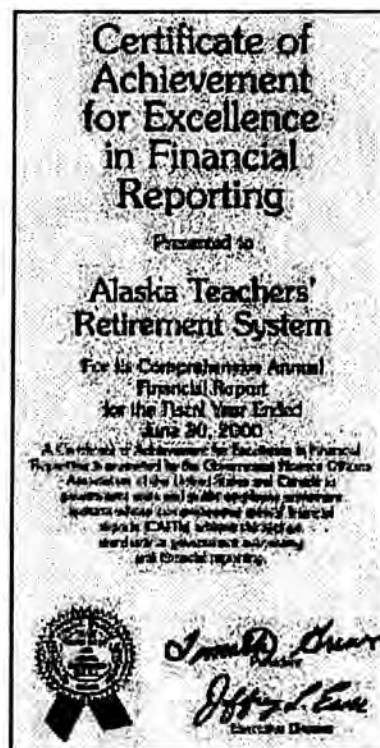
The Teachers' Retirement System (TRS) has again received a Certificate of Achievement for Excellence in Financial Reporting. The State of Alaska, Department of Administration, Division of Retirement and Benefits received the Certificate of Achievement for its fiscal year 2000 Comprehensive Annual Financial Report (CAFR). The Division publishes the report annually showing the financial condition of the TRS funds as of June 30 of each year. To be awarded a certificate, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to strict program standards. The Certificate of Achievement is valid for a period of one year only.

This award, given by the Government Finance Officers Association of the United States and

Canada (GFOA), is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. Obtaining the Certificate of Achievement is a significant accomplishment that reflects a high level of professionalism and dedication to the systems by the staff in the division.

The CAFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving government finance professionals with offices in Chicago, Illinois, and Washington, D.C.



Returning to TRS Employment

Contact the Division for more information.

Certain retirees who return to full-time Teachers' Retirement Service (TRS) employment after July 1, 2001, can continue receiving a retirement check while they are employed in a TRS covered position.

The new option only takes effect if a school district declares it has or anticipates having a shortage of teachers qualified to teach in a particular discipline or specialty.

Subject to this declaration, a retired teacher who took *normal* retirement and has been terminated for at least 30 days may elect a new option when reemployed. The new option:

- must be selected within 30 days of reemployment;
- allows the employee to elect continuation of retirement benefit payments during reemployment;
- would stop additional retirement benefit accrual;
- **is not available to those who have chosen Early Retirement;**
- **is not available to Retirement Incentive Program participants;** and
- no new waivers can be filed after June 30, 2005.

LEGAL SERVICES

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

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

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

MEMORANDUM

January 22, 2002

SUBJECT: Sectional Summary of SCS CSHB 242(FIN)

TO: Representative Con Bunde
Attn: Karen

FROM: Barbara R. Craver 
Legislative Counsel

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

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

Section 1. Adds a new section, AS 14.20.135.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BRC:med
02-037.med

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

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

Last Updated: April 18, 2001

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

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

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

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

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

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