

11425 HOUSE HEALTH, EDUCATION & SOCIAL SERVICES

April 13, 2005

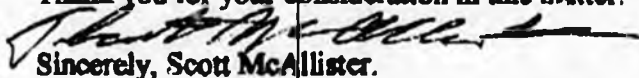
Representative Peggy Wilson, Chair
House Committee on Health, Education and Social Services
State Capitol (Mail Stop 3100)
Juneau, AK 99801

Dear Representative Wilson:

Regarding "Retire Rehire," ADF&G needs this to keep experienced biologists in the field and keep the management of our fish and game resources intact until the state can afford to pay competitively for these employees.

As you know, there has been a huge brain drain of State biologists to federal, private, academic and other states agencies, without retire rehire it would be far worse. For biologists, field experience matters for preserving Alaska's fish and wild life and the affected commercial, sport and tour jobs related to these precious resources.

Thank you for your consideration in this matter.



Sincerely, Scott McAllister.
President, Southeast Alaska Herring Seiners Marketing Association.
316 Distin Ave.
Juneau, Alaska, 99801

HB 161

fax 465-3175

4/12/05

Hi,

My name is Leo John Kerin. I have lived in Alaska since statehood. I received my B.S. and M.S. degrees in Geology as well as my Type A Teaching Certificate from the University of Alaska. I have lived in Anchorage and Fairbanks and spent numerous summers living in remote mineral exploration camps near different rural communities mostly in Central and Northern Alaska.

I taught in a rural community the last two years before School District One of the Old State Operated School (SOS) system was disbanded and the Regional School Districts created. I also worked as an exploration geologist for a number of companies including WGM during the time it discovered the Red Dog and Greens Creek deposits. I have worked for the State Department of Natural Resources since 1977. I am Tier 1 in PERS and have a couple of years in TRS. I could have retired under PERS three years ago. My comments reflect my own views not those of my employer.

I strongly support excellence in education in rural Alaska but I believe there are alternatives to extending the rehire bill. From my own experience, I believe it is more important to use some of the old benefits of SOS in attracting qualified teachers. When SOS broke up I was about to receive tenure and would have had transfer rights to any school in what is now the 12 Regional School Districts. I was also working in the summers as an exploration geologist throughout Alaska and was looking forward to a lifetime working in these two careers. When transfer right disappeared and tenure was restricted to one Regional School District I chose to work full time as a geologist. I did not feel I could commit to or survive a lifetime career in one small school district. Even the most beatific individuals, of which I am not one, may not fit in for the long term in a particular small Alaskan community. The need for pensions and benefits that transfer with job changes during one's career is now being discussed as something that's needed with the new global economy. This was the situation 30 yrs ago with SOS. You had the security of a large system having many job locations and contract rights to move around within the system as openings became available. A similar program of transfer rights between the Regional Districts may help to attract and retain young qualified teachers.

I am strongly opposed to the extension of the rehire bill for PERS employees for the following reasons:

- 1) While there may be a shortage of qualified teachers willing to work in rural Alaska there is no shortage of qualified applicants willing to work "in town" with the State Government, Bureaucracy, Court System, University System, or Municipal Governments. If there was a problem finding qualified applicants as was recently the case for DOT&PF technical engineers, the Dept. of Administration would adjust their "internal alignment" of salary for the Job Class to attract more applicants. If there is a real short term shortage of experience for a specific job there is and always has been a contracting procedure to gain the needed expertise. It is better to have comparable salaries with equivalent private sector jobs rather than the skewed top heavy

management structure that has resulted from the constant "internal alignment" engaged in by upper management. Rather than a 1 to 5 supervisory management pyramid structure we have a maypolo of supervisors.

- 2) There has been significant abuse of the rehire program as admitted by the Administration in bringing forth a corrective administrative order. The order is like the proverbial closing of the barn door after the horses are out. There is no provision to make the the flood of recently retired and rehired employees (many of whom never bothered to clean out there desks during the 30 day waiting period) subject to the order's analysis of need. If there is such a "Brain drain" from retiring baby boomer's, why was the program only offered to a select few higher level administrators instead of all retirement age employees? It was only a short time ago that we had early retirement legislation. Now a provision is being made to let Commissioners come back from early retirement without having to make restitution to the PERS system as required in the Retirement Incentive Program (RIP) bills. There has been much discussion of the potential for lawsuits from the people who believed the misinformation they were given by the Division of Retirements that they would be grandfathered in for life. I would worry more about all the people who could have or did retire, or retired early, asserting they should have been given to same opportunity to double dip into their same job.
- 3) I do not believe a realistic evaluation has been made of the cost to PERS of inducing Tier I employees to retire on time earlier than they would have if the rehire bill hadn't been available, thereby affecting the retirement programs actuarials. I don't see why its such a hard concept to grasp. It's like when we students wanted to protest the food at the University Commons. The worst threat we could come up with was to have everyone show up for every meal even if you were hung over Sunday morning (they bid the contract on the assumption that 60 percent of the student body wouldn't show up for breakfast). If the rehire program was such a savings to the State why didn't the various Departments encourage everyone of retirement age to retire and come back. In reality the Departments must have know it was only a way of transferring costs from general fund monies onto the the retirement system and that if all were allowed to participate the system would scream tilt immediately. As it is the legislature is proposing changes to the PRS/TRS system as a whole rather than plugging gapping holes in the bucket such as the double dipping.
- 4) You don't have more rank and file employees testifying against this legislation since it's only their bosses who are being given this platinum parachute. There is real fear of retaliation. But I can assure you, the self serving hypocrisy of their supervisors disgusts most employees. It breeds contempt and destroys the esprit de corps of the overall workforce.

Please accept the fact that though well intentioned, this bill needs to sunset. If the need for rural teachers does override the above concerns please at least make the positions of those in the PERS system who have already been rehired subject to reexamination pursuant to the safeguards of the recent Administrative order. If it can not be shown that a true shortage exists for the job in question the person should be allowed to retain their job but only if restitution is made to the PERS system as would take place if the person had taken early retirement. Any other course of action results in all members of PERS shouldering the costs of their unwarranted 60% bonus. The legislature also needs to be

forthright about the transfer of general fund operating cost that have already been transferred to PRS/TRS as a result of the existing rehire legislature when addressing the projected future shortfall of the TRS/PRS system.

Thank you for the opportunity to comment.

Judelan

232 HENDERSON RD

FBIK, AK 99701

479-6372

LT KERIM @ ACS Alaska.net



Alaska State Legislature

Please enter into the record my testimony to the H HES
 Committee on HB 161, dated 04/14/05
bill # / subject committee name public hearing date
 April 14, 2005
 HB 161

Dear Honorable House of Representative Members:

My name is Karen Dorcas and I have worked for the University of Alaska Anchorage, Kenai Peninsula College, for 26 years since December, 1979, and have been an Alaska resident for over 34 years.

I highly support HB 161 to extend the "sunset" date for HB242 and SB94 to July 1, 2009. In my opinion incorrect information was given to me on the termination date of HB242.

Less than a year ago (last May) I chose to take the PERS waiver option offered by the State under HB242. Based on all information given to me which included the fact that I would be able to continue that option for a few years AND told that even if I were to go part-time with the same employer be able to continue with that option, I made three life-changing decisions. I clarified the above information with PERS officials before signing the papers because I wanted to make sure of the changes I was making. Those decisions were: (1) I retired; (2) I applied and interviewed for the position that I was totally qualified for and took reduced leave accrual since I was basically starting over again as a "new" employee; and, (3) I sold my home and I purchased a condominium in preparation for the time I would be able to discontinue working.

Truthfully, I would not have made these changes for less than one year IF I had been told that the whole program would discontinue on June 30, 2005. It was my belief that the option was available to apply for through that date.

In many ways this was and remains a "win-win" situation for me as a single person preparing for my future and for the University in savings to retain a highly qualified individual; the learning curve for hiring someone new (and probably more than one person) would be well over a year.

Thank you for your time in listening to my personal input.

Karen
 Karen R. Dorcas
 Assistant to the Director/AAEO
 University of Alaska Anchorage/KPC
 907-262-0317
 inkrd@uaa.alaska.edu

Signed: Karen R. Dorcas
 Karen R. Dorcas, Box 1164, Kenai, AK 99611 (907-252-4950; 907-262-4950)

Gig Decker
P.O. Box 2138
Wrangell, AK 99929
Ph: 907-874-3110
Fax: 907-874-4270
gigdecker@gci.net

House Health, Education and Social Services Committee
Representative Peggy Wilson, Chair

April 13, 2005

RE: Support for HB 161 / SB 24 – Retire/Rehire

Dear Representative Wilson,

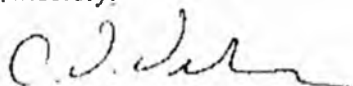
I am writing to express my support as a fisherman for HB 161 / SB 24 – the retire/retire bill for State employees.

This is an important bill for the fishing industry. If all the ADF&G employees rehired under this program were to be let go in June, we will be sorely hurting for the next few years and the fisheries and fishermen are always the ones to suffer when there is a void of information.

I would like to suggest an extension of four years for ADF&G employees working under the retire/rehire program.

Thanks for your consideration.

Sincerely,



Gig Decker

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

From: D K [mailto:ata@gci.net]

Sent: Wednesday, April 13, 2005 6:43 PM

To: Rep. Lesii McGuire

Subject: HB161

Hello Representative McGuire:

Attached you should find our association's letter on the retire/rehire program. While we are not well-versed in the public retirement program, and would not think to suggest solutions for the many issues that have been raised, we do want you to know of our concern for ADFG employees who are working under the retire/rehire provisions. ATA hopes you will help to craft a solution that allows ADFG to retain those employees presently working under the program, regardless whether the legislature continues with retire/rehire.

It's unfortunate to read stories in the press that suggest that state employees did something wrong when they rehired. It is our belief that personnel participating in this program are doing so in good faith. The state offered a package and the employees are paid according to its terms. Through the program, many of us around the state are receiving the benefit of those employees' expertise and institutional memory.

ADFG management decisions affect the health of the resources and the livelihoods of our members, it is important to ATA that the rehired employees be allowed to keep their current jobs. In most cases, there really isn't anyone to replace them anyway. To lose them now bears the risk of potential chaos - fishing season is upon us!

If the legislature extends the retire/rehire program, you could develop sideboards that require such things as a mandatory application period prior to rehiring a newly retired employee, to ensure that each person fairly competes with other qualified candidates. Note that this might not work as well as grandfathering for existing rehires at ADFG, especially if they had to leave the job for any period of time prior to being allowed to rehire. This is why we support grandfathering and separating the issue of current participation from future participation.

Obviously, if you don't believe it will benefit the state over time you could choose to eliminate the program altogether. But if you fail to provide for its existing participants, you could lose many fine ADFG staffers who might be impossible to replace with the appropriate caliber people. Given the dynamic nature of our fisheries management program, and the close working relationship between ADFG and the fishing public, this situation would be a hardship for fishermen and their communities, in addition to many ADFG staff members and their families.

If I can answer specific questions or be of help in other ways, please give me a call.

Best regards,

Dale Kelley

Executive Director

Alaska Trollers Association

Juneau

723-8765 / 586-9400

Robert L. McIattie Testimony, Against HB 161, April 12, 2005

Testimony Against HB 161~~Page 1 of 2~~
PAGE 1 OF 1
G. L. McIattie

April 12, 2005

Robert McIattie
907-456-7485
rmlattie@aol.com
P.O. Box 7117
Fairbanks, Alaska 99707-1130

HB 242 originally addressed hard-to-hire teaching slots, especially in the bush. Teacher rehiring have generally been more justified and carefully handled as compared to the mostly supervisory and other "important person" rehires in PERS. An assistant principal has told me about her school where retired teachers who have been rehired are given pink slips at the end of each school year. If a replacement can't be found between school years, then the rehired teacher is taken back again for an additional year — and so on... The following comments therefore address only PERS rehires.

Most of those who have testified for HB 161 are either rehires, going to rehire, or those who represent agencies that do the rehiring. Of course those who represent rehiring agencies want no constraints on their rehiring practices. And of course those already rehired or intending to be rehired are going to be pushing for unrestricted rehiring. Self interest? Yes! I know of lower level staff members who are against these rehiring practices but are afraid to give negative testimony. They fear of reprisals from management or senior workers who are rehires or intend to return as rehires. Obviously, it is the lower level staffer's paycheck that will be diminished when the legislature jacks up the PERS contributions and not the rehired person. Rehires collect two fat paychecks while paying nothing into PERS ---and coworkers know it.

It has been argued that individuals are so knowledgeable and experienced that they or others on the staff cannot be replaced. While I'm sure that long-time employees all consider themselves to be irreplaceable, that argument just doesn't wash. Administrators have always had the responsibility for making sure that staff positions can be covered in case of illness, vacations, death, or someone quitting. Considering that vacations for long-term employees can extend most of a month, I assume that the various organizations don't fall apart during that time. Every employee is replaceable, by necessity, except in cases where poor management (or favoritism) exists.

Can't hire a replacement? Good grief! What about when the rehired person finally leaves? Again, it has always been the responsibility of various administrators to ensure that the rehiring effort is an effective one, an aggressive one, one where a competitive wage is being offered. Human resources personnel tend to be passive when it comes to finding a replacement for a high-level employee. Often, high level jobs are offered in Work Place Alaska and nowhere else with no aggressive attempt to fill the position. I believe the University of Alaska takes a different approach where it will literally look all over the world to fill a vacated professor's position.

Even the new administrative order (March 8) requires only 15 days of searching for replacement personnel. Even fifteen days is not much when you consider the "trick" of starting the time period on Saturday and extending it through three weekends. In other words five days are effectively lost during five weekend days when most people are not actively searching for a job. I think you can shorten this even further if the hiring period extends over one or more holidays, such the Christmas/New Year period. Similarly, other "side boards" contained in the March 8 administrative order are circumventable window dressing to help legitimize questionable rehiring.

I'm beginning to realize that one must view same-job double dipping from outside the government system to realize the insidious and ludicrous nature of the beast — or at least to say anything about it.

Suggestions:

1. Consider the retirement check to be payment for retirement and not a pay increase.
2. Find a replacement— one will be necessary sooner or later anyway.
3. If the person must be rehired, take them on as a temporary and continue looking for a replacement. Allow 1 year for this process.
4. Increase mentoring/training so that the workplace can move on when someone leaves. Inability to find a replacement = poor or lazy management/hiring practices.

Thank You

April 11, 2005

Dear Chairman Wilson, Vice Chair Seaton and members of the Health, Education, and Social Services Committee

Thank you for the opportunity to comment on this bill. I'm writing in opposition of HB 161, the retire and rehire bill. This is a negative piece of legislation for the people of Alaska and state employees.

- **Significantly reduces upward mobility of employees**

By allowing employees, typically those in higher on the ladder, to retire from their jobs and be rehired 30 days later, stops all upward mobility of junior employees. As a result, junior employees are forced to look for work in the private sector or federal government. To maintain good services for the people of this state, we need to continue to train, promote and keep junior employees, not force them from their jobs. They are the future of our state. There are plenty of qualified individuals already working for the state to fill most all vacancies. Inherently, there is something wrong with a law that allows an individual to retire, wait 30 days and then be rehired back into the position they just vacated; and then give them two checks!! Wow!

- **This law has a negative effect on the PERS system.**

Under the current retire and rehire law, rehired employees are double dipping and not contributing to PERS. That is, most receive their retirement check and a paycheck. Neither the employee nor the employer contribute to PERS. As we all know, PERS is in trouble. Every working employee must contribute to PERS. We cannot afford the luxury of having thousands of employees not contributing to PERS. If HB161 becomes law, it is a very likely that the ranks of "retire and rehire employees" will swell, putting further downward pressure on an already crippled PERS system. We cannot afford to stand by and allow this to happen.

- **Illegally rehiring employees at same pay range and step**

Under the current retire and rehire law, employees were supposed to be hired back at the entry-level step. This may have been followed for the teachers, but it was largely ignored for PERS members. Many PERS employees were hired back at the same pay range and step as they were at when they retired! For example, if an employee was at range 20, step K when they retired, legally they could only be hired back as a range 20 step A. Another abuse! This needs to be corrected. Across the board, all those that were hired back under the current law, need to have an adjustment made so their salary reflects Step A. Secondly, they need to repay the money they illegally took from the state. Somebody has to be accountable! HB161 needs to clearly reflect that rehires will start at step A. Grandfathering this illegal action is not the right thing to do.

- **Cronyism at it's worst.**

The way it works under the current law, if you are in the "good old boys or girls club" you are guaranteed to get your job back after you retire for a minimum of 30 days. However, if you are not a favored son or daughter there is no guarantee that you will be hired back into the job you just vacated. Almost everyone in any given division knows when someone will be hired back into their job after the 30 day wait, and therefore subordinates and others refuse to apply for the position knowing full well they will not be hired.

One way to even the playing field would be to increase the minimum 30-day wait to 360 days. So, if someone retired they would have to wait a year before reapplying for a state job. That would allow junior employees a fair opportunity to apply for and possibly obtain, a promotion that they would not otherwise have a chance at getting.

- **Widespread abused of the current law.**

Instead of applying the retire and rehire law to just a few isolated cases where recruitment may be difficult, it has been applied widely and has become **standard operating procedure** in state government. Even clerks have been hired back! There is absolutely no way to safeguard against this. There are just too many ways around it. Currently HB161 is very vague in addressing this issue.

- **Double-dipping is very bad PR**

I've had people stop me at the grocery store to ask how state employees are permitted to retire and be hired back into the position they just vacated! They were very upset and called the employees "double-dippers" among other terms.

- **Grandfathering is a bad idea**

I'm encouraging you not to grant "grandfather" rights to those working under the current law. As described in the Memorandum of Advice from the state attorney general, it was made crystal clear to everyone who wanted to participate in the double-dipping program, that the law would sunset on July 1, 2005. They all knew it was short term. Any decisions they made were with their eyes wide open. It is discouraging to me, as a state employee, to think that this committee and the legislature would grandfather these people under the existing law. Grandfathering only serves to exacerbate an already bad situation caused by the initial law. We will all be facing a much worse situation 4 years from now if Grandfathering is allowed under this bill.

Summary

In summary, I'm encouraging you to vote against this legislation. In case you are wondering, yes, I'm in a position to retire and be rehired, so if passed, this bill could potentially benefit me. However, I'm opposed to the bill because it leads us down a path of keeping older, more expensive employees, who are not contributing to PERS, while at the same time, precluding junior employees from becoming more experienced and advancing their careers.

Under the current retire and rehire law, the state was given 3 more years to train employees to fill potential vacancies, the law sun-setting this year. Extending the sunset clause, via HB161, only serves to exacerbate an already bad situation caused by the initial law. We will all be facing a much worse situation 4 years from now if this bill passes into law. The current retire and rehire law has caused junior employees, who have been trained for many years, to depart from state service and many more have begun the process of looking for alternative employment. Our children will not stay in the state unless they can find jobs. If we continue to keep the "dead wood" at the top, those jobs will not be available to our children.

Under the current retire and rehire law, the sunset date was very clear as was the fact that these folks could no longer double-dip (collect 2 paychecks) as of the sunset date. Everyone was made aware of those facts by the state prior to making their decision. Let's not grandfather these select individuals into the program! If those who returned to work under the current retire and rehire law, want to continue to work after the sunset date, they should be allowed to do so. However, they would be treated as regular employees, contributing to PERS and accruing service time. They would not be allowed to collect a retirement check in addition to their paycheck. This seems like a fair compromise.

Thank you,



Jeff Barnhart

11276 Bells Flat Road
Kodiak, AK 99615

PHONE CALL

For Hubby Date 4/11 Time 2:30 AM
M Lady Wregitt Of _____
Phone Anchorage School Dist.
Remarks They want to say they support HB 161
 Telephoned
 Returned Your Call
 Please Call
 Will Call Again
 Came to See You
 Wants to See You
Signed _____ SPRO2301





Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-0650 • Telephone: (907) 343-4431 • Fax: (907) 343-4400 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

APR 11 2005

April 7, 2005

The Honorable Kurt Olson
The Honorable Bill Thomas, Jr.
Co-Chairs, House Community and Regional Affairs Committee
Capitol Building
Juneau, AK 99811

VIA Fax: 465-3835

Dear Representatives Olson and Thomas:

The Human Services Matching Grant is a legislative priority for the Municipality of Anchorage. This grant, funded and administered by the State of Alaska, Department of Health and Social Services, makes it possible for non-profits to provide essential funds for "safety net" services to the poor and vulnerable. This funding provides shelter for homeless women and children and families, food for the hungry, health care, substance abuse treatment, mentoring for youth, and child care, among other essential services.

Since 1981, these grants have been awarded to Anchorage and Fairbanks and are matched by funds from the two municipalities. In Fiscal Year 05, the Matanuska-Susitna Borough was added, although the amount of the grant was not increased. The need for more services increases, yet the funding has been cut and another community has been added.

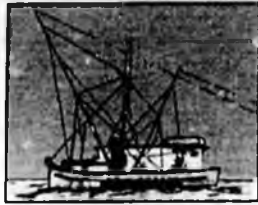
HB 231 would change the definition of municipality for the purposes of the HSMG. We support more communities having access to apply for this grant. We are, however concerned that there will now be a number of other municipalities applying for the same small amount of funds. We would support this bill if the funding was restored to the levels of four years ago to \$2.2 million. Thank you for your consideration.

Sincerely,

Mark Begich
Mayor

C: House CRA members

Community, Security, Prosperity



Alaska Trollers Association

130 Seward St., No. 211
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

April 4, 2005

Representative Lesil McGuire
House Committee on Health, Education, and Social Services
Alaska State Legislature
Juneau, AK 99811

Dear Representative McGuire:

The Alaska Trollers Association (ATA) offers the following comment on one portion of HB 161, which seeks to extend to the employee retire/rehire program. ATA supports a grandfathering for those employees who are already participating in the program.

ATA represents hook and line salmon fishermen operating in Southeast Alaska. With over 2600 permit holders, the troll fleet is one of the largest salmon fleets in the state. The fleet is 85% resident and a large number of trollers live in rural communities.

While ATA is unfamiliar with all of the ramifications of extending the retire/rehire program, we are extremely concerned about whether or not the state will lose its current participants come July 1.

Of particular and direct concern to our members is the situation at ADFG. A number of seasoned fishery professionals are currently operating under this program. Our understanding is that these individuals were not informed that the program would sunset this year. This is an important detail to have been overlooked, and more than likely affected decisions made by employees and their families when deciding whether to retire or continue with state service.

As you know, this program arose five years ago out of concern for the loss of state employees anticipated as a result of Tier One retirement. Expanded hire by the federal fisheries service, which at the time offered lucrative wage and benefit packages, further exacerbated the problem for ADFG. To date, there has been no visible move by the legislature to provide ADFG with a sufficient budget to attract and retain the personnel required to fill many of the jobs in question.

Now we have a number of fine people, who made decisions to stay with the state as opposed to retiring or taking positions elsewhere, who have recently

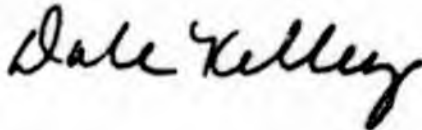
discovered that June 30 could mark the end of their career with the state. It seems only proper that the state should make provisions to allow them the option to continue their employment.

Just think of all the people you will have to replace on July 1, which is the busiest time of year for ADFG staff. Grandfathering the existing participants will give the state a bit more time to come up with a plan to both attract new people and allow existing staff to be groomed for new jobs.

Hopefully you will agree with ATA's point of view and consider grandfather provisions, or some other means, to secure the current retire/rehire participants.

Please contact me if I can provide additional information or help in any way.

Sincerely,

A handwritten signature in cursive script that reads "Dale Kelley". The signature is written in black ink and is positioned below the word "Sincerely,".

Dale Kelley
Executive Director

March 2005

**Anchorage School District
POSITION STATEMENT: HB 161**W) 907-742-4322 (F) 907-742-4417
Wiget_Larry@adk12.org

TO: REPRESENTATIVE NEUMAN
CHAIR, HOUSE SPECIAL COMMITTEE ON EDUCATION

CC: REPRESENTATIVE ELKINS

FROM: *LARRY* LARRY WIGET, DIRECTOR, GOVERNMENT RELATIONS

SUBJECT: SHB 161 - AN ACT RELATING TO REEMPLOYMENT OF AND
BENEFITS FOR RETIRED TEACHERS AND PUBLIC EMPLOYEES

Received
APR 05 2005
Office of Rep. Elkins

The Anchorage School District supports the legislative intent of HB 161 to rehire retired employees when there is an actual shortage of applicants for the vacant position and urges the legislature to extend the sunset date for legislation that gives state retirees who return to work the option of continuing to receive both retirement pay and a salary with the caveat that similar restrictions currently placed on the rehire of TRS employees, AS 14.20.135*, be adopted for PERS employees as well.

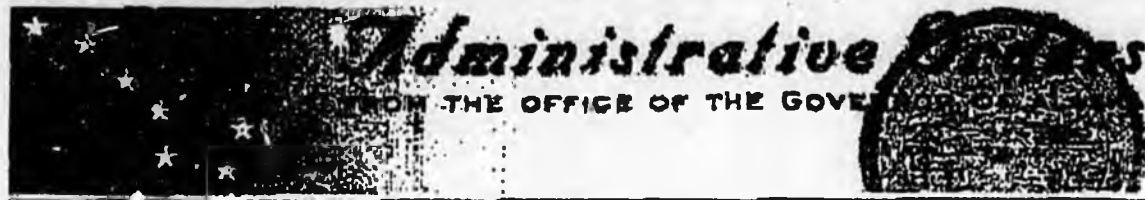
We are concerned, as are others we have spoken with, that pre-selection and hiring of retirees to fill the job they are vacating, without regard as to whether or not there is a qualified applicant pool to draw from, eliminates the career ladder in state employment for other employees who are qualified and may apply for a vacant position and who, unlike the rehire, would be contributing to the state retirement system.

Again, we support the legislative intent of HB 161 to extend the sunset date for school district to rehire employees for vacant positions when there is an actual shortage of applicants for the position and feel that there should be the same types of restrictions on rehiring PERS employees as there on TRS employees.

***AS 14.20.135, Employment of retired teachers because of shortages, states:**

- (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.

(See also Administrative Order No. 225 attached.)



Frank H. Murkowski
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 08, 2005

ADMINISTRATIVE ORDER NO. 225

FINDINGS

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

1. Provisions of ch. 57, SLA 2001, commonly known as the retiree rehire provisions of HB 242, permit certain retirees who return to work in positions normally covered by the public employees' and teachers' retirement systems to waive active coverage under the retirement systems and continue to receive state retirement benefits while working.
2. The purpose of the retiree rehire provisions of HB 242 is to provide a management tool to help address existing and anticipated recruitment problems faced by public employers who participate in the retirement systems. The executive branch of state government is currently facing demonstrated recruitment difficulties in a variety of job classes, particularly those job classes that require specific education or that require a strong professional work history that is usually gained over a period of time working in a professional field.
3. Consistent application of the retiree rehire program of HB 242 is especially important for recruitment for positions in the classified service to ensure that the principles of collective bargaining are consistently met. Furthermore, it is essential that managers in all state agencies anticipate and plan for the eventuality of retirement of the state's seasoned workforce in the classified service in a manner that does not undermine the state's workforce or create morale problems among less experienced staff who are preparing for promotional opportunities created by retirement of their coworkers.
4. The retiree rehire provisions of HB 242 sunset on July 1, 2005, and legislation extending the use of this valuable management tool and addressing participation by current rehired retirees is unlikely to pass and be enacted into law unless the retiree rehire program is properly managed to meet the Legislature's original intent.

ORDER

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

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

Office of the Governor: Administrative Orders

Page 2 of 3

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

DEFINITION

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

APPLICABILITY

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

This Order takes effect immediately.

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

/s/Frank H. Murkowski
Governor

WWW.GOV.STATE.AK.US

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

March 23, 2005

Representative Jim Elkins
State Capitol
Juneau, AK 9981-1182

Dear Representative Elkins:

On March 31, 2004 I retired from the Ketchikan Gateway Borough School District. On May 1, 2004 I was rehired into my position as personnel coordinator under HB 242. I have been with the district for 31 years. I am 63 years old and a widow who supports two families. My decision was a financial one and has been beneficial to both the district and myself.

I first approached Superintendent Harry Martin with my proposal in November of 2003. We had some concerns and wanted to make sure that this was a good choice to make and beneficial to both the district and myself. He suggested a conference call with a representative from PERS. The representative told me if I wanted to participate I would need to apply before June 30, 2005. Obviously their interpretation was the same as ours. The window was to give employees a chance to participate and after it closed the legislature could review whether or not the program was successful. No mention was ever made that I would only be able to participate for 14 months. In a recent conversation with a PERS representative I was told that Kathy Lea, Section Supervisor, had in fact interpreted HB 242 the same as I.

Looking at the current interpretation an employee could elect to participate two months before the June 30, 2005 date, draw a month of retirement and then go back to their previous status of employment but why would they want to and how would this short period of time allow the legislature to review the program?

If the current legislation does not pass I will be forced to quit my job with the district and seek employment elsewhere. I will continue to draw my retirement but I cannot live on by retirement alone. I am not one of the people mentioned in the Fairbanks article "Double Dipping" who did this to pay off their house. Also, I took a cut in pay with no chance for advancement. This enabled the district to hire another employee who is paying into PERS.

I hope that, if this bill to extend is defeated, consideration will be given to grant grandfather rights to the existing participating employees. If not I fear the adverse effect this will have on my life as well as others. Thank you for your consideration.

Sincerely,



Ms. Sydney Olsen
Personnel Coordinator
Ketchikan Gateway Borough School District



Frank H. Murkowski
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 08, 2005

*Retire - rehire
new guidelines*

ADMINISTRATIVE ORDER NO. 225

MAR 31 2005

FINDINGS

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

1. Provisions of ch. 57, SLA 2001, commonly known as the retiree rehire provisions of HB 242, permit certain retirees who return to work in positions normally covered by the public employees' and teachers' retirement systems to waive active coverage under the retirement systems and continue to receive state retirement benefits while working.
2. The purpose of the retiree rehire provisions of HB 242 is to provide a management tool to help address existing and anticipated recruitment problems faced by public employers who participate in the retirement systems. The executive branch of state government is currently facing demonstrated recruitment difficulties in a variety of job classes, particularly those job classes that require specific education or that require a strong professional work history that is usually gained over a period of time working in a professional field.
3. Consistent application of the retiree rehire program of HB 242 is especially important for recruitment for positions in the classified service to ensure that the principles of collective bargaining are consistently met. Furthermore, it is essential that managers in all state agencies anticipate and plan for the eventuality of retirement of the state's seasoned workforce in the classified service in a manner that does not undermine the state's workforce or create morale problems among less experienced staff who are preparing for promotional opportunities created by retirement of their coworkers.
4. The retiree rehire provisions of HB 242 sunset on July 1, 2005, and legislation extending the use of this valuable management tool and addressing participation by current rehired retirees is unlikely to pass and be enacted into law unless the retiree rehire program is properly managed to meet the Legislature's original intent.

ORDER

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

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

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

DEFINITION

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

APPLICABILITY

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

This Order takes effect immediately.

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

/s/Frank H. Murkowski
Governor

WWW.GOV.STATE.AK.US

[Administrative Orders 201-present](#) | [Contact the Governor](#) | [Webmaster](#) | [State of Alaska](#)

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

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

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

DISTRICT OFFICE
BERING STRAIT SCHOOL DISTRICT

P.O. BOX 225
UNALAKLEET, ALASKA 99684-0225
(907) 624-3611
(907) 624-3099 FAX
<http://www.bssd.org>

11 February 2005

Honorable Governor Frank Murkowski
State Capitol Building
Juneau AK 99811

Re: HB 242 (AS14.20.135) Retired / Rehired

BREVIK MISSION

Dear Governor Murkowski:

DIOMEDE

ELIM

GAMBELL

GOLOVIN

KOYUK

SAINT MICHAEL

SAVOONGA

SHAKTOOLIK

SHISHMAREF

STEBBINS

TELLER

UNALAKLEET

WALES

WHITE MOUNTAIN

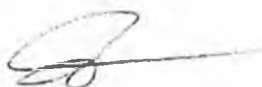
HB 242 (retired/rehired) is scheduled to expire at the end of this fiscal year. This provision has allowed Alaskans who have retired the opportunity to continue working in their given profession as "employed retirees". For many years, Alaskans have retired early and sought employment out of state. School districts both large and small as well as other state agencies have used this option to fill needed vacancies. Alaska Association of School Administrators (AASA) firmly believes that Alaska is well served by keeping such experienced professionals in our state.

AASA has two primary concerns with the possible expiration of HB 242. The legislation has been successful in assisting school districts and state agencies in filling important vacancies. HB 242 has worked. Districts have been able to attract and keep capable educators. While the number of persons exercising this option has not been large, those individuals have been important to the organizations that have hired them.

The second issue of concern is that participating employees and districts were initially assured that the status of employees in the program would remain unchanged after HB 242 expired, provided they maintained continuous employment with the same district. Participating employees made life choices and retirement choices based on that information. School districts planned their staffing and budgets based on that information. Recently, the AG's office has written an opinion that states this will not be the case. Without affirmative action to extend HB 242, all current participants would either need to return to retirement or lose their retired/rehired status.

The AASA supports the reauthorization of HB 242 as currently written. HB 242 is one additional tool that schools have to attract talented and experienced Alaskans who have much to contribute. Our hope is that your office will support extending HB 242 indefinitely.

Sincerely,



John A. Davis, Ed.D.
President
Alaska Association of School Administrators

AS14.20.135 THE REHIRED ANNUITANT LAW – A COST SAVINGS MEASURE FOR ALASKA SCHOOLS

AS14.20.135, the rehired annuitant law, has some real promise as a **cost cutting measure** for schools. In districts suffering from heavy turnover, lack of qualified applicants, or occasional shortages in hard to fill positions, employees may retire and be hired back by the school system. The hiring only takes place if the school board has passed a resolution declaring a shortage of applicants in that field. The benefit to the school district is the elimination of TRS and perhaps medical insurance. The cost to the district and the employee is FICA or social security. When an employee opts out of the TRS, they must be enrolled in social security. Most PERS employees are already on social security.

At first look it appears that dropping out of the retirement system would be detrimental to the TRS. **However, according to Deputy Commissioner Brooks of the Dept of Administration, the bill causes only minor costs to the retirement program.**

An average teacher exercising this option could save a school district up to \$15,000 in the first year. With retirement rates rising, the savings would grow each year. Bering Strait School District has over twenty employees eligible next year. If all eligible opted for this provision, the savings would be roughly \$300,000 the first year. With TRS and PERS rates rising, this is an opportunity to mitigate those increased costs.

Bering Strait is only one of many employers who find the statute an **excellent way to retain highly experienced employees** whose talents would otherwise be lost to the state. Over half of the school districts are currently participating in the program.

SSSB24 was introduced in support of the program. We feel that it is an **excellent cost reduction measure**. It is **not a drain on the state or the retirement system**, and it provides a **strong incentive for experienced employees to stay with schools a few extra years**. **We strongly encourage your support for SSSB24.**

Prepared by the Bering Strait School District
P.O. Box 225
Unalakleet, AK 99684
Dr. John A. Davis, Superintendent

Detail of Number of Retirees Rehired by Each TRS Employer

Participating School Districts	Employment Waivers Issued	EE Employed as of 11/30/04
Alaska Gateway	1	1
Aleutian Region	1	1
Anchorage	65	37
Bering Straits	5	7
Bristol Bay	3	3
Copper River	5	1
Craig	1	0
Delta Greely	1	1
Denali Borough	1	1
Dillingham	1	1
Hoonah	2	1
Hydaburg	2	0
Iditarod	5	2
Juneau City and Borough	2	2
Kashunimiut	1	1
Ketchikan Gateway Borough	3	3
Klawock	1	1
Kuspuck	1	1
Lake and Peninsula	3	1
Lower Kuskokwim	45	38
Lower Yukon	2	2
Mat-Su	10	3
Nenana City Schools	1	1
North Slope Borough	8	5
Northwest Arctic Borough	3	3
Pribilof	1	1
Sitka	4	3
St. Mary's	2	1
Southwest Region	1	1
Tanana	1	0
Wrangell	2	1
Yukon Flats	3	0
Yukon -Koyukuk	3	0
	187	124

TWENTY EIGHT RURAL SCHOOL DISTRICTS HAVE USED THE RETIRE / REHIRE PLAN TO HELP MEET STAFFING NEEDS AND BALANCE THEIR BUDGETS.

From: Sen. Charlie Huggins
Sent: Friday, February 11, 2005 2:53 PM
To: 'Websta@mtaonline.net'
Cc: Ryan Moore; Rep. Mark Neuman
Subject: RE: Status of SSB 24

Dear Dawn,

We received your e-mail via Rep. Gatto, and have given it to Senator Huggins for his review. In the meantime, Ryan Moore, one of our staff members, will be researching your questions and will get back to you ASAP. Senator Huggins appreciates hearing from people in his district. Thanks for writing!!

Karen Sawyer
Legislative Staff
Senator Charlie Huggins

From: Rep. Carl Gatto
Sent: Friday, February 11, 2005 2:20 PM
To: Dawn U. Webster
Cc: Rep. Mark Neuman; Sen. Charlie Huggins
Subject: RE: Status of SSB 24

Dear Dawn,

Thank you for contact me regarding SB 24.

Legislative courtesy requires us to refer you to your legislators, Representative Mark Neuman at 465-2679 or Senator Charlie Huggins at 465-3878.

Rep. Carl Gatto

From: Dawn U. Webster [mailto:Websta@mtaonline.net]
Sent: Friday, February 11, 2005 9:12 AM
To: Sen. Lyda Green; Rep. Carl Gatto
Subject: Status of SSB 24

I would like to ask for some help/information from you. I am a resident of Wasilla who is a retired public employee. I have an opportunity to be rehired by one of our local governments and would like to know if SSB 24 would allow this to occur without jeopardizing my retirement benefits.

If you would answer the following questions for me, I'd greatly appreciate it:

- 1) Am I correct in assuming that should I be rehired, I would be required to pay into the PERS system again and that I would not receive a retirement check for the duration of my employment?
- 2) Am I correct in assuming that should I be rehired, I would be covered by the current health insurance offered by the city and would pay any monthly premiums required for that coverage, and that when I re-retire I would be allowed to be covered again under the Tier I status that I currently have?

What is the status of the bill and when is it scheduled for its hearing? Is there anything that needs to be done to

2/11/2005

help this bill along?

Thank you both your time. I would appreciate any information you can provide.

Dawn Webster
Websta@mtaonline.net

Ryan Moore

From: Ryan Moore
Sent: Friday, February 18, 2005 9:56 AM
To: 'Dawn U. Webster'
Subject: RE: Return to work inquiry

Here is a website where you can follow the tracking of bills and committees:

<http://www.legis.state.ak.us/basis/start.asp>

All you have to do is but in the bill root and number and you're all set! Hope this helps and have a fantastic day Ms. Webster. :)

Ryan Moore
Legislative Staff
Senator Charlie Huggins

907-465-3878
800-862-3878
Alaska State Capitol, Room 417
Juneau Alaska 99801-1182

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

From: Dawn U. Webster [mailto:Websta@mtaonline.net]
Sent: Friday, February 18, 2005 8:32 AM
To: Ryan Moore
Subject: Re: Return to work inquiry

Thanks for your prompt response to my questions. I would appreciate it if you would let me know the status of SB-24 and SB-31. Both bills deal with re-employment after June 30, 2005 which is the sunset date for the current re-employment under HB 242. The last I heard was that they were both in Health, Education, and Social Services, State Affairs. I am curious as to their current date for a hearing. I did not retire under a RIP program so I am eligible for full retirement.

Have a good holiday on Monday!

Thanks again for all your help.
Dawn Webster
Websta@mtaonline.net

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

From: "Ryan Moore" <Ryan_Moore@legis.state.ak.us>
To: <Websta@mtaonline.net>
Sent: Thursday, February 17, 2005 2:25 PM
Subject: FW: Return to work inquiry

>
> I hope this answers your question about your retire/rehire issue. If
> you have any more questions please ask. Have a great day.
>
> Ryan Moore
> Legislative Staff
> Senator Charlie Huggins
>
> 907-465-3878
> 800-862-3878
> Alaska State Capitol, Room 417
> Juneau Alaska 99801-1182

>
> -----Original Message-----
> From: kathy_carson [mailto:kathy_carson@admin.state.ak.us]
> Sent: Thursday, February 17, 2005 2:26 PM
> To: Ryan Moore
> Subject: Return to work inquiry
>
> Mr. Ryan Moore, Legislative staff
> Office of Senator Charlie Huggins
> Alaska State Capitol, Roo... 417
> Juneau, AK 99801-1182
>
> February 17, 2005
>
> Mr. Moore:
>
> This is in response to your recent email dated February 14, 2005 to
> Laurie Helfenstine in the Division of Retirement and Benefits. Your
> email inquiry was requesting information regarding a retiree that
> elects to return to work in a PERS covered position and how this would
> affect her retirement benefit. As I explained in our phone
> conversation this morning, without information regarding the specific
> retiree, I can not tell you if the retiree would be eligible for the waiver option.
>
> When a retiree returns to a PERS position, our office determines
> whether the retiree would be returning to work under the waiver
> program (HB 242) or the standard option (where their retirement benefit is suspended).
>
> Only retirees who have retired with a normal retirement are eligible
> for the waiver program. If the member retired under either the
> Retirement Incentive Program (RIP) or with an early reduced benefit,
> they are not eligible for the waiver option.
>
> Under the waiver option, a retiree can continue to receive their
> retirement benefit, any medical benefits they may be eligible for, and
> not have contributions taken from their paycheck. However, they will
> not be accruing any service credit. As of this date, the sunset date
> on this bill is June 30, 2005. As of July 1, 2005, the only option
> available will be the standard option.
>
> Retiree health insurance for a member that returns to active
> employment and is under the waiver option would become secondary to
> any active health insurance that the member has.
>
> Under the standard option, the retiree's benefits will end the day
> that they are rehired into a PERS eligible position. They will begin
> accruing service credit and will make contributions to the system
> beginning with the hire date. Medical benefits will end at the end of
> the month in which they are rehired. Once they have terminated
> employment, their 1st retirement will be reinstated under the tier
> that they originally retired under, and they will be eligible to apply for a 2nd
> retirement.
>
> I have attached a brochure that gives you detailed information
> regarding working after retirement that you may find helpful. If you
> have any other questions, please contact me at
> kathy_carson@admin.state.ak.us or
> (907) 465-5697.
>
> Sincerely,
>
> Kathy Carson
> Retirement Representative
>
> <http://www.state.ak.us/drb/pers/pers-working-after-retirement.shtml>
>
>

March 14, 2005

Dear Representative Neuman and members of the Education committee.

I'm writing in opposition of ~~RB 11~~, the retire and rehire bill. This is a bad piece of legislation for the people of this great state and state employees.

- **Significantly reduces upward mobility of employees**

By allowing employees, typically those in higher on the ladder, to retire from their jobs and be rehired 30 days later, stops all upward mobility of junior employees. As a result, junior employees are forced to look for work in the private sector or federal government. To maintain good services for the people of this state, we need to continue to train, promote and retain junior employees, not force them from their jobs. They are the future.

- **This law has a negative effect on the PERS system.**

Under the current retire and rehire law, rehired employees are double dipping and not contributing to PERS. That is, most receive their retirement check and a paycheck. Neither the employee nor the employer contribute to PERS. As we all know, PERS is in trouble. Every working employee must contribute to PERS. We cannot afford the luxury of having thousands of employees not contributing to PERS. If SB24 becomes law, it is a very likely that the ranks of "retire and rehire employees" will swell, putting further downward pressure on an already crippled PERS system. We cannot afford to stand by and allow this to happen.

- **Cronyism at it's worst.**

If you are in the "good old boys or girls club" you are guaranteed to get your job back after you retire for a minimum of 30 days. However, if you are not a favored son or daughter there is no guarantee that you will be hired back into the job you just vacated. Everyone knows when someone will be hired back into their job and therefore subordinates and others refuse to apply for the position knowing full well they will not be hired.

- **Widespread abused of the current law.**

Instead of applying the retire and rehire law to just a few isolated cases where recruitment may be difficult, it has been applied widely and has become **standard operating procedure** in state government. Even clerks have been hired back. There is absolutely no way to safeguard against this. There are just too many ways around it.

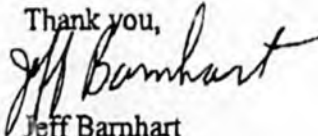
- **Double-dipping is very bad PR**

I've had the public stop me at the grocery store to ask how state employees are permitted to retire and be hired back into the position they just vacated. They were very upset and called the employees "double-dippers" among other terms.

Summary

In summary, I'm encouraging you to vote against this legislation. In case you are wondering; yes, I'm in a position to retire and be rehired, so if passed, this bill could potentially benefit me. However, I'm opposed to the bill because it leads us down a path of keeping older, more expensive employees, who are not contributing to PERS, while at the same time, precluding junior employees from becoming more experienced and advancing their careers.

Thank you,



Jeff Barnhart
11276 Bells Flat Road
Kodiak, AK 99615

Dear Representative Neuman:

1-27-2005

As you know, PERS/TRS funding problems are hot legislative issues. Help save PERS/TRS and also stop an unethical hiring practice by allowing HB242 (2001) clauses to sunset in 2005. The following explanation addresses the unfairness of the hiring practice and how stopping the practice will save PERS/TRS dollars.

HB242 of 2001 made it possible for some State, Borough and City employees to retire and then rehire with full pay, plus full retirement benefits. The original intent of the bill was to keep a few irreplaceable busu school teachers from retiring. However, since adoption of HB242, a number of "irreplaceable" Borough, City and State employees have also taken advantage of the program to retire and rehire, often into their same jobs—often literally to the same desk. HB242 clauses that allow this practice will sunset July 1, 2005 unless re-authorized. Aside from considering the publicly reprehensible issue of same-job double dipping, please consider the sunset of HB242 in light of the following 4 points. I believe each of these points to be an unintended consequence of HB242.

1. First a very basic question: Were most of the rehired folks truly irreplaceable? Re-authorization of HB242 retire/rehire clauses should be examined for conformance with original intentions of the bill. I challenge legislators to determine if a significant percentage of HB242 rehires were actually "irreplaceable" by the common definition of the word. From my research, especially as it applies to State employees, a high percentage of the rehires were mid to upper level supervisors. Do supervisors as a group tend to form an irreplaceable class? I have not been able to identify non-exempt or non-supervisory union people who have been allowed to take part in this program. Identifiable classes of individuals not offered HB242 rehiring can consider legal actions against various Alaska government entities based on discrimination and favoritism. Besides, isn't it healthy for the government systems to encourage "new blood" to step into the supervisory class, with their new ideas, enthusiasm, etc.? I believe so.

2. Employees nearing 30 years of service (most State jobs for example) are being lured into retiring and rehiring with the perception of a giant raise. Why would anyone continue to work an additional 2, 3, or 5 years after retirement eligibility if they can begin collecting the "big bucks" at 30 years almost automatically? Through HB242 rehiring, department heads can retain good (but not necessarily irreplaceable) supervisory employees by offering them a huge "raise." The department head thinks this is wonderful because the raise does not come from their protected departmental funds—no—the raise comes from PERS/TRS. Also, enticement to retire and rehire must negatively impact the PERS/TRS actuarial calculations since employees, especially upper level employees, often remained on the job several years after full retirement eligibility.

3. Non-public employee citizens of Alaska do not want to see any one individual receiving an excessively large total amount of money from State, Borough, or City coffers. How large? For example, take a range 24, Tier I supervisor at say \$80,000/year retiring from DOT&PF after 30 years. That retiree will collect about 72 percent of his/her salary from PERS (includes the 10% COLA). Therefore, after rehiring, that individual receives from combined State coffers about \$57,000 in PERS retirement + \$80,000 in job pay + health coverage + Alaska's continued payment into an SBS account for the individual. In total, the State of Alaska shells out somewhere around \$150,000/year to this individual until the individual decides to re-retire. The employee has now returned to the job with no incentive to E V E R retire permanently. In terms of total expenditure, State/Borough/City governments might find it much less expensive to offer the retirement-eligible employee an extravagant pay increase NOT to retire. In this example, a huge pay increase (say 20% = \$16,000/year) would pale compared to the \$57,000 per year that this individual drains from PERS/TRS after their HB242 rehiring. Would such a raise seem silly? You bet!

4. Those rehired through HB242 return to high-paying positions, but they make no further contributions to the PERS/TRS! How does this look to the public? How does this look to most fellow employees who must continue to pay into PERS/TRS while a boss or co-worker doesn't have to pay? This is a sweet deal for the rehired individual. It is obviously a bad thing for retirement systems that must depend on continuing and perhaps much increased PERS/TRS contributions from all active employees.

Remember that the PERS/TRS were intended as true retirement systems, not as a supervisor's income supplement or "raise." Departments that need to keep long-term employees should seek legitimate funding for raises and not raid PERS/TRS. Try to find private businesses that rehire their own retirees with retirement pay. **SB24 and SB31 of 2005 attempt to prevent the sunset of 2001's HB242. Please help defeat SB24 and SB31.**

Sincerely,
Robert L. McHattie

456-7485

P.O. Box 71130
Fairbanks, Ak 99707-1130

DISTRICT OFFICE
BERING STRAIT SCHOOL DISTRICT

P.O. BOX 225
UNALAKLEET, ALASKA 99684-0225
(907) 624-3611
(907) 624-3099 FAX
<http://www.bssd.org>

11 February 2005

Honorable Governor Frank Murkowski
State Capitol Building
Juneau AK 99811

Re: HB 242 (AS14.20.135) Retired / Rehired

BREVI G MISSION

Dear Governor Murkowski:

DIOMEDE

ELIM

GAMBELL

GOLOVIN

KOYUK

SAINT MICHAEL

SAVOONGA

SHAKTOOLIK

SHISHMAREF

STEBBINS

TELLER

UNALAKLEET

WALES

WHITE MOUNTAIN

HB 242 (retired/rehired) is scheduled to expire at the end of this fiscal year. This provision has allowed Alaskans who have retired the opportunity to continue working in their given profession as "employed retirees". For many years, Alaskans have retired early and sought employment out of state. School districts both large and small as well as other state agencies have used this option to fill needed vacancies. Alaska Association of School Administrators (AASA) firmly believes that Alaska is well served by keeping such experienced professionals in our state.

AASA has two primary concerns with the possible expiration of HB 242. The legislation has been successful in assisting school districts and state agencies in filling important vacancies. HB 242 has worked. Districts have been able to attract and keep capable educators. While the number of persons exercising this option has not been large, those individuals have been important to the organizations that have hired them.

The second issue of concern is that participating employees and districts were initially assured that the status of employees in the program would remain unchanged after HB 242 expired, provided they maintained continuous employment with the same district. Participating employees made life choices and retirement choices based on that information. School districts planned their staffing and budgets based on that information. Recently, the AG's office has written an opinion that states this will not be the case. Without affirmative action to extend HB 242, all current participants would either need to return to retirement or lose their retired/rehired status.

The AASA supports the reauthorization of HB 242 as currently written. HB 242 is one additional tool that schools have to attract talented and experienced Alaskans who have much to contribute. Our hope is that your office will support extending HB 242 indefinitely.

Sincerely,



John A. Davis, Ed.D.
President
Alaska Association of School Administrators

AS14.20.135 THE REHIRED ANNUITANT LAW – A COST SAVINGS MEASURE FOR ALASKA SCHOOLS

AS14.20.135, the rehiired annuitant law, has some real promise as a cost cutting measure for schools. In districts suffering from heavy turnover, lack of qualified applicants, or occasional shortages in hard to fill positions, employees may retire and be hired back by the school system. The hiring only takes place if the school board has passed a resolution declaring a shortage of applicants in that field. The benefit to the school district is the elimination of TRS and perhaps medical insurance. The cost to the district and the employee is FICA or social security. When an employee opts out of the TRS, they must be enrolled in social security. Most PERS employees are already on social security.

At first look it appears that dropping out of the retirement system would be detrimental to the TRS. However, according to Deputy Commissioner Brooks of the Dept of Administration, the bill causes only minor costs to the retirement program.

An average teacher exercising this option could save a school district up to \$15,000 in the first year. With retirement rates rising, the savings would grow each year. Bering Strait School District has over twenty employees eligible next year. If all eligible opted for this provision, the savings would be roughly \$300,000 the first year. With TRS and PERS rates rising, this is an opportunity to mitigate those increased costs.

Bering Strait is only one of many employers who find the statute an excellent way to retain highly experienced employees whose talents would otherwise be lost to the state. Over half of the school districts are currently participating in the program.

SSSB24 was introduced in support of the program. We feel that it is an excellent cost reduction measure. It is not a drain on the state or the retirement system, and it provides a strong incentive for experienced employees to stay with schools a few extra years. We strongly encourage your support for SSSB24.

Prepared by the Bering Strait School District
P.O. Box 225
Unalakleet, AK 99684
Dr. John A. Davis, Superintendent

MERCER

Human Resource Consulting

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

RECEIVED

SEP 07 2004

September 2, 2004

Div. of Ret. & Benefits

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

Subject:

Retiree Return under HB 242/SB 149

Dear Melanie:

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

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

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

MERCER

Human Resource Consulting

RECEIVED

SEP 07 2004

Div. of Ret. & Benefits

Page 2

September 2, 2004

Ms. Melanie Millhorn

State of Alaska

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

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

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

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/CMB/kmp

Copy: Chris Byrnes

g:\e\ret\kass\form\2004\cost of ret\re return mm_08104_mr.doc



UNITED FISHERMEN OF ALASKA

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

April 4, 2005

Representative Mark Neuman, Chair
House Special Committee on Education
Alaska State Legislature
State Capitol (Mail Stop 3100)
Juneau AK 99801-1182

Dear Representative Neuman,

This letter is in support of House Bill 161 regarding the rehire of retired personnel. In the spring of 2001 UFA was a supporter of HB242, which enables the rehire after retire of state and municipal employees in the state of Alaska. The main area of concern for UFA in 2001 emanated from the significant loss of key, highly technical and geographically specialized personnel at the Alaska Department of Fish and Game. The coastal communities that UFA predominantly directly represent were given a new lease on life, the "braindrain" was halted temporarily from the ADFG and we have stabilized our outflow of specialized talent from the department.

Since 2000, nearly 2 dozen states have adopted nearly identical statutes to Alaska's HB 242. In Washington state, the only material difference was that there was no 5 year sunset provision in that state's legislation. In Alaska, this program hatched by HB 242 has worked well for the ADFG. One of the major unfulfilled components leftover from the discussion of HB242 was that the sport and commercial fishermen who helped to pass HB242 were to work to improve recruitment and new mentoring programs for future fishery managers and biologists. We are behind on this task and lacking.

But that does not mean that we should throw caution to the wind and allow our best and brightest scientific minds be cast out this May. HB161, which embodies the continuation with much more rigid sideboards than HB242, needs to accommodate the current employees under HB242. It also needs to recognize the success of the program begun by HB242.

This program has enabled many departments and state agencies to deal with retention

MEMBER ORGANIZATIONS

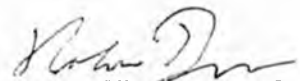
Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Concerned Area "M" Fishermen • Cordova District Fishermen United • Douglas Island Pink and Chum
Fishing Vessel Owners Association • Groundfish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

issues in the face of competition from federal and private employers for the trained fisheries and scientific personnel that are critical to Alaska. This program needs to continue so that Alaska's fishery resources will continue to be the best managed in the world.

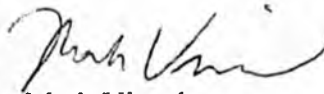
Approximately 300 state jobs are now filled by the "retire-rehire" employees, so the state has seen an average of approximately 60 state employees per year opt for this system. But although this is not a big program it is an important one. And it has been cost effective thus far.

UFA appreciated the strong bipartisan effort that took place in both bodies of the legislature in 2001. We need to extend this spirit of cooperation and move to establish an immediate continuation of the main tenets of HB242. Thank you for your support of House Bill 161.

Sincerely,



Robert Thorstenson Jr.
President



Mark Vinsel
Executive Director

CC: Representative Jim Elkins



Alaska Legislative Report

Results of the Retiree Return Program

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



February 2005

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2203
FAX: (907) 465-2135

February 10, 2005

The Honorable Jim Elkins
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

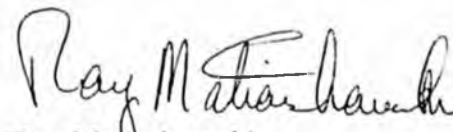
Dear Representative Elkins:

In 2001, the Twenty-Second Legislature enacted House Bill 242 relating to reemployment of retired members of the Teachers' (TRS) and Public Employees' Retirement Systems (PERS) to address a shortage of qualified applicants for teaching and public employment throughout the State of Alaska. Included in the legislation was a sunset date of July 1, 2005.

The Division of Retirement and Benefits has prepared this statistical report to provide information to the Legislature regarding the use of the retiree return program. The report will assist in determining the effectiveness of this program and its potential extension.

The data was collected from employers and retirees as part of the administration of this program. The effects of cost savings were not required to be reported to the Division of Retirement and Benefits by HB 242. Therefore discussions regarding cost savings are based solely on the State of Alaska, the largest participating employer in the program, who has developed a report regarding this matter.

Sincerely,



Ray Matrasowski
Commissioner

RM

G:/director/hb 242-rehired retirees/hb 242 letter.doc

cc: Division of Retirement and Benefits



Printed on recycled paper
by Alaska Litho, Inc.

Table of Contents

HB 242 Background	1
Mercer Letter	5
Notification sent to Employers regarding September 14, 2004 AG Opinion	7
Notification sent to Rehired Retirees regarding September 14, 2004 AG Opinion.....	9
Retiree Return Under HB 242/SBS 149	11
Analysis of Retiree Rehire Program--PERS (HB 242).....	12
Number of Months between Termination and Retire—PERS.....	13
PERS Rehired Retirees by Year	13
Top Ten Job Classes Rehired Under PERS (HB 242).....	14
Detail of Number of Retirees Rehired by Each PERS Employer.....	15
PERS Rehired Retiree Job Class by Employer.....	16
PERS Rehired Retiree Job Class Summary	20
Analysis of Retiree Rehire Program--TRS (HB 242/SB 149).....	22
Detail of Number of Retirees Rehired by Each TRS Employer	23
Number of Months between Termination and Retire—TRS.....	24
TRS Rehired Retirees by School Year.....	24
TRS Rehired Retiree Job Class Detail.....	25
Attorney General's Opinion.....	26
House CS for CS for SS for Senate Bill No. 149 (Fin)	39
Senate CS for CS for House Bill No. 242 (Fin).....	46

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

HB 242 Background

In 2001 the Twenty-First Legislature enacted HB 242, which, among other things, amended the statutes to allow certain Public Employees' (PERS) and Teachers' Retirement System (TRS) members who retired with a normal retirement to return to work, continue to receive normal retirement benefits, and waive participation in the retirement systems.¹ Once participation was waived, no contributions were required from the employer or the employee. This legislation is scheduled to sunset on July 1, 2005. Prior to the passage of this legislation members who retired and then reemployed in a PERS or TRS participating position would have their retirement benefit stopped during the period of reemployment. The member would accrue an additional pension benefit for the second period of employment.

HB 242 was introduced April 17, 2001 in House State Affairs Committee. In his introduction to the bill, Roger Wortman, Staff to Representative Pete Kott, Alaska State Legislature, noted that baby boomers were about to retire en masse in the years 2008-2009. This would leave a big void in the state work force. Some of those shortages would be critical, such as in education and law enforcement. He explained that HB 242 provided a "carrot" to retain employees after they are eligible to retire.

Other testimony at the hearing indicated:

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

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

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

¹ AS 14.25.040; AS 14.25.043; AS 39.35.120; AS 39.35.150

SB 149 Background

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

Reporting

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

TRS Results

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

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

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

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

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

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

PERS Results

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

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

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

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

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

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

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

Cost Savings

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

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

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

Sunset Provision

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

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

MERCER

Human Resource Consulting

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

RECEIVED

SEP 07 2004

September 2, 2004

Div. of Ret. & Benefits

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

Subject:

Retiree Return under HB 242/SB 149

Dear Melanie:

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

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

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

MERCER

Human Resource Consulting

RECEIVED

SEP 07 2004

iv. of Ret. & Benefits

Page 2

September 2, 2004

Ms. Melanie Millhorn

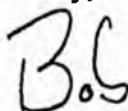
State of Alaska

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

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

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

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/CMB/kmp

Copy: Chris Byrnes

g:\retire\alaska\corresp\2004\cost of retire return rrm_063104_mer.doc

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

November 3, 2004

«mrms» «fnmi» «ln»«jrsr», «title»
«ltrregion»
«address»
«city», «st» «zip»

PERS / TRS: «crs_code»

Re: HB 242 Rehired Retiree - Employment Waiver

Dear «mrms» «ln»:

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

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

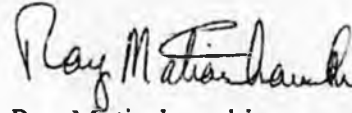
In order to address this matter, the Governor's Office will work with the Legislature on legislation to allow members who are currently covered under the re-employment waiver provision to continue to both work and receive normal retirement benefits after July 1, 2005. However, unless the Legislature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

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

November 3, 2004

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

Sincerely,



Ray Matiashowski
Commissioner

RM/MM/ksl

Enclosure

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

cc: All Commissioners

Kevin Brooks, Deputy Commissioner, Department of Administration

Mike Tibbles, Deputy Commissioner, Department of Administration

Melanie Millhorn, Director, Division of Retirement and Benefits

Virginia Ragle, Assistant Attorney General, Department of Law

Toby Steinberger, Assistant Attorney General, Department of Law

PERS Contacts

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

November 3, 2004

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

Re: HB 242 Rehired Retiree - Employment Waiver

Dear «FirstName» «MI» «LastName»:

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

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

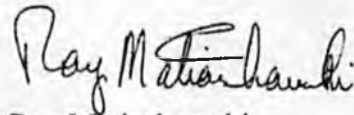
In order to address this matter, the Governor's Office will work with the Legislature on legislation to allow members who are currently covered under the re-employment waiver provision to continue to both work and receive normal retirement benefits after July 1, 2005. However, unless the Legislature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

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

November 3, 2004

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

Sincerely,



Ray Matiashowski
Commissioner

RM/MM/ksl

G:/mailouts/hb242/november2004/participant doc

cc: All Commissioners

Kevin Brooks, Deputy Commissioner, Department of Administration

Mike Tibbles, Deputy Commissioner, Department of Administration

Melanie Millhorn, Director, Division of Retirement and Benefits

Virginia Ragle, Assistant Attorney General, Department of Law

Toby Steinberger, Assistant Attorney General, Department of Law

RETIREE RETURN UNDER HB 242/ SB 149

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

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

Analysis of Retiree Rehire Program-PERS (HB 242)

Summary

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

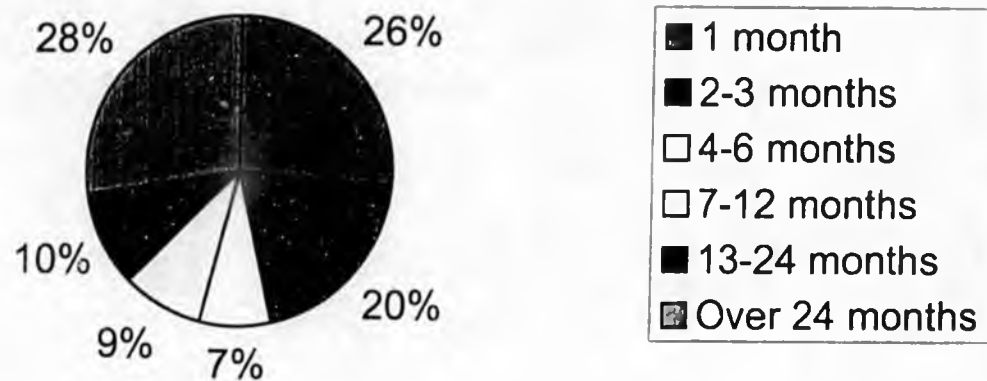
Total number of PERS employers	160
Total number of PERS employers participating in the retiree rehire program	34
Percentage of total PERS employers participating in the retiree rehire program	21%
Total number of PERS waivers received	297
Total number of waivers received by year:	
July 1, 2001 to December 31, 2001	46
January 1, 2002 to December 31, 2002	90
January 1, 2003 to December 31, 2003	89
January 1, 2004 to November 30, 2004	72

Number of months between termination and rehire

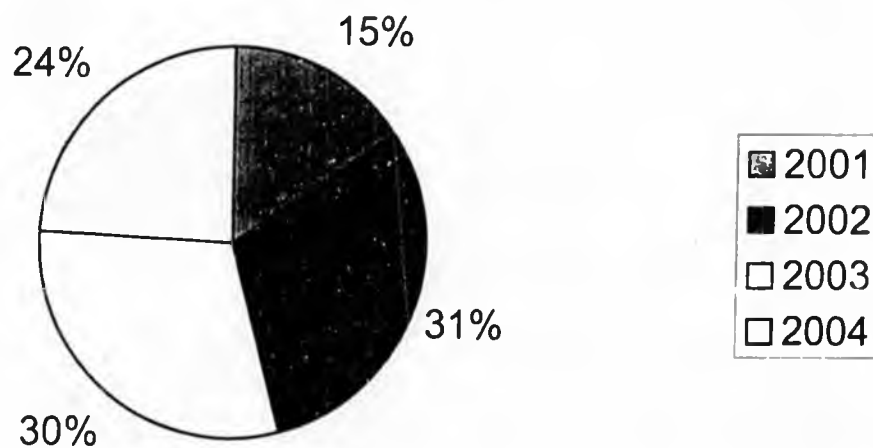
- 26% of retirees rehired within 30 days of termination of employment
- 20% of retirees rehired within 60-90 days of termination of employment
- 26% of retirees rehired between 4 and 24 months from termination of employment
- 28% of retirees rehired more than 24 months from termination of employment

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

Number of Months Between Termination and Rehire-PERS



PERS Rehired Retirees by Year



Top Ten Job Classes Rehired Under PERS (HB 242)

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

Detail of Number of Retirees Rehired by Each PERS Employer

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

PERS Rehired Retiree Job Class by Employer

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

Employer
Political Subdivision

Position

Maintenance Asst
Museum Curator
Nuclear Medicine Tech
Nurse Practitioner
Operations Supervisor/Firefighter
Personnel Coordinator
Personnel Director
Planning Director
Plant Manager
Police Clerk
Police Corps Director
Police Detective
Police Lieutenant
Police Officer
Port Director
Port Manager of Finance & Administration
Project Management & Engineering Div. Mgr.
Public Safety Director
Public Works Director
Public Works Manager
Radiology Technician
Reference Librarian
Registered Nurse
Resident Building Manager
Sanitarian
Secondary Teacher
Secretary
Service Coordinator
Shop Foreman
Site Specialist
Spanish teacher
Special Administrative Assistant
Special Assistant
Special Education Aide
Senior Admin Officer
Senior Library Asst.
Senior Public Health Nurse
STP Equipment Operator
Teacher's Aide
Truck Driver
Village Coordinator
Water/Sewer Forman
World Language Teacher

State of Alaska
Academic Counselor
Accountant
Accounting Clerk
Administrative Assistant
Administrative Assistant to Director

Employer
State of Alaska

Position

Administrative Clerk
Administrative Manager
Aircraft Pilot
Airport Safety Officer
Airport Screening Officer
Analyst Programmer
Assistant Commissioner
Assistant Director
Attorney
Bailiff
Biometrician
Building Plans Examiner
Captain
Certified Nurses Aide
Chief Environmental Health Labs
Children's Services Manager
Commissioner
Community Development Specialist
Correctional Personnel
Criminal Justice Planner
Deputy Clerk
Deputy Commissioner
Deputy Director
Director
Eligibility Technician
Engineering (various levels)
Environmental Services
Facilities Manager
Fish & Wildlife Technician
Fisheries Biologist
Fisheries Scientist
Grants Administrator
H&SS Planner
Habitat Biologist
Health & Safety Officer
Human Resource Manager
Investigator
Leasing Officer
Lieutenant
Local Government Specialist
Maintenance
Major
Medical Records Asst.
Mental Health Clinician
Motor Vehicle Representative
Museum Security Clerk
Natural Resource Manager
Natural Resource Specialist
Nurse (various types)

Employer
State of Alaska

Position

Oiler
Operations Manager
Pioneer Home Administrator
Probation Officer
Procurement Specialist
Program Coordinator
Programmer Analyst
Project Coordinator
Project Manager
Recorder
Recruiter
Regional Supervisor
Research Analyst
Research Tech
Right of Way Agent
Second Mate
Secretary
Security Guard
Senior Project Engineer
Social Worker
Special Projects Manager
Staff Physician
State Law Librarian
State Trooper
Supervisor
Survey Lead
System Programmer
Systems Programmer
Technical Engineer
Technician, Retirement
Technician, Eligibility
Third Mate
Transportation Planner
Utility Financial Analyst
Vessel Scheduling Coordinator
Warehouse Manager
Wildlife Biologist

PERS Rehired Retiree Job Class Summary

Job Class	Waivers Received	Job Class	Waivers Received
Academic Counselor	1	Detective	2
Accountant	3	Diet Aide	1
Accounting Clerk	1	Directors, various	10
Accounting Technician	1	Dispatcher	1
Accts. Payable Clerk	1	Economic Developer/Planner	1
Admin Asst.	8	Electrical Projects	
Admin Clerk	9	Superintendent	1
Admin Manager	1	Eligibility Technician	2
Admin Officer	2	Engineer (Varying types)	16
Adult Educator	1	Environmental Services	1
Aide Secondary Teacher	1	Environmental Specialist	1
Aircraft Pilot	2	Equipment Operator	1
Airport Safety Officer	1	Evidence Technician	1
Airport Screening Officer	4	Facilities Mgr.	2
AMHS Third Mate	2	Financial Manager	1
Analyst Programmer	8	Fire Captain	2
Appraisal Analyst	1	Fire Chief	1
Addiction Recovery Aide	1	Fish & Wildlife Tech	5
Army Instructor	1	Food Prep./Bidg. &	
Asst. CMS Project Mgr.	1	Groundskeeper	1
Asst. Commissioner	1	Foreign Language Teacher	1
Asst. Director	1	General Foreman	1
Attorney (varying levels)	6	Grants Accountant	1
Bailiff	1	Grants Administrator	1
Biologist (various)	19	H&SS Planner	1
Biometrician (varying levels)	3	Harbor Officer	1
Building Plans Examiner	2	Health & Safety Officer	1
Business Mgr.	1	Heavy Equip. Operator	1
Captain	1	Indian Education Inst.	1
Cert. Nurses Aide I	1	Inst. Systems Tech.	1
Chief Environ. Health Labs	1	Investigator (varying levels)	5
Chief of Police	3	Leasing Officer	1
City Administration	4	Librarian, Asst.	3
City Clerk	1	Lieutenant	2
Commissioner	2	Local Gov't Spec	1
Community Dev. Spec	2	Maintenance	4
Community Jail Officer	1	Major	1
Construction Inspector	1	Manager (various types)	13
Controller	1	Medical Records Asst.	1
Correctional Officer	2	Mental Health Clinician	2
Criminal Justice Planner	1	Motor Vehicle Rep.	1
Cust.Serv. Rep. (Medical)	1	Museum Curator	1
CST/ORT (Medical)	1	Museum Security Clerk	1
Deputy Clerk	2	Natural Resources Specialist	1
Deputy Commissioner	4	Nuclear Medicine Tech	1
Deputy Director	1	Nurse	6
Operations Supervisor	1	Oiler	1
		Operations Mgr.	1

Job Class	Waivers Received
Personnel Coordinator	1
Physician, Staff	1
Pioneer's Home Admin	1
Plant Manager	1
Police Clerk	2
Police Detective	1
Police Lieutenant	4
Police Officer	4
Port Mgr. Of Finance & Administration	1
Probation Officer	1
Procurement Spec	1
Program Coordinator	4
Programmer Analyst	2
Project Coordinator	2
Public Safety Technician	1
Radiology Tech	1
Recorder	2
Recruiter	1
Reference Librarian	2
Regional Supervisor	1
Research Analyst	1
Research Tech	1

Job Class	Waivers Received
Scientist, Fisheries	1
Second Mate	1
Secretary	5
Security Guard	1
Service Coordinator	1
Shop Foreman	1
Site Specialist	1
Social Worker	1
Special Asst.	2
State Trooper	5
STP Operator	1
Superintendent, Corrections	1
Supervisor	1
Survey Lead	1
Teacher, World Language	2
Teacher's Aide	7
Technician, Retirement	1
Transportation Planner	1
Truck Driver	3
Utility Financial Analyst	1
Vessel Scheduling Coordinator	1
Village Coordinator	1

Analysis of Retiree Rehire Program-TRS (HB 242/SB 149)

Summary

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

Total number of TRS employers	57
Total number of TRS employers participating in the retiree rehire program	32
Percentage of total TRS employers participating in the retiree rehire program	56%
Total number of TRS waivers received	187
Total number of waivers received by school year:	
July 1, 2001 to June 30, 2002	21
July 1, 2002 to June 30, 2003	68
July 1, 2003 to June 30, 2004	61
July 1, 2004 to June 30, 2005	37

Number of months between termination and rehire

- 11% of retirees rehired within 30 days of termination of employment
- 31% of retirees rehired within 60-90 days of termination of employment
- 20% of retirees rehired between 4 and 24 months from termination of employment
- 38% of retirees rehired more than 24 months from termination of employment

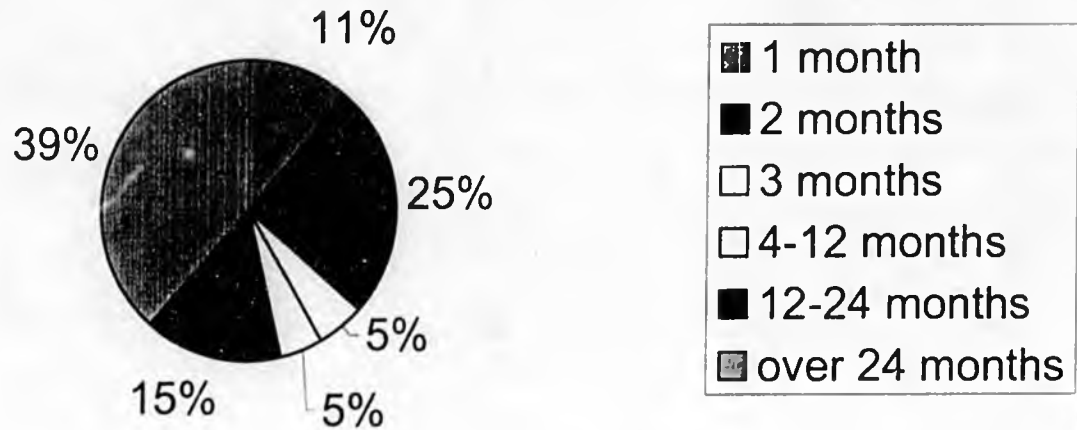
Number of retirees working under a waiver as of November 30, 2004

124

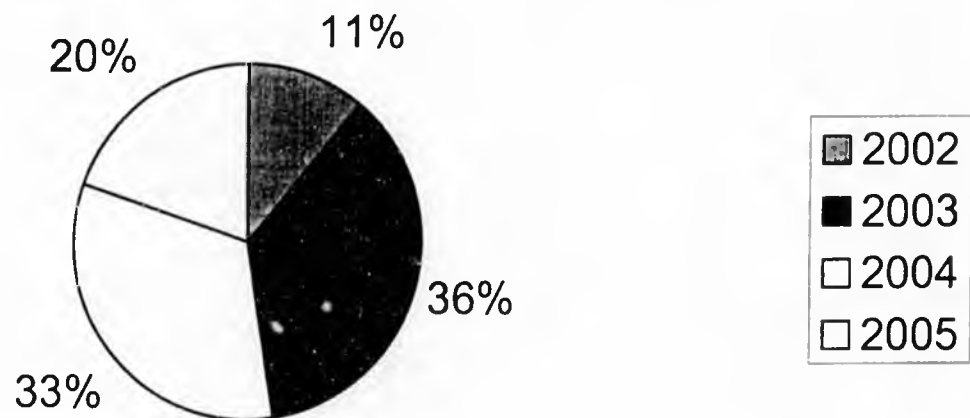
Detail of Number of Retirees Rehired by Each TRS Employer

Participating School Districts	Employment Waivers Issued	EE Employed as of 11/30/04
Alaska Gateway	1	1
Aleutian Region	1	1
Anchorage	65	37
Bering Straits	5	7
Bristol Bay	3	3
Copper River	5	1
Craig	1	0
Delta Greely	1	1
Denali Borough	1	1
Dillingham	1	1
Hoonah	2	1
Hydaburg	2	0
Iditarod	5	2
Juneau City and Borough	2	2
Kashunimlut	1	1
Ketchikan Gateway Borough	3	3
Klawock	1	1
Kuspuck	1	1
Lake and Peninsula	3	1
Lower Kuskokwim	45	38
Lower Yukon	2	2
Mat-Su	10	3
Nenana City Schools	1	1
North Slope Borough	8	5
Northwest Arctic Borough	3	3
Pribilof	1	1
Sitka	4	3
St. Mary's	2	1
Southwest Region	1	1
Tanana	1	0
Wrangell	2	1
Yukon Flats	3	0
Yukon -Koyukuk	3	0
	187	124

Number of Months Between Termination and Rehire-TRS



TRS Rehired Retirees by School Year



TRS Rehired Retiree Job Class Detail

Job Class	Waivers Received
8th Grade Resource Team Leader	1
Admin Asst. For Education	1
Counselor	9
Curriculum Director	2
Dir of Academic Prog.	1
Director of Curriculum	1
Education Program Coordinator/Teacher	1
Education Specialist	1
Grants Administrator	1
Interim Principal	1
Itinerant Indian Arts	1
Learning Center Coordinator	1
Librarian	4
Principal	9
Principal/Teacher	3
Psychologist	3
REA Bldg. Spec.	1
School Nurse	2
School Psychologist	6
School-to-Work Proj. Coordinator	1
Site Administrator	5
Site Development Supervisor	1
Special Ed. Supervisor	1
Special Ed. Teacher	26
Speech Therapist	3
Staff Development Spec.	1
Superintendent	9
Teacher, general	67
Teacher, Advanced Science/Math	2
Teacher, English	1
Teacher, ESL	1
Teacher, Math	5
Teacher, Music	4
Teacher, Reading	1
Teacher, Resource	4
Teacher, Science	1
Teacher, Secondary	1
Teacher, Spanish	1
Teacher, Special Ed.	1
Teacher, Title I	1
Teacher, Vocational Education	1

Memorandum

State of Alaska

Department of Law

TO: Melanie Millhorn
Director
Division of Retirement & Benefits

DATE: September 14, 2004

OUR FILE: 661-05-0035

FROM: Toby N. Steinberger
Assistant Attorney General
Labor & State Affairs Section
Anchorage

TELEPHONE NO: 269-5178

SUBJECT: Reemployed retirees – effect
of HB 242 (2001) sunset
provision

Virginia B. Ragle
Assistant Attorney General
Labor & State Affairs Section
Juneau

I. INTRODUCTION

You have asked about the effect of the “sunset” provision of HB 242, which was enacted in 2001 (ch. 57, SLA 2001). HB 242 amended Public Employees’ Retirement System (PERS) and Teachers’ Retirement System (TRS) statutes to allow certain retirees who returned to work in positions normally covered by the systems to waive coverage under the systems. Therefore they would not be required to contribute to PERS or TRS and they would not accrue additional service credits. However, the reemployment amendments allowed eligible reemployed retirees to continue to receive their retirement benefits while employed.¹ The bill specifically included provisions that repeal these amendments on July 1, 2005.

This memorandum confirms oral advice that, once the re-employment amendments are repealed, the statutes that previously required reemployed retirees and their employers to contribute to the applicable retirement system and terminate retirement benefit payments upon reemployment will apply. Therefore any member who has been receiving retirement benefits while employed by a TRS or PERS employer would, as of July 1, 2005, no longer receive retirement benefits while employed but would again start accruing additional service credits and making contributions to PERS/TRS.

¹ Prior to the enactment of HB 242, under the Public Employees’ Retirement System and Teachers’ Retirement System statutes, if a retiree member returned to PERS/TRS employment, his/her retirement benefits ceased and the member and his/her employer would resume making contributions to PERS/TRS. The member would accrue additional service credits.

II. BACKGROUND

A. Legislative history

Before July 1, 2001, with limited exceptions, the PERS and TRS statutes required employees of PERS employers and teachers hired by TRS employers to participate in the applicable retirement system. AS 14.25.040; AS 39.35.120. The statutes also prohibited payment of retirement benefits to reemployed retirees during the period of reemployment. AS 14.25.043; AS 39.35.150.²

HB 242 was introduced in the 2001 legislative session. Among other things, the bill amended AS 14.25.043, relating to the reemployment of retired TRS members, and AS 39.35.150, relating to the reemployment of retired PERS members. Sections 4 and 8 of HB 242 amended these statutes to provide that if a retired member of TRS or PERS returns to employment, the member could elect to continue to receive retirement benefits during the period of reemployment but would not continue to accrue credited service. AS 14.25.043(b) and AS 39.35.150(b). In addition, no deductions would be made from the member's salary for contributions to his/her retirement system and the employer would make no contributions on behalf of the member. AS 14.25.043(b) and AS 39.35.150(b). This option would only be available to members who took normal

² Prior to HB 242, AS 14.25.043(a) provided:

If a retired member again becomes an active member, benefit payments may not be made during the period of employment. 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, deductions from the member's salary will be made in accordance with AS 14.25.050.

AS 39.35.150(a) provided:

If a retired employee subsequently becomes an active member, benefit payments may not be made during the period of reemployment. During the period of reemployment, deductions from the employee's salary shall be made in accordance with AS 39.35.160. Upon subsequent retirement, the retired employee is entitled to receive an additional pension based on the credited service and the average monthly compensation earned during the period of re-employment in accordance with AS 39.35.370.

retirement; a member who participated in an earlier retirement incentive program or took early retirement would not be eligible to take advantage of these amendments. AS 14.25.043(b) and AS 39.35.150(b). The amendments provided that the election was irrevocable during the period of reemployment. AS 14.25.043(b) and AS 39.35.150(b).

With respect to TRS, at section 1 of the bill, the legislature provided that a teacher could only take advantage of the reemployment amendments if the school district or Rural Educational Attendance Area (REAA) had made a declaration of an anticipated shortage of teachers in particular disciplines. AS 14.20.135.

Section 12 of the bill repealed the reemployment amendments as of July 1, 2005. At section 15 of the bill, the legislature reinstated the law as it existed prior to July 1, 2001. Section 13 of the bill required that the administrator of TRS annually report to the legislature on the effects of the bill on the retirement system.

Guy Bell, Director of the Division of Retirement and Benefits (DR&B), and employers and employee organizations testified in support of the reemployment amendment during committee hearings. That testimony explained that the amendments were meant to provide incentives for PERS and TRS retirees to return to work for school districts, the state, and other PERS employers, in order to alleviate workforce shortages and the "brain drain" resulting from retirement of the baby boom generation, among other causes.

The legislative history of the sunset provision of HB 242 is not extensive. The bill was introduced on April 10, 2001, and was passed less than a month later, on May 8, 2001. House Finance Committee members first raised the suggestion of a sunset provision for the reemployment amendments at a hearing on April 23, 2001.³ The

³ A similar sunset provision was proposed for TRS reemployment provisions included in SB 149, at an April 20, 2001, Senate Health, Education and Social Services' committee hearing. The minutes indicate that Division Director Guy Bell testified that he believed "it is a good idea to include a sunset provision so that the legislature can re-evaluate this program in the future." Vice-Chair Leman "said his intention was to get something into effect that will work this year and next year and then take another look at it." At the Senate Finance committee hearing on April 25, 2001, the staff to Senator Leman testified that SB 149 provided for an annual report to the legislature regarding the impact of the reemployment of retired teachers on the retirement program itself. He further indicated that the legislation has a sunset clause "in the event the teacher shortage situation changes." SB 149 was enacted as chapter 58, SLA 2001. SB 149 included a July 1, 2005 sunset date for the TRS retiree reemployment provisions.

minutes of the hearing indicate that the purpose of the sunset provision was to allow the legislature an opportunity to study the effect of allowing retired members to return to employment as provided in the proposed amendments. The minutes of the April 23, 2001, meeting read in pertinent part:

Representative Whitaker asked if thought had been given on the affect [sic] on the entry-level workforce. He noted that new graduates could lose in the choice between experience-retired teachers.

Representative John Davies echoed concerns of Representative Whitaker and noted that *he would propose a 3-year sunset to allow assessment of unintended consequences* (Emphasis added).

The minutes indicate that later in the hearing the committee continued to discuss the sunset provision:

Representative John Davies MOVED to ADOPT Amendment 1. He reiterated that the amendment would provide a 3-year sunset. He expressed support for the legislation but felt that it would be good legislative policy to review the change.

Representative Kott did not object to the sunset provision. He acknowledged that the sunset would require the legislature to review the issue, but felt that any problems would be discovered in the next few years.

Ms. Elgee testified that the amendment would not have an adverse affect [sic] but questioned if 3 years would be sufficient time to review the program.

Representative John Davies stated that he would not object to a longer period.

Co-Chair Williams questioned if a five-year period would be too long.

Representative Kott observed that sunset would fall before the increase in retiring teachers that is expected in the year 2005.

Representative John Davies stated that he would entertain a motion to change the date to 2006.

Vice-Chair Bunde Moved to Amend Amendment 1 by changing the sunset date to the year 2005. There being NO OBJECTION, it was so ordered.

There being NO OBJECTION, Amendment 1 was adopted.

Although the minutes indicate that a sunset date in 2005 was adopted, the published House Finance Committee substitute included provisions that repealed the reemployment provisions effective July 1, 2006.

The Senate Finance Committee discussed the sunset provision on May 4, 2001. The minutes reflect again that the purpose of the sunset provision was to allow the legislature an opportunity to evaluate the effectiveness of the reemployment amendments. The committee hearing minutes read:

Representative Kott indicated the changes in the committee substitute primarily pertain to the TRS benefits. He stated the committee substitute also changes the repeal date of this legislation from five, to four years. *He explained this change was made based upon projections showing the effectiveness of the program in five years* (Emphasis added.)

During the Senate Finance Committee hearing, the sunset provision for the reemployment amendments was amended from five to four years, to be effective July 1, 2005. This is the version of the bill that was passed by the legislature, and signed by the governor. The sunset provision, section 12, affects only the reemployment amendments discussed above and not other provisions of the bill.⁴

The Department of Law's review of HB 242 for the governor explained the sunset provision as follows:

Both the TRS and the PERS provisions allowing retired re-hires to continue to collect their retirement benefits have sunset dates. The relevant provisions are repealed as of July 1, 2005. *Presumably the legislature included this repealer so that it can examine, after four*

⁴ For example, the enhancements to PERS and TRS medical benefit eligibility and changes to the PERS cost-of-living differential provisions do not sunset.

years, whether these provisions are having their intended effects.
(Emphasis added).

B. Division of Retirement and Benefit's Publications and Forms

Information published by DR&B explains to PERS and TRS members the reemployment options under HB 242. The documents that most clearly indicate to members that the reemployment amendments only cover the periods of employment from July 1, 2001 through June 30, 2005, are the waiver forms that DR&B requires members to sign in order to waive PERS/TRS coverage. The "PERS Waiver Option – Reemployed Retiree" form succinctly informs PERS members that the waiver only covers the reemployment periods from July 1, 2001, to June 30, 2005. The PERS waiver form reads:

This waiver covers reemployment periods from July 1, 2001 to June 30, 2005 . . .

Similarly, the "TRS Waiver Option – Reemployed Retiree" form informs TRS members that the waiver option only applies if the teacher's school district or REAA makes a finding of an anticipated shortage of teachers from July 1, 2001 to June 30, 2005. This TRS form provides:

This waiver is only effective if a school district or Rural Educational Attendance Area (REAA) has made a declaration of a shortage, or an anticipated shortage of qualified teachers in particular disciplines or specialty areas from July 1, 2001 to June 30, 2005. The school district or REAA must pass a written resolution which defines those disciplines or specialty areas. . . .

Other DR&B publications do not specifically address whether a reemployed member may continue reemployment under the amendments after the sunset date. However, these DR&B publications do set out the sunset date for the new reemployment option. For example, an *Employer Newsletter* sent to PERS and TRS employers in the fall of 2001 describes the waiver option:

"Standard Option" or the new "Retiree Reemployment Waiver Option." The new Retiree Reemployment Waiver Option is a result of HB 242 and Senate Bill 149 – legislation passed and signed this last session and effective July 1, 2001, through June 30, 2005.

DR&B's May 2001 *Newsbreak* sent to PERS members describes the requirements for the new option, and states that the option "expires on July 1, 2005."

A document on DR&B's web site entitled "PERS Working After Retirement" describes the waiver option, and explains that "The law is effective July 1, 2001, and ends June 30, 2005." The web site also explains that "Once you file a PERS Waiver Option - Reemployed Retiree form with the Division of Retirement and Benefits, the election is irrevocable for the period of reemployment covered by the waiver."

With respect to TRS, DR&B's *Newsbreak* of October 2001 has a discussion of HB 242. It provides that no new waivers can be filed after June 30, 2005. A document on DR&B's web site entitled "TRS Working After Retirement" describes the waiver option for TRS members. This brochure provides that "[t]he law is effective July 1, 2001, and ends June 30, 2005" and that "the election is irrevocable for the period of reemployment or July 1 of the school year employed."

C. PERS/TRS regulations

Division of Retirement & Benefits adopted PERS emergency regulations on July 2, 2001, which became permanent on September 17, 2001, and TRS emergency regulations on July 2 and July 5, 2001, which became permanent on October 29, 2001. 2 AAC 35.322 (PERS); 2 AAC 36.236 and 36.237 (TRS).⁵ The regulations set out requirements for electing waiver of PERS and TRS coverage by reemployed retirees. The regulations do not address the eligibility of reemployed retirees to continue to receive retirement benefits after the reemployment provisions are repealed on July 1, 2005.

III. DISCUSSION

- A. **The reemployment provisions and the legislative history of the sunset provision indicate that the legislature did not intend that the reemployment amendments continue to apply to reemployed retirees once the amendments were repealed.**

In our opinion, the repeal of the reemployment provisions and reinstatement of the pre-HB 242 statutory language do not evidence an intent of the legislature to allow continuation of any aspect of the retiree reemployment option after June 30, 2005. The

⁵ These regulations appear in the supplement, rather than the main pamphlet for 2 AAC because they were not published in the Alaska Administrative Code until August 2003.

testimony of the legislators demonstrates that they only intended the amendments to be temporary, until repealed on July 1, 2005, because they wanted to assess the impact of the reemployment amendments on the workforce and on the retirement system. During hearings on the bill, Representative John Davies echoed Representative Whitaker's concern that the reemployment amendments would affect new graduates' ability to enter the workforce and proposed a sunset provision to allow "assessment of unintended consequences." The legislative history of SB 149⁶ similarly indicates that the reemployment amendments were an experiment. DR&B director Guy Bell testified that the sunset provision would allow the legislature an opportunity to evaluate the program. Staff to Senator Leman also testified that the annual report, required for TRS under both HB 242 and SB 149, would allow the legislature to study the impact of the reemployment amendments on the retirement system.

Although the bill had broad support from employers and employee organizations, the reemployment amendments to alleviate workforce shortage problems of PERS and TRS employers were new and untested. What is clear is that the legislature included provisions to sunset the reemployment provisions in order to review the changes and assess their efficacy and consequences. If experience with the changes over time revealed that the reemployment amendments were not needed, did not have the intended effect, or had other unintended consequences, the automatic repeal would terminate the effect of the amendments. It does not stand to reason that the legislature intended a program that proved to be unnecessary, ineffective, or detrimental to be perpetuated by unexpired "grandfather" rights once the amendments were repealed.

The legislature could have provided reemployed retirees with grandfather rights to both be employed and continue to receive retirement benefits after June 30, 2005, if it had intended to do so. An obvious example of this would be a simple clause exempting retirees who were reemployed under the program on June 30, 2005, from the repeal. Another example is that, instead of repealing the reemployment amendments, the legislature could have specifically established June 30, 2005, as the deadline for reemployment and execution of a waiver of coverage in order for a retiree to participate in the program.

⁶ SB 149 is discussed at fn. 3. SB 149 did not address reemployment of PERS members, but contained the basically the same reemployment amendments for TRS members that were contained in HB 242. SB 149 was enacted as chapter 58, SLA 2001.

B. Article XII, section 7 of the Alaska Constitution does not give reemployed retired employees a contract right to receive retirement benefits while employed with a PERS/TRS employer after June 30, 2005.

A reemployed retiree might argue that he/she has a contract right under the Alaska Constitution, article XII, section 7 to continue reemployment under the amendments after June 30, 2005. We do not believe such an argument would prevail. To the extent the reemployment amendments provide any member with contractual rights under Alaska Constitution, article XII, section 7, the sunset provision constitutes part of the contract, extinguishing any right that a retired member may have had under the reemployment amendments.

Article XII, section 7, of the Alaska Constitution provides that:

Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

Hammond v. Allen, 625 P.2d 844 (Alaska 1981), addressed whether the repeal by referendum of the Elected Public Officers' Retirement System ("EPORS") extinguished elected officers' contractual rights under EPORS. Under legislation enacted in 1975, all legislators, the governor, and the lieutenant governor were removed from PERS and placed in the newly-established EPORS, which provided significantly enhanced benefits compared to PERS.⁷ The referendum was filed before the legislation took effect, but the vote on the referendum occurred after the effective date of the legislation.⁸ The state argued that the filing of the referendum constituted an *implicit* condition subsequent in the contract between the state and the participants of EPORS, therefore justifying extinguishing a duty under the contract. 625 P.2d at 848. Therefore, the state argued that public officers serving during the time that EPORS was in effect had no right to retirement benefits under EPORS when they retired after the effective date of the repeal.

⁷ In *Hammond v. Allen*, 625 P.2d 844, 847 (Alaska 1981) the state conceded "that the contractual rights of members of public employee retirement systems are 'vested.'"

⁸ The referendum to repeal EPORS was filed in September 1975. The law became effective January 1, 1976. In August 1976, the entire act was repealed in a referendum election.

The court disagreed. The court stated that any condition subsequent must be expressed or implicit and that it was not certain that EPORS would be repealed.⁹ The court wrote:

The Restatement defines "condition subsequent" as a condition which, if it occurs, "will extinguish a duty to make compensation for breach of contract after the breach has occurred." If the repeal of ch. 205, SLA 1975, operates as such a condition in this case, it would justify the State in breaching the contract we have determined is in existence and extinguish any duties the State would have otherwise had to make payments under that act. Because conditions subsequent have the effect of causing a forfeiture of contract rights that are otherwise due and enforceable, they are not favored by the law. *Generally speaking, "the intent to create a condition subsequent must appear expressly or by clear implication" if such a condition is to be found.* [Citations omitted]

In the present case there is no express condition subsequent contained in the contract between appellees and the State of Alaska. Appellant's position, then, is that such a condition exists "by clear implication." We note first that in Alaska the referendum operates as a repeal, . . . and that for that reason, appellant's argument seems to run directly counter to the provisions of AS 01.10.100(a). Under that statute, "(t)he repeal . . . of any law does not release or extinguish any . . . liability incurred or right accruing or accrued under such law." Further, we share appellees' apprehension that finding a condition subsequent to be implicit in the contract under consideration would undermine article XII, Section 7. *We believe that if the possibility of repeal of a law could function as an implicit condition subsequent to a contract formed under that law, the protection of contract rights afforded by article XII, section 7, would be seriously eroded.*

625 P.2d at 848.

⁹ The court also found that AS 01.10.100, regarding the effect of repealing a statute, did not extinguish the *vested* rights of the elected public officials to their benefits. As discussed *infra*, HB 242 does not provide the reemployed retirees with vested rights.

The repeal of the reemployment amendments contained in HB 242 is distinguishable from the referendum that repealed EPORS. The "condition subsequent" – the repeal of the reemployment amendments and reinstatement of the ban on payment of benefits to persons working for employers covered by PERS or TRS – is expressly provided for in HB 242, which is supported by the committee minutes.

- C. HB 242 does not provide the reemployed retirees with a vested right to continued employment under the terms of the amendments. Therefore the repeal of the reemployment amendments extinguished any rights that reemployed retirees had under those amendments.**

In prior court decisions, the court has held that public employees have a "vested right" to pension benefits that were available to them during their employment. Consequently, reemployed retirees may argue that they have a "vested right" to the reemployment amendments, even after June 30, 2005. However, it is our opinion that they do not have a vested right to take advantage of the reemployment amendments after June 30, 2005.

AS 01.10.100 pertains to the effect of a repeal of a statute on existing rights. AS 01.10.100 provides in pertinent part:

Effect of repeals or amendments.

(a) The repeal or amendment of a law does not release or extinguish a penalty, forfeiture, or liability incurred or right accruing or accrued under that law, unless the repealing or amending act so provides expressly. The law shall be treated as remaining in force for the purpose of sustaining any proper action or prosecution for the enforcement of the right, penalty, forfeiture, or liability.

(b) The expiration of a temporary law does not release or extinguish a penalty, forfeiture, or liability incurred or right accruing or accrued under that law unless the temporary law so provides expressly, and that law shall be treated as still remaining in force for the purpose of sustaining any proper action or prosecution for the enforcement of the penalty, forfeiture, or liability or right accruing or accrued.

The court has held that a "right" under AS 01.10.100 means a "vested right" that is protected from state action under the Fourteenth Amendment of the United States Constitution and article 1, section 7, of the Alaska Constitution. *Alaska Pub. Util. Comm'n. v. Chugach Elec. Ass'n*, 580 P.2d 687 (Alaska 1978), *overruled on other grounds* by *City & Borough of Juneau v. Thibodeau*, 595 P.2d 626 (Alaska 1979).

Based on the legislative history of HB 242, we conclude that the legislature did not intend to give reemployed retirees a right to continue receiving pension benefits while employed after June 30, 2005. As discussed above, the legislature wanted to reevaluate the effectiveness of the reemployment amendments before it decided to continue the application of those provisions beyond June 30, 2005. Therefore, reemployed retirees should have no expectation that the reemployment amendment would continue to apply to them after June 30, 2005.

Hammond v. Hoffbeck, 627 P.2d 1052 (Alaska 1981) is distinguishable from the situation that HB 242 presents. In *Hammond v. Hoffbeck*, the court ruled that employees have vested rights to pension benefits in PERS on employment and enrollment in PERS.¹⁰ Subsequent amendments to PERS that diminished the benefits of some members could not constitutionally be applied to those members. In the instant case, there is no subsequent amendment; rather, the sunset provisions are part of the same act that established the reemployment program. Since the sunset provisions constitute an integral part of the contractual right, application of the sunset provisions will not diminish benefits. Moreover, after June 30, 2005, reemployed retirees can still receive their pension benefits if they leave employment with a PERS or TRS employer or they can resume membership in PERS and TRS and begin accruing additional rights and benefits.

D. A study should be conducted to assess whether the reemployment of retired members has been effective.

Since the amendments will sunset on July 1, 2005, DR&B may want to conduct a study to determine whether the reemployment amendments have been effective in alleviating workforce shortage, have saved employers money, and have not been a cost burden to PERS or TRS. The DR&B can then make recommendations to the legislature.

¹⁰ As discussed above in footnote 9, in *Hammond v. Allen*, the court also relied on AS 01.10.100. In that case, public officials worked during the period that EPORS was in effect. There was no certainty that it was going to be repealed. Therefore, under the *Hoffbeck* decision, the public officials had a vested retirement benefit and therefore were entitled to benefits under EPORS when they retired.

The legislature will then have an opportunity to decide whether to continue the program after June 30, 2005, to make changes to the program, or to allow it to sunset.

IV. CONCLUSION

In summary, based on the statutory language and legislative history, it is our opinion that once the reemployment amendments sunset on July 1, 2005, reemployed retirees can no longer receive retirement benefits while employed by a PERS or TRS employer. If they continue employment with a PERS or TRS employer, they must begin making contributions. We understand that some reemployed retirees have contacted DR&B inquiring whether they can continue to receive retirement benefits and remain employed with a PERS/TERS employer after June 30, 2005. We recommend that the DR&B provide written notification to all reemployed retirees that, absent legislative action, they no longer will continue to receive retirement benefits from PERS or TRS after June 30, 2005 if they continue employment. We also recommend that the DR&B consider conducting a study on the effectiveness of the amendments and providing a report to the legislature in order that the legislature can decide whether to continue this program.

TNS/VBR/kmh/rca

1 section are valid for three years and may not be renewed. The department may not
2 issue a provisional certificate or a temporary certificate to a teacher who has held a
3 preliminary teacher certificate.

4 **Sec. 14.20.017. Grace period for issuance of regular teacher certificates to**
5 **previously certificated teachers.** (a) The department shall issue a teacher certificate
6 as described in AS 14.20.020, subject to revocation, to a teacher who meets the
7 requirements of this section. To be eligible for a revocable teacher certificate under
8 this section, a person shall

9 (1) have held a valid teacher certificate issued under AS 14.20.020 that
10 expired more than 12 months before the teacher applied for a certificate under this
11 section;

12 (2) have paid the fee required by the department under
13 AS 14.20.020(c).

14 (b) A revocable teacher certificate issued under this section is valid for one
15 year, during which the teacher shall complete any requirements for the issuance of a
16 regular teacher certificate under AS 14.20.020 that the teacher has not already met.
17 The department shall expedite the procedures required of teachers holding revocable
18 teacher certificates who are seeking certification under AS 14.20.020.

19 (c) A teacher holding a revocable teacher certificate under this section who
20 previously passed the competency examination designated by the board under
21 AS 14.20.020(i) is not required to retake the examination before being eligible for a
22 regular certificate under AS 14.20.020. A teacher holding a revocable teacher
23 certificate who did not previously take or pass the competency examination shall take
24 and pass the examination within one year after the date the revocable teacher
25 certificate was issued. If the teacher does not pass the examination, the department
26 shall immediately revoke the revocable teacher certificate.

27 (d) A teacher holding a revocable teacher certificate under this section may
28 not receive a teacher certificate issued under AS 14.20.020 until the teacher submits
29 fingerprints to the department to be used for a criminal history background check and
30 the teacher has been found by the department to be suitable for employment as a
31 teacher under AS 14.20.020(f).

1 (e) The revocable teacher certificate issued under this section must contain the
2 same endorsements as those on the teacher's expired teacher certificate.

3 (f) Employment on the basis of a revocable teacher certificate issued under
4 this section shall be considered in determining whether a teacher qualifies for tenure
5 under AS 14.20.150.

6 (g) A revocable teacher certificate and any endorsements issued under this
7 section are valid for one year and may not be renewed under this section. The
8 department may not issue a provisional certificate or a temporary certificate to a
9 teacher who has held a teacher certificate issued under this section.

10 * Sec. 3. AS 14.20 is amended by adding a new section to read:

11 **Sec. 14.20.135. Employment of retired teachers because of shortages. (a)**

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

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

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

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

30 * Sec. 4. AS 14.25.040(a) is amended to read:

31 (a) Unless a teacher or member has elected to participate in the optional

1 university retirement program under AS 14.40.661 - 14.40.799 or has filed an
 2 election under AS 14.25.043(b), a teacher or member contracting for service with a
 3 participating employer is subject to this chapter.

4 * Sec. 5. AS 14.25.040(a) is amended to read:

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

9 * Sec. 6. AS 14.25.043 is amended to read:

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

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