

**CRITICAL NEEDS HIRING PRACTICES FOR
TEACHERS**

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Eric K. Hutchings

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending reemployment restrictions for certain retirees.

Highlighted Provisions:

This bill:

- ▶ allows retirees from a school district to return to work on a full-time basis in the same school district and to continue to collect the retiree's retirement allowance if:
 - the retiree is hired in a teaching position that the school district has been unable to fill with a qualified candidate; and
 - the retiree may not earn additional service credits unless the retiree's retirement is canceled; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-11-504, as last amended by Chapter 116, Laws of Utah 2005



Be it enacted by the Legislature of the state of Utah:

Section 1. Section **49-11-504** is amended to read:

49-11-504. Reemployment of a retiree -- Restrictions.

(1) A person who retires from a nonparticipating employer is not subject to any postretirement restrictions under this title.

(2) A retiree of an agency who returns to work at a different agency is not subject to any postretirement restrictions under this section and may not earn additional service credit.

(3) For the purposes of Subsections (4) and (5), "full-time" employment means employment requiring 20 hours of work per week or more or at least a half-time teaching contract.

(4) [A] Except as provided under Subsection (10), a retiree of an agency who is reemployed on a full-time basis by the same agency within six months of the date of retirement is subject to the following:

(a) the agency shall immediately notify the office;

(b) the office shall cancel the retiree's allowance and reinstate the retiree to active member status;

(c) the allowance cancellation and reinstatement to active member status is effective on the first day of the month following the date of reemployment;

(d) the reinstated retiree may not retire again with a recalculated benefit for a two-year period from the date of cancellation of the original allowance, and if the retiree retires again within the two-year period, the original allowance shall be resumed; and

(e) a reinstated retiree retiring after the two-year period shall be credited with the service credit in the retiree's account at the time of the first retirement and from that time shall be treated as a member of a system, including the accrual of additional service credit, but subject to recalculation of the allowance under Subsection (9).

(5) A retiree of an agency who is reemployed by the same agency within six months of retirement on a less than full-time basis by the same agency is subject to the following:

(a) the retiree may earn, without penalty, compensation from that position which is not in excess of the exempt earnings permitted by Social Security;

(b) if a retiree receives compensation in a calendar year in excess of the Social Security

59 limitation, 25% of the allowance shall be suspended for the remainder of the six-month period;

60 (c) the effective date of a suspension and reinstatement of an allowance shall be set by
61 the office; and

62 (d) any suspension of a retiree's allowance under this Subsection (5) shall be applied
63 on a calendar year basis.

64 (6) For six months immediately following retirement, the retiree and participating
65 employer shall:

66 (a) maintain an accurate record of gross earnings in employment;

67 (b) report the gross earnings at least monthly to the office;

68 (c) immediately notify the office in writing of any postretirement earnings under
69 Subsection (4); and

70 (d) immediately notify the office in writing whether postretirement earnings equal or
71 exceed the exempt earnings under Subsection (5).

72 (7) A retiree of an agency who is reemployed by the same agency after six months from
73 the retirement date is not subject to any postretirement restrictions under this title and may not
74 earn additional service credit.

75 (8) If a participating employer hires a nonexempt retiree who may not earn additional
76 service credit under this section, the participating employer shall contribute the same
77 percentage of a retiree's salary that the participating employer would have been required to
78 contribute if the retiree were an active member, up to the amount allowed by federal law, to a
79 retiree designated:

80 (a) defined contribution plan administered by the board, if the participating employer
81 participates in the defined contribution plan administered by the board; or

82 (b) defined contribution plan offered by the participating employer if the participating
83 employer does not participate in a defined contribution plan administered by the board.

84 (9) Notwithstanding any other provision of this section, a retiree who has returned to
85 work, accrued additional service credit, and again retires shall have the retiree's allowance
86 recalculated using:

87 (a) the formula in effect at the date of the retiree's original retirement for all service
88 credit accrued prior to that date; and

89 (b) the formula in effect at the date of the subsequent retirement for all service credit

90 accrued between the first and subsequent retirement dates.

91 (10) Notwithstanding the provisions of Subsection (4), a retiree who returns to work on
92 a full-time basis in the same school district may continue to collect the retiree's retirement
93 allowance if:

94 (a) the school district certifies to the office that the retiree is hired and remains in a
95 teaching position, for which the school district, after completing its normal open recruitment
96 and hiring process, has been unable to fill the teaching position with a qualified candidate;

97 (b) the retiree does not earn additional service credits for any period in which the
98 retiree receives a retirement allowance; and

99 (c) the retiree's retirement is canceled, if the retiree wishes to earn additional service
100 credits.

101 [~~(10)~~] (11) This section does not apply to elected positions.

102 [~~(11)~~] (12) The board may make rules to implement this section.

Legislative Review Note
as of 2-13-07 6:12 PM

Office of Legislative Research and General Counsel

H.B. 451 - Critical Needs Hiring Practices for Teachers

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations. There may be a potential actuarial cost to the retirement system, however it cannot be determined at this time.

Individual, Business and/or Local Impact

Retirees from local school districts may benefit if they return to work under provisions of this bill. There may be a potential actuarial cost to the retirement system, which could impact participants in the system. However it cannot be determined at this time.