

Legislative Analysis



RETIREEES CAN WORK AS SUBSTITUTES, MENTORS, & TEACHER COACHES W/OUT LOSING BENEFITS

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House Bill 5261

Sponsor: Rep. Holly Hughes

Committee: Education

Complete to 9-11-12

A SUMMARY OF HOUSE BILL 5261 AS INTRODUCED 1-19-12

The bill would allow school system retirees to retain their retirement allowances or health benefits while employed to provide certain services to the schools either as independent contractors or as employees of outside entities. This would include service as a substitute teacher, an instructional coach, or as a mentor/executive coach, as defined below.

Currently under the Public School Employees Retirement Act, a retiree who retires on or after July 1, 2010, who subsequently performs core services at a "reporting unit" but who is employed by an entity other than the reporting unit or is an independent contractor must forfeit his or her retirement allowance and the retirement system subsidy for health care benefits for as long as the retiree is performing core services at the reporting unit. A retiree who wants to retain health care benefits must pay the retiree's and the retirement system's costs for the benefits. Once the services at the reporting unit are terminated, the retirement allowance and health care benefits would resume without recalculation.

The term "reporting unit means a public school district, intermediate school district, public school academy, tax supported community or junior college, or university, or an agency having employees on its payroll who are members of the retirement system.

The bill would specify that the term "core services" does not include any of the following:

- Instructional coaching. Instructional coaching includes the services of a temporary specialist who provides critical professional development or serves in an expert advisory capacity.
- Mentoring/executive coaching. Mentoring/executive coaching includes the services of paid consultants, mentors, and coaches to advise, mentor, and coach individuals who hold school leadership positions.
- Services provided by a substitute teacher.

House Bill 5261 would also eliminate a section of the law that expired on July 1, 2011, and that applied in academic emergencies. This section allowed certain retirees to continue their retirement allowances and health care benefits if they took jobs in schools having an inadequate number of properly certified teachers (both in subject areas and at grade levels).

FISCAL IMPACT:

The bills would have an indeterminate fiscal impact on state and local government. By allowing retirees to return to work under limited circumstances, the bill could create an incentive to retire earlier than an employee might have otherwise, knowing they may continue to work and earn both current compensation as well as a pension. When retirees retire earlier than anticipated under the retirement system's actuarial assumptions, it increases the unfunded liabilities in a pension system. Increased unfunded liabilities would be borne either by the state or MPSERS employers depending on the required employer contribution levels at the time compared to the capped employer rate which was enacted in PA 300 of 2012.

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