SB489 - Support - Reemployment exemption clarify
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Testimony in Support of Senate Bill 489
Teachers' Retirement and Pension Systems - Reemployment – Clarification
Senate Budget and Taxation Committee
February 6, 2020
9:00 A.M.

Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency

The Board of Trustees for the State Retirement and Pension System wishes to express its support for Senate Bill 489, Teachers' Retirement and Pension Systems - Reemployment - Clarification. Senate Bill 489 clarifies that a reemployed teacher is not subject to the reemployment earnings offset if the retiree's compensation is fully funded by a grant from a non-State source that specifically requires the use of the grant funds to pay the full amount of the compensation for the position. The bill also provides the State Retirement Agency (Agency) and employers with guidance as to what the employer must provide the Agency to demonstrate that the retiree's compensation is funded entirely by non-State funds.

Current provisions of the State Personnel and Pensions Article provide that retirees of the Teachers' Pension System (TPS) and the Teachers' Retirement System (TRS) are exempt from the TPS and TRS reemployment earnings limitations if the retiree is reemployed by any unit of State government and the compensation from the retiree's current employer does not include any State funds. This exemption was added by Chapter 469 of 2018 after the Agency noted that it was inadvertently removed from the State Personnel and Pensions Article through the 1994 code revision of this Article.

Since the enactment of Chapter 469, 12 retirees have applied for this particular reemployment exemption. Because the language in current law only states that the retiree's compensation does not include any State funds, this has resulted in the Agency reviewing hundreds of pages of payroll and grant documents submitted by each retiree and the retiree's employer in an attempt to qualify for this exemption. Reviewing the paperwork submitted has involved almost every division of the Agency, including the Executive Director, the Retirement Administrator, the entire Special Projects Unit of the Benefits Division, employees in the Internal Audit Division (including the Chief Auditor), employees of the Finance Division, and multiple lawyers in the Legal Department (including the Agency's Principal Counsel). The Agency's Internal Audit Division and Legal Department are assisting the Retirement Administrator and Special Projects Unit in reviewing the grant documents, while the Finance Division has been assisting with interpreting the various payroll documents the Agency receives on behalf of the retirees. Because of this, the average length of time each application has taken to resolve is approximately five months. Two applications took a year or more to resolve, while one took only a day.

Current law is silent with regard to the types of documents the Agency will need from an employer to determine if a retiree qualifies for this particular earnings limitation exemption. As a result, the Agency has had to make several requests to the employers for additional documentation. This, of course, has contributed to the time it takes staff to review each request and has resulted in the Agency receiving several complaints from employers that the process is overly burdensome and should be simplified. The Board believes Senate Bill 489 will help to provide greater guidance to the retirees and their employers when navigating this process. In addition to explicitly providing that the retiree's position must be fully funded by a grant from a non-State source that specifically requires the use of the grant funds to pay the full amount of the compensation for the position, Senate Bill 489 also provides the specific documentation that employers must submit to the Agency and what must be included in these documents. Accordingly, we are confident that passage of Senate Bill 489 will make the process for the retirees seeking this this reemployment exemption and their employers, much less onerous.

Therefore, on behalf of the Board of Trustees, I would request a favorable report on Senate Bill 489.

Senate Bill 236 - Support - JCP NCLB bill FINAL

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Testimony in Support of Senate Bill 236
Teachers' Retirement and Pension Systems - Obsolete Reemployment Provisions
Senate Budget and Taxation Committee
February 6, 2020
9:00 A.M.

Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency

The Board of Trustees for the State Retirement and Pension System wishes to express its support for Senate Bill 236, Teachers' Retirement and Pension Systems - Obsolete Reemployment Provisions. Senate Bill 236 is legislation sponsored by the Joint Committee on Pensions at the request of the Board.

The reemployment provisions for the Teachers' Pension System (TPS) and Teachers' Retirement System (TRS) included in the State Personnel and Pensions Article, provide that retired teachers or principals are exempt from the reemployment earnings limitation if they return to work at a public school that is not making adequate yearly progress or is a school in need of improvement under the federal No Child Left Behind Act of 2001 (NCLB). This Act was repealed in 2015. Accordingly, Senate Bill 236 repeals the references to this Act included in the reemployment provisions of the State Personnel and Pensions Article.

Senate Bill 236 also continues to limit the period of time to four years that a reemployed TPS or TRS retiree may be reemployed without being subject to an earning limitation. This time limit was first included in Chapter 499 of 2005, providing that a reemployed TPS or TRS retiree would only be exempt from the reemployment earnings limitation for four years after the school where the retiree was reemployed had made adequate yearly progress. Since 2015 when NCLB was repealed, the four-year time period was no longer applied because without NCLB, schools were no longer evaluated based on making adequate yearly progress. As a result, reemployed TPS and TRS retirees remained exempt from the reemployment earnings limit for five years, which is the statutory time period the earnings limit is in effect for all retirees. Given that the local school boards have been accustomed to this five-year limit coupled with the fact that this time period corresponds to the time period that all reemployment earnings limitations are in effect, we would request an amendment to increase the four-year period for applying the exemption to the reemployment limitation included in Senate Bill 236 to five years.

We appreciate being given the opportunity to raise this issue with the Committee and would request a favorable report on Senate Bill 236.

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We appreciate being given the opportunity to raise this issue with the Committee and would request a favorable report on Senate Bill 236.