



**GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

DATE OF MEETING: **February 19, 2019**

TITLE: **Reconsideration of Post-Retirement Employment Opportunities during the 2019-2020 Fiscal Year for Staff Retiring in the Current Fiscal Year.**

BACKGROUND:

The Governing Board approved the Administration’s plan for post-retirement opportunities at its meeting on January 29, 2019. Following further discussion, the plan is presented again to permit the Board’s further consideration and discussion.

Significance of Staff Retention

Arizona school districts continue to face pressures to retain highly qualified personnel:

- Federal and Arizona state laws, such as the Every Student Succeeds Act and the Individuals with Disabilities Education Act, demand high levels of qualifications for teachers and paraprofessionals providing instruction to students.
- Student achievement goals as well as school labels established under state and federal law depend upon placement and retention of skilled staff.
- Twenty percent (20%) of teachers nationally leave the teaching workforce every year – one of the highest turnover rates in any employment sector.
- Arizona state retirement contribution rates for employees have increased significantly over the last several years and are expected to continue to increase, leading many to retire after a cost/benefit analysis.
- The private sector and other schools continue to compete for personnel in hard to fill disciplines (e.g., Math, Science, and various professional disciplines such as Speech and Physical Therapy).
- Decreased state funding for Arizona schools diminishes the appeal of serving in Arizona classrooms.
- The vast majority of graduates from Arizona education colleges last year left Arizona to seek employment elsewhere.

The impact of the growing teacher shortage in Arizona resulting from factors such as these is evident throughout the State. Amphitheater Public Schools, for example, now encounters difficulty recruiting for positions that traditionally were never difficult to fill such as Kindergarten teachers. Arizona school districts across the State currently use long-term substitute teachers to staff classrooms, and the rural districts, hit even harder by this teaching shortage, have begun offering substantially higher salaries, free bussing to their schools from metropolitan areas, and even free housing to attract staff.

Amphitheater Public Schools, like many school districts in the State, offers salary enhancements for personnel teaching in “hard-to-fill” positions. Amphitheater Public Schools also currently hires retirees through a post-retirement, third-party “employee-leasing” arrangement with smartschoolsplus, inc. (SSP) which has enabled the District to lease personnel with valuable and much needed skills that might otherwise have been lost.

The District contracted with SSP last year through the Mohave Educational Services Cooperative (Mohave) group procurement cooperative. There are multiple third-party vendors (TPV) who offer similar “employee-leasing” arrangements available to the District through Mohave or other similar procurement cooperatives for this purpose. Educational Services, Inc. (ESI), an employee-leasing provider also available through Mohave, is the most prominent competitor with SSP for this purpose.

Lease-Back Employee Option

Arizona state law permits school districts to lease-back retired personnel from a TPV, like SSP or ESI, without violating state retirement rules. The legality of retaining retired teachers and other employees through a third party “lease-back” arrangement is expressly established in A.R.S. § 15-502. It reads in relevant part:

The governing board may obtain the services of any employee, including teachers, substitute teachers and administrators, by contracting with a private entity that employs personnel required by the school district.

Recognizing that the District has a goal of hiring employees directly when possible, the District has offered a program to lease-back ASRS retirees through a TPV for several years, and participants have been very positive about the opportunity. The program’s approval by the Board expires at the end of this fiscal year.

The District “saves” the difference between the cost of the employee’s pre-retirement salary (and employee related costs) and the fees paid to the third-party vendor. The employee earns income both as a state retiree and as a third-party vendor employee placed with the District.

Proposed Terms and Conditions for Retired Employees

It is proposed that the Board permit the hiring of retirees through a TPV to fill a District position under the following terms and conditions:

All Retirees:

1. The post-retirement employment option will be offered for the 2019-2020 fiscal year and allow the retiree’s retention through a TPV, such as SSP or ESI, as may be selected by the District from the available options through the Mohave procurement cooperative, or its equivalent, beginning on July 1, 2019.
2. This option will be available for all employment classifications in the District other than: (a) classroom teachers who have been retired for more than twelve months, and (b) administrators who have been retired for more than two years. The TPV option is available to classroom teachers who have been retired for less than twelve months. Qualified retired teachers separated from direct employment with an ASRS-provider for more than twelve months may be hired directly by the District into a classroom teacher position under the terms and conditions set forth in paragraph 9 below. Qualified retirees who have been retired for more than two years may continue to fill an

administrative position in the District under the terms and conditions set forth in paragraph 10 below.

3. In the event of an emergency, the Superintendent or designee may appoint a retiree to fill a position on a temporary basis. This temporary appointment may be in effect for only one school year or until the position is otherwise filled, whichever comes first. The temporary appointee may apply for the position and go through the competitive process as stated above.
4. The terms of the retiree's employment with the approved TPV will be determined by the provider in consultation with the District, and the retiree must acknowledge those terms prior to placement with the District.
5. The approved TPV will compensate former employees of the District at the approximate rate of eighty percent (80%) of the wage paid to the employee by the District prior to retirement. This difference remains the same as last year to account for the state mandate to make the ASRS alternative contribution on contract fees paid to third party contractors.
6. The approved TPV will make and/or pay all appropriate payroll deductions and taxes. The District will pay a service fee to the provider as determined by the District's contract with the vendor. The District will also make the requisite contribution to the ASRS, which does not modify the retiree's retirement benefits.
7. Personnel placed with the District through this program must meet all District, Arizona state and federal qualification standards, including but not limited to, fingerprint/background clearance, certification, endorsement, education level, and licensure.
8. Regardless of their status as employees of a third party rather than the District, all personnel placed with the District must comply with district, state and federal laws, policies, regulations, directives as well as school improvement plans of Amphitheater Public Schools.

Classroom Teachers:

9. Retired teachers assigned to classroom positions who have been retired for twelve months, *i.e.* three hundred sixty-five (365) calendar days, qualify for employment directly with the District. This will enable the District to recoup funds from the state of Arizona for these retired teachers' classroom teaching experience, and it enables those retired teachers to participate in the employment benefits offered to District personnel. Qualified retired classroom teachers may be re-hired directly on an ASRS Retiree Returning to Work Teacher Employment Contract. Unless additional compensation is approved by the Governing Board as part of the 2019-2020 compensation package, the salary and benefits shall be equal to that earned through SSP for the 2018-2019 fiscal year.

Retired Administrators:

10. In an effort to permit promotional opportunities for qualified certificated personnel, positions filled by administrators who have been retired for more than two (2) years may be posted for potential employment by a direct hire employee. This should only happen every other year, after the administrator has been in the position for a continuous period of two (2) years, since there is a clear benefit to having continuity in administration when possible. Therefore, after an administrator who has been retired for at least two years has been in an administrative position continuously for two years, that position may be posted as available for employment for the following school year. Once

posted, the position may be filled by a retired administrator hired through the approved TPV if and only if the position remains unfilled by a qualified candidate after being posted for at least one (1) month.

RECOMMENDATION:

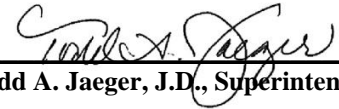
This item is presented for the Board's discussion, consideration and, if desired, direction to the Administration.

INITIATED BY:



Michelle H. Tong, J.D.,
Associate to the Superintendent and General Counsel

Date: February 14, 2019



Todd A. Jaeger, J.D., Superintendent