



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

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**DATE OF MEETING:**        **February 11, 2020**

**TITLE:**        **Post-Retirement Employment Opportunities during the 2020-2021 Fiscal Year  
for Staff Retiring in the Current Fiscal Year**

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**BACKGROUND:**

There is a national teacher shortage. Because of this, the Arizona Department of Education created the “Arizona Educator Retention and Recruitment Task Force” in 2015 to address rising concerns regarding the shortage of effective teachers and high turnover rates of educators in Arizona schools, as well as the challenges this lack of stability creates. Yet, despite these efforts by the Department of Education, school districts continue to face pressures to retain highly qualified staff.

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. In addition, the student achievement goals and the school labels established under Arizona state law depend upon placement and retention of skilled staff.

Currently, there is a high turnover in the teaching population. Last month, Education Week published an article confirming that discussing the high attrition rate in the teaching profession. It reports that forty-four percent (44%) of new teachers leave teaching within five years.

Decreased state funding for Arizona schools also 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. To add to these struggles faced by Arizona school districts, the Arizona state retirement contribution rates for employees continue to increase leading many to retire after a cost/benefit analysis. In addition, the private sector and other schools continue to compete for personnel in hard to fill disciplines (e.g., math, science, and various professional disciplines that serve students who qualify for special education services).

The impact of this growing teacher shortage is evident throughout the State. Amphitheater Public Schools now encounters difficulty recruiting for positions that traditionally were never difficult to fill such as Kindergarten teachers, a position that will require additional teaching staff this year given the benefits provided through the passage of the K-3 Special Programs budget override. 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 Educational Services, Inc. (“ESI”), which has enabled the District to lease personnel with valuable and much needed skills that might otherwise have been lost. Last year, the ESI contract was procured through the Mohave Cooperative, a procurement cooperative approved by the State of Arizona.

## **Lease-Back Employee Option**

Arizona state law permits school districts to lease-back retired personnel from a third-party vendor, like 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 third-party vendor (“TPV”), like ESI, 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 TPV. The employee earns income both as a state retiree and as a TPV 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 2020-2021 fiscal year and allow the retiree’s retention through a TPV, such as ESI, as may be selected by the District from the available options through the Mohave procurement cooperative, or its equivalent, beginning on July 1, 2020.
2. This option will be available for all employment classifications in the District other than classroom teachers who have been retired for more than twelve months. The TPV option is available to classroom teachers who have been retired for less than twelve months. However, it is recommended that qualified retired teachers separated from direct employment with an ASRS-provider for more than twelve months be hired directly by the District into a classroom teacher position under the terms and conditions set forth in paragraph 9 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. The District has been hiring qualified ASRS retired teachers directly for the past two years. It is recommended that the District continue this route, as it enables 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. The terms of employment for a qualified retired classroom teacher hired directly by the District are recommended to be the same as previous years, which are as follows:
  - a. All qualified retired classroom teachers hired directly by the District will be hired on an ASRS Retiree Returning to Work Teacher Employment Contract;
  - b. Upon return to direct hire with the District, a retired classroom teacher who worked for the District as a leased employee under ESI in Fiscal Year 2019-2020 will receive the same salary earned through ESI during Fiscal Year 2019-2020 plus any additional compensation that may be approved by the Governing Board for retired teachers as part of the Fiscal Year 2020-2021 compensation package;
  - c. An ASRS retired classroom teacher who did not work for ESI during Fiscal Year 2019-2020 shall earn approximately eighty percent (80%) of wage authorized on the appropriate teacher placement schedule.

*Retired Administrators:*

10. Administrative positions held by ASRS retired administrators previously had to be re-posted every two years to provide promotional opportunities for current staff. However, Administration does not recommend continuing to pursue this as an option. The number and quality of applications received through those postings did not justify the tension and disconcertment that this procedure caused to those dedicated administrators who have served the District for the majority of their careers. Instead, it is recommended that ASRS retired administrators be treated in the same capacity as all other leased employees through ESI.


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**RECOMMENDATION:**

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

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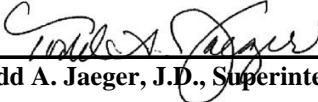
**INITIATED BY:**

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

**Date: February 3, 2020**

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**Todd A. Jaeger, J.D., Superintendent**