



GOVERNING BOARD AGENDA ITEM AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10

DATE OF MEETING: **March 9, 2021**

TITLE: **Post-Retirement Employment Opportunities during the 2021-2022 Fiscal Year
for Staff Retiring in the Current Fiscal Year**

BACKGROUND:

Arizona's school funding formulas create challenges for public school districts to remain competitive in hiring of essential school personnel. The state never changed its school funding formula to address the annual state-mandated minimum wage increases after the Fair Wages and Healthy Families Act went into effect in January 2017. Without the benefit increased state funding, public employers, and especially school districts, have struggled since then to address wage compression created with each annual minimum wage increase. Notwithstanding this, the national teacher shortage that has been in place for nearly a decade has worsened in recent years. Arizona universities report fewer graduates are choosing teaching as a profession these days. 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).

Moreover, the turmoil caused by the COVID-19 pandemic has exacerbated these struggles for Arizona school districts. In 2020, teachers in the Amphitheater District reported plans to retire due to concerns about the COVID-19 virus. The high turnover rates of educators has been an issue for several years. However, the high attrition rate of educators across the nation has certainly been a media topic this year. CNBC aptly named the culmination of the national teacher shortage and the COVID-19 pandemic the "perfect storm for the education system."¹ The Arizona state retirement contribution rates for employees have also continued to increase leading many to retire after a cost/benefit analysis.

Notwithstanding this, public 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 educators.

Amphitheater Public Schools, like many school districts in the State, offers salary enhancements for personnel teaching in "hard-to-fill" positions. The District 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.

¹ Kate Rogers. "A Shortage of Teachers and Covid-19 Create a Perfect Storm for the Education System." *CNBC*, CNBC, 9 Oct. 2020, www.cnbc.com/2020/10/09/teacher-shortage-and-covid-19-create-challenge-for-education-system.html.

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:

1. The post-retirement employment option will be offered for the 2021-2022 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, 2021.
2. This option will be available for all employment classifications in the District who retired with an ASRS-provider less than twelve months (365 calendar days) before July 1, 2021. However, it is recommended that qualified retired individuals who have been separated from direct employment with an ASRS-provider for more than twelve months by July 1, 2021 be hired directly by the District and, if the retiree is in a position for which a District contract is issued, that the appropriate ASRS Retiree Return to Work contract version be issued for the retired staff member.
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 plus any additional compensation that may be approved by the Governing Board for the retiree’s classification as part of the Fiscal Year 2021-2022 compensation package. Retired individuals who are new to the District shall be paid at eighty percent (80%) of the qualified wage authorized on the appropriate placement schedule. This difference remains the same as last year to account for

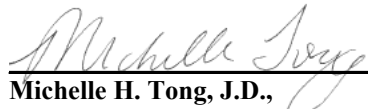
the state mandate to make the ASRS alternative contribution on contract fees paid to third party contractors.

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.

RECOMMENDATION:

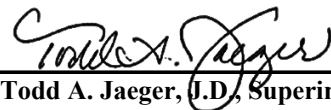
This item is presented for the Board's discussion, consideration and, if desired, direction to the Administration.

INITIATED BY:



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

Date: March 1, 2021



Todd A. Jaeger, J.D., Superintendent