

TRI-COUNTY SPECIAL EDUCATION INTERLOCAL No. 607

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May 1, 2013

Honorable Members of the House Pensions Committee:

I appreciate the opportunity to offer input to the House Pensions Committee regarding the issue of the KPERS "return-to-work" provision. There has been a lot of confusion and misunderstanding about the need for this provision and more importantly, the economic impact as it applies to the KPERS unfunded liability issue. Let me offer a brief history and perspective on this matter.

Originally, the concern with KPERS retirees returning to work was that these retirees were no longer contributing to KPERS and yet were occupying a position that would otherwise pay into the KPERS system. There was no cap on earnings unless they chose to return to a position with their former employer. In those cases, they were capped on earnings at the maximum of \$20,000 per year.

The main point of contention was the idea that many individuals were not only able to receive their retirement benefit from KPERS, but their post retirement earnings were exempt from any KPERS obligation. This was a valid concern with "double-dipping". In response to the negative impact this was having on KPERS reserves, legislation was enacted to address this issue in an effort to prevent any further KPERS shortfall. This legislation required these retirees and/or their employer to pay a "surcharge" to KPERS which was set at the actuarial amount plus 8%. Consequently, while retirees were permitted to return to work, this surcharge served as a means to ensure the stability of the KPERS system.

There was only one "glitch" with this solution. Individuals who wanted to return to work with their same employer were still only able to do so under the \$20,000 cap. Many felt it was discriminatory to permit retirees to go to other districts without any earnings cap, but mandate such a cap for individuals trying to return to work to their previous employer - in essence making returning to work to your former employer almost a punitive action. The job was essentially the same in either venue, but the potential for compensation was significantly different.

In response to this whole discussion, HB 2072 was passed in 2009 to address the issue of KPERS employees returning to work for their former employer after retirement, specifically creating a three year abatement of the \$20,000 cap. The surcharge was expanded to all KPERS retirees, regardless of whether they went to another district or returned to their former district. This provision had a "sunset" clause, which was set to end on June 30, 2012.

During their December 7, 2011 session, the Legislative Education Planning Committee (LEPC) discussed the issue of the KPERS "return to work" provision under HB 2072. They unanimously endorsed an extension of this law. The committee could see no harm in allowing this practice to continue as the feedback from the field supported its need and continuation. By allowing districts to continue the re-employment of KPERS retirees in critical areas, concerns regarding critical staff shortages were being effectively addressed. Secondly, by continuing the surcharge, concerns about these hirings contributing to the KPERS funding shortfall were effectively alleviated. (In actuality, the surcharge has enabled a considerable injection into the KPERS fund at a level substantially higher than that of a non-retiree's.) Based on this, the LEPC introduced SB 259 to the legislature (January 2012).



Cherryvale

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Pensions and Benefits Committee

Date: 5-8-13
Attachment: 7

After considerable debate by both the Senate and House this past Spring, Senate Substitute for Substitute for House Bill No. 2333 was passed permitting a three year extension of the return to work provision with a sunset on June 30, 2015. The consensus was that this provision was still needed to address shortfalls in critical areas of education.

In light of various concerns expressed over the past several years regarding the issue of KPERS retirees returning to work, I have researched the internet on the use of retirees to address teacher shortages. Here is what I have found.

It appears a number of states have provisions which allow their educational retirees to return to work. Each addresses this issue somewhat differently, but many acknowledge the need for this provision, particularly in areas of critical staff shortages (i.e., science, math, and special education).

A listing of teacher shortage areas for each state published by the U.S. Department of Education in March 2013 and covering the period of 1990-91 through 2013-14, has consistently listed shortages in the content areas of math, science and special education for all 50 states over that period. One study conducted in 2004 by McClesky, Tyler, and Flippin, indicated 98% of the nations' school districts had reported special education teaching shortages.

In a 2009 report by the U.S. Department of Labor/Bureau of Labor Statistics, the demand for special education instructors was expected to increase by 17% from now through 2018 – a rate greater than what is predicted for all other occupations (except from the Higher Education Consortium for Special Education). And in 2011, a Kansas University research study was conducted on the topic of potential educator shortages in the areas of math and science (Case and Obenhaus). They concluded that Kansas is about to hit a major shortfall in these critical areas due to the number of potential retirees or educators leaving the public education sector in the immediate future

In line with these studies have been a number of articles which have cited growing concerns about imminent teacher shortages over the next five years with the impending retirement of baby boomers currently in the workforce. Contributing to this issue has been the subsequent downscaling of teachers in many communities in response to loss of school funding. This has resulted in a migration of a number of current and potential educators into other fields.

One could argue that the recent wave of cuts in public schools should have created a "glut" of potential teachers. But in reality, when you scrutinize where these cuts have been made, it has rarely occurred in critical shortage areas - science, math, and special education. My personal experience in recruitment these past few years has shown that the majority of these individuals are elementary education teachers, art and music instructors, physical education instructors, and counselors who are vying for a limited supply of jobs in these areas. The number of available candidates for special education, math, and science is still woefully limited. It gets even worse for those of us in special education because of the scarcity of related service personnel (i.e., speech pathologists, physical therapists, and occupational therapists).

There also appears to be a growing trend among those young prospective teachers who have been impacted by the cuts in public education. With no job prospects, they are looking into other fields. Once these young adults have established themselves in a non-education job, how many of them are going to run the risk of giving up steady employment on the possibility that if/when a teaching job does open up, its stability won't be subject to the whims of legislative funding? And because of what their older siblings or friends have experienced in their efforts to find employment in public education, many students in the education career tract are rethinking this as a career choice and "hedging" their bet by exploring other opportunities. The result will most likely be reductions in the number of students entering the field of education at our state universities/colleges.

Here in lies the problem. Once it appears the economy has stabilized, it is widely anticipated that there will be a major exodus of veteran teachers who currently are eligible for retirement. If you combine this possibility with a potential scarcity of available teachers in the future, you are going to have a serious teacher shortage crisis in this state. Any restrictions that would negatively impact the total pool of available employees would be irresponsible at this time. That includes restrictions on the hiring of KPERS retirees in the immediate future.

The use of retirees in special education is not a matter of convenience – it is a matter of need. For those individuals seeking teaching careers, the area of special education typically is not their preferred choice. Even among those seeking a career in special education, few choose to work with severe or profoundly delayed students, students with autism, or students with severe emotional disturbance. As far as related services, speech pathologists, OT's, and PT's can make significantly more money working in hospitals, nursing care facilities, etc. And for those of us in Southeastern and Western Kansas, the allure of working in rural areas with significant poverty and unemployment doesn't quite have the same draw as working in an affluent suburban community or large urban center.

I asked Mr. Craig Neuenswander, Director of KSDE's School Finance Division, for some data on the number of individuals currently working under the "return-to-work" provision as well as the number of statewide teacher vacancies. According to him, KPERS reported that only 3.4% of school district employees were working after retirement during this past year. As far as teacher vacancies, I was provided a KSDE teacher vacancy survey for the past 13 years (see attachment). Without exception, vacancies in special education have outpaced any other area in education over this period. Of the 209.97 reported permanent vacancies for FY 2012-2013, approximately 35% were in the area of special education.

My agency has used every avenue available to us to address our vacancies, including waivers and provisional endorsements which can be utilized while teachers are working towards their special education endorsement. We supply tuition assistance and teacher mentors to assist these young educators or those new to the field of special education. But as we have increased retirement, our mentor pool is reduced. And the issue of "Highly Qualified" status is a factor as many of these entry level people do not meet this criteria until they are fully licensed.

Currently, our agency utilizes 6 certified KPERS retirees (4 teachers, 1 coordinator, and 1 administrator) in certified positions and 2 former certified staff as paraeducators. Three of the teachers are former employees, as is the administrator. Tri-County employs approximately 335 staff (approximately 120 certified staff and 215 classified and paraeducator staff). Of our staff, retirees comprise about 5% of our certified staff or about 2% of our entire staff. This is not an excessive utilization of KPERS retirees.

Our job is to provide districts and their special education student population with the best possible educators we can. The "return to work" provision enables us to do just that. As a means to regulate this activity, the KPERS surcharge serves both as a deterrent to excesses in the use of retirees, while also protecting the financial stability of KPERS.

Hopefully, this information is of some assistance to you. If you wish to follow up with me on this matter, I would be more than happy to visit with you.

Sincerely,

Kevin Shepard, Assistant Director
Tri-County Special Education Cooperative
Interlocal No. 607

TEACHER VACANCY HISTORY - As of August 1 of Each School Year

7-3

| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| ELEMENTARY | | | | | | | | | | | | | |
| Counseling | 8.0 | 15.3 | 4.0 | 6.5 | 4.5 | 15.0 | 15.3 | 7.7 | 11.3 | 2.7 | 4.0 | 6.8 | 6.6 |
| Music | 18.0 | 19.0 | 11.2 | 10.25 | 8.25 | 8.4 | 8.9 | 7.4 | 4.0 | 1.7 | 2.0 | 2.0 | 1.3 |
| Special Education | 73.5 | 66.4 | 56.8 | 50.33 | 41.0 | 76.9 | 55.5 | 45.5 | 27.7 | 12.4 | 11.0 | 29.83 | 30.42 |
| Other | 120.5 | 85.7 | 78.0 | 90.15 | 64.0 | 88.1 | 102.0 | 47.7 | 41.0 | 30.7 | 27.0 | 74.15 | 50.7 |
| MIDDLE SCHOOL | | | | | | | | | | | | | |
| Counseling | 2.0 | 3.8 | 3.0 | 3.2 | 3.45 | 6.25 | 4.0 | 6.0 | 6.5 | 0 | 2.0 | 2.0 | 2.3 |
| Business | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.6 | 0 | .5 | 0 | 0 | 1.0 | 1.0 | 1.0 |
| Foreign Language | 4.8 | 4.0 | 4.5 | 8.0 | 4.3 | 1.5 | 2.0 | 2.3 | 4.0 | .25 | 2.0 | 1.25 | 2.0 |
| Math | 14.1 | 7.5 | 11.0 | 9.0 | 6.0 | 12.0 | 11.0 | 10.0 | 2.0 | 3.0 | 4.0 | 15.0 | 5.0 |
| Music | 10.6 | 10.4 | 7.2 | 5.75 | 4.95 | 3.3 | 2.1 | 5.8 | 5.5 | 1.1 | 1.0 | 2.0 | 0.8 |
| Science | 11.5 | 7.5 | 5.5 | 4.25 | 3.25 | 8.5 | 4.0 | 7.0 | 2.0 | .50 | 5.0 | 5.0 | 4.0 |
| Special Education | 31.0 | 49.7 | 34.6 | 27.33 | 25.5 | 33.4 | 40.0 | 19.0 | 6.5 | 5.25 | 13.5 | 15.83 | 23.41 |
| Technology | 3.0 | 1.3 | 2.2 | 2.25 | 2.0 | 4.5 | 4.0 | 1.5 | 0 | 0 | 0 | 1.0 | 1.0 |
| Other | 34.0 | 28.8 | 29.6 | 25.4 | 9.2 | 25.5 | 45.7 | 18.5 | 10.0 | 5.25 | 13.0 | 28.5 | 12.2 |
| HIGH SCHOOL | | | | | | | | | | | | | |
| Counseling | 1.5 | 3.9 | 4.0 | 2.3 | 3.55 | 8.25 | 4.0 | 7.7 | 4.7 | .90 | 3.0 | 1.5 | 4.4 |
| Business | 14.0 | 17.5 | 7.0 | 4.5 | 3.2 | 4.5 | 9.3 | 4.5 | 1.0 | 1.5 | 2.0 | 4.0 | 2.0 |
| Foreign Language | 14.3 | 16.3 | 14.6 | 10.79 | 9.39 | 10.5 | 13.0 | 3.8 | 11.5 | 2.75 | 3.0 | 3.0 | 5.0 |
| Ind. Technology | 5.0 | 10.0 | 9.0 | 7.5 | 3.5 | 5.5 | 4.0 | 7.0 | 5.0 | 1.5 | 0 | 5.5 | 0 |
| Vocational | | 12.5 | 6.0 | 7.0 | 5.14 | 17.0 | 9.5 | 9.0 | 3.0 | 2.0 | 1.0 | 5.5 | 8.33 |
| Math | 16.1 | 19.0 | 13.5 | 12.9 | 10.5 | 31.0 | 29.0 | 28.0 | 15.5 | 5.0 | 1.0 | 13.0 | 7.0 |
| Music | 17.7 | 12.6 | 10.5 | 5.5 | 3.5 | 2.3 | 4.5 | 2.3 | 3.5 | 2.2 | 3.0 | 0 | 0.9 |
| Science | NA | NA | NA | NA | NA | NA | 15.5 | 0 | 7.0 | 5.5 | 2.25 | 9.0 | 4.0 |
| Special Education | 50.5 | 58.9 | 42.5 | 23.74 | 31.5 | 45.2 | 63.5 | 40.5 | 32.0 | 18.45 | 13.0 | 21.33 | 19.41 |
| Technology | 4.0 | 3.9 | 3.3 | 0.5 | 6.5 | 6.0 | 1.5 | 2.0 | 0 | 0 | 1.0 | 0 | 1.0 |
| Other | 74.0 | 57.4 | 43.0 | 32.6 | 40.35 | 68.8 | 48.9 | 31.9 | 25.2 | 1.5 | 19.63 | 38.35 | 17.2 |
| SUBTOTALS | | | | | | | | | | | | | |
| | 530.1 | 512.4 | 402.0 | 350.74 | 294.53 | 483.4 | 497.2 | 315.5 | 228.9 | 104.15 | 134.38 | 285.54 | 209.97 |
| Temporary Positions | | | | | | | | | | | | | |
| | 175.0 | 144.2 | 144.0 | 75.25 | 147.70 | 101.0 | 116.0 | 161.0 | 121.5 | 51.70 | 50.63 | 29.00 | 40.50 |
| TOTALS | | | | | | | | | | | | | |
| | 705.1 | 656.6 | 546.0 | 425.99 | 442.23 | 584.4 | 613.2 | 476.5 | 350.4 | 155.85 | 185.01 | 314.54 | 250.47 |

