Legislative News Part 2

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By Abby Luker

Sen. Gerald Dial, R-Lineville, is co-sponsoring a bill that could replace the defunct Deferred Retirement Option Program with one that he says targets benefits to classroom teachers.

"The whole point of the program is to save highly skilled and highly qualified educators," he said.

According to Rep. Richard Laird, D-Roanoke, DROP was repealed March 25 because it had become "top-heavy with administrative people," those making $100,000 to $300,000 annually.

Looking at the 5,500 DROP participants in a list, from highest to lowest salary, he said he went through 1,200 names before he found his first classroom teacher.

"When DROP was conceived 10 years ago, it was sold as a way to retain our brightest and most experienced math and science teachers and not have them retire and move to Georgia to teach," Laird said. "Had the program been geared solely toward classroom teachers, it might not have become so economically unfeasible."

DROP allowed teachers and state employees ages 55 and up with 25 years of service to continue working while drawing retirement pay, which was placed in a guaranteed 4 percent interest-earning account. Upon retirement, participants would get the money in a lump sum.

The state retirement system was earning an 8 percent profit from investments at the time DROP was created, making it easy to offer 4 percent interest to those in DROP, Laird said. But for the past two years, while still providing the 4 percent interest, the state retirement system has been earning a 0.25 percent profit, resulting in DROP's $64 million to $74 million overall two-year loss.

"That's money we don't have, which is why we're hoping to replace DROP with a slimmer program," he said.

According to Dial, the new SB303 bill sponsored by Sen. Bill Holtzclaw, R-Madison, is in its early stages. Introduced March 29, it is awaiting approval in the Finance and Taxation Education Committee, which leaves it open to changes or even dismissal.

But if passed as is, the replacement program, Alabama Teachers' Planned Retirement Option, would become available beginning in fiscal year 2012-2013. And it would be exclusive to members of the Teachers' Retirement System who are 55 and older, with at least 25 years of creditable service exclusive of sick leave, eligible for service retirement, paid an annual salary of $75,000 or less, and recommended and approved by their school systems and boards of education. Members of DROP would not qualify for the ATPRO program.

Dial mentioned possibly boosting the age requirement to 60 and the service years to 30 and adding specifics about school system and board of education recommendation and approval.

Those who met all requirements and chose to apply would have to do so at least 30 days but no more than 90 days before they planned to enter ATPRO.

"You can't just decide one night that you're going to start the program the next day," Dial said. "It just doesn't work like that."

When applying, educators would have the option of choosing between a three-year and a five-year option allowance, and that choice would be irreversible.

Acceptance into the ATPRO program would be allowed only once. Those who were voluntarily or involuntarily dismissed from the program before their three- or five-year terms were up could not reapply, nor could those who completed their terms. For this reason, former participants could not legally work again under an institution or employer that would qualify them for ATPRO.

Along with being more cost efficient, one purpose of the combined three- and five-year options and one-time acceptance, Laird said, would be to make room in the school system for recent college education graduates, making ground on the growing problem of their inability to find job placement.

Another would be to better prepare school systems for the teachers' coming in and out, Dial said.

"If there's an advanced math teacher that joins the program and signs on for three years," he said, "the school system is going to know that before those three years are up, it's going to have to start looking for a replacement."

DROP contained the same three- and five-year terms as ATPRO, Dial said, but participants could reapply for the program countless times, resulting in no definite time of retirement.

As with DROP, participants in ATPRO would have a monthly payment allowance, one equal to what would have been received had they chosen retirement, placed in an account. But unlike DROP, Dial said, interest would not be paid to participants.

Members could not receive retiree cost-of-living increases during the program or until, after program completion, they had received one year of retirement allowance. But participants could receive salary cost-of-living adjustments and salary increases.

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(WASHINGTON, DC)— The cherry blossoms are in full bloom in D.C. and spring is finally here, but across East Alabama folks are still scratching their heads asking: where are the jobs?

The latest unemployment numbers came out recently putting Alabama at 9.3 percent.

Although the number is down from 10.2 percent a year ago, we still have too many folks across the state out of work.

That's why every small