



News from the Utah Legislature



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(covering the weeks of Feb. 15 and 22)

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Improved Retirement Bills Pass House, Move to Senate and Governor *Changes Do Not Impact Current Employees*

Two bills targeting state employee retirement (Senate Bills 43 and 63) passed the House Feb. 26. The bills now go back to the Senate to approve House changes.

While the UEA still believes the state would have been better served by allowing a year to study and develop alternative solutions, the bills are much improved from their original form. The bills were improved, in large part, because of the many letters, e-mails and personal contacts with legislators.

Two additional bills (Senate Bills 42 and 94) that would negatively impact retirement benefits for current employees are not moving forward at this time.

Here's what SB43 and SB63 will do:
Current Employees: Neither bill affects retirement benefits of current employees or any employees hired prior to July 1, 2011.

Current Retirees: Neither bill affects any aspect of current retiree benefits.

Retirees Who Return to Employment: SB43 applies to anyone who retires from the Utah Retirement Systems after July 1, 2010, and returns to work with any entity participating in the URS. It requires a retired employee to wait one full year before returning to employment. A retiree would have two options upon being rehired:

1. Stop receiving a pension payment and earn another 2 percent towards retirement per year upon ultimate retirement.
 2. Receive a monthly pension payment after sitting out a full year before returning to work. There would be no replacement contribution to the employee's 401(k) as is currently the practice.
- New Employees:** SB63 applies to public employees hired after July 1, 2011. Upon hiring, employees will elect one of two retirement benefit options:
1. Defined Contribution: 10 percent of the employee's salary placed in a 401(k)-type plan.

2. Hybrid Defined Contribution/Defined Benefit: 7.75 percent of the employee's salary funds a defined benefit plan paying 1.5 percent of salary per year of service based on a 5-year final average salary with 35 years of service required to qualify. An additional 2.25 percent of salary (10 percent total) will fund a 401(k) plan. If required funding rates exceed 10 percent, the employee pays the difference.

Both plans would have a four-year vesting period, meaning the employee must work four years to get any benefit at all.

Educator Day on the Hill

National Board Teachers Honored

Educators from several school districts as well as a group of educators who recently achieved National Board Certification joined the UEA Legislative Team for Educator Day on the Hill Feb. 24. They heard briefings then met with their own legislators on bills of interest. The National Board teachers were honored on the floor of both the House and Senate. Educator Day on the Hill activities are scheduled for March 5 and 10.



Alison Williams, left, and Laura McKee, teachers at Box Elder High, meet with Rep. Rhonda Menlove. More than 20 educators participated in Educator Day on the Hill Feb. 17.

Budget Picture Begins to Unfold

Without additional funding, the current proposed FY2011 budget will leave public education about 23 percent below FY2009 levels. However, public education is proposed to receive \$284 million in one-time money to bring the funding near FY2010 levels. This funding comes from: \$80 million Rainy Day Fund, \$103 million Education Reserve Fund, and \$101 million from cuts in agencies outside public education.

Public schools will still not be whole next year since there is no funding for enrollment growth.

Allocation of the one-time money will likely follow recommendations of the Public Education Appropriations Subcommittee, which prioritized teacher-directed classroom supplies, adult education, library books and critical language/dual immersion programs. Following these, remaining dollars would be placed on the WPU.

Bills on the Move

To view all the bills UEA is tracking and their current status, visit utea.org/politics and click "2010 Legislative Tracking Sheet."

For Complete Coverage of the 2010 Utah Legislature, visit utea.org/politics