



Teacher Retirement Credit Update

August 25, 2010

A law was passed and became effective in 1998 that provided a 1% state credit for teachers toward the 7% employee contribution owed to the Teacher Retirement System. The amounts range from \$60.15 for a new teacher to \$1,410.53 for a teacher with 25 or more years of service. The law clearly states that the state shall pick up and pay the annual amount.

This past legislative session the Legislature did not keep with past practice and designate line items for education expenditures. Instead, the legislature sent the education appropriation to the State Board of Education for allocation of the funding. As you know, cuts were made to common education funding resulting in across the board cuts and line item reductions.

The State Board chose in July not to allocate funds for the retirement credit. Instead, the State Board of Education chose to fund a proposed 3% increase in health insurance rates.

The insurance premium increase is a school district responsibility, but the funding of the employees' share of Teacher Retirement is in most cases the individual teacher's responsibility (in some districts teachers have negotiated district payment of the employees' contribution).

OEA has been working on this issue since the passage of the appropriations bill in May. We have met with Superintendent Sandy Garrett, TRS Executive Director James Wilbanks, and have had discussions with the Governor's policy staff. At a special State Board meeting in July, OEA was the only teacher representative group that advocated for the SBE to fund the retirement credit. The State Board did not take any action at that meeting to reverse its previous decision and reallocate money for the retirement credit.

If the retirement credit is not funded, a teacher could be forced to make payments to the Teacher Retirement System in order to receive a full year of service for retirement. In discussions with Dr. Wilbanks, he could not guarantee that teachers would not be forced to pay the credit amount this year. Additionally, teachers may face penalties and interest if the retirement credit is not fully paid during the current fiscal year.

OEA is aware of three school districts that have decided to deduct the credit amount from their employees' paychecks. We believe the offset for the retirement credit is an obligation of the state and that teachers should not have to pay for that obligation.

Although no agreement has been reached to fund the retirement credit at this time, OEA continues to advocate with the State Superintendent and Governor to find a solution that will not penalize education employees or their retirement benefits. During the interim, if your school district decides to deduct the retirement credit offset from teacher salaries, please contact your OEA Regional Advocacy UniServ Specialist for additional assistance.