

NASPE, Eugene H. Rooney, Jr. Award

Innovative State Human Resources Management Program

Alabama's Retired State Employee Program

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In 2001, Alabama developed the Retired State Employee Program in order to provide state agencies with a source of institutional knowledge and work skills at an affordable cost and to provide an avenue for experienced retired state employees to earn additional income without jeopardizing their State retirement benefits. State law has always allowed retired state employees to be re-employed as long as the amount earned did not exceed a yearly cap established by the Retirement Systems of Alabama. However, the only avenue to hire a retired state employee was as a part-time employee which meant these employees would be paid for holidays, earn leave and would be eligible to receive longevity pay, all of which was added into the yearly cap. The Retired State Employee Program provides state agencies with a pool of applicants that are paid hourly, only receive pay for hours worked, and are not eligible for paid leave, holidays or longevity pay. It also provides a streamlined employment process for hiring these employees. An example of how well the program works is with Molli who was the accountant/personnel director for a regulatory board with approximately 40 employees. She had no intention of retiring anytime soon, however, her mother was diagnosed with a terminal illness and Molli could not work a full time job and take care of her mother. By using the Retired State Employee program, Molli was able to work 2 days per week which allowed her time to take care of her mother and also allowed the agency to utilize Molli to train her replacement and assist the agency in seasonal renewals. Because of this program, the regulatory board was able to have a seamless transition for an important role. Retired state employees are being utilized in Corrections, Mental Health and Youth Services to transfer inmates, patients and clients and fill-in for sick or vacationing employees thereby reducing overtime costs. In just one year, the Department of Youth Services was able to lower their overtime costs by over \$300,000.00 by utilizing the Retired State Employee program along with other cost saving measures.

Brief Description of Program: The Retired State Employee Program was designed to provide a cost efficient alternative and stream-lined process to re-employ retired state employees on an hourly basis without the cost of additional benefits. A retired state employee may be paid anywhere from minimum wage up to the hourly equivalent of their annual salary at the time of their retirement. It is up to the agency and the retired state employee to negotiate the hourly rate and the work schedule. A retired state employee has their name placed on the Retired State Employee list and agencies can access the list to find the appropriate personnel, although many agencies re-hire their own employees. A retired state employee can work 2-3 days per week throughout the year, although agencies have hired retired state employees to work longer hours for a shorter amount of time such as during renewal season or peak production times. Agencies may set non-traditional schedules for these employees which can be easily handled through our payroll system as the employee is paid only for the hours worked. Additionally, this classification provides no permanent status or merit system rights and can be separated at any time by the agency or employee. This flexibility allows both the agency and the retired state employee to determine a schedule that works best for everyone.

How long has this program been operational: The program was approved October 2001 and has been operating continually since that time.

Why was this program created: State agencies were losing vast amounts of institutional knowledge and work skills with the retirement of long tenured state employees, and there was a gap between these employees and the remaining employees that did not yet have this knowledge or skill set to handle the additional workloads. Additionally, the process to hire a retired state employee on a part-time basis was cumbersome and not cost effective for agencies.

Furthermore, the State of Alabama, like many other states, was and still is working within tight

budget constraints. This program is cost effective for the agencies and allows them to hire a seasoned employee that requires minimal training and has a known employment track record.

Why is this program a new and creative method: This program is a new hiring concept for Alabama state government. In the past, Alabama has been more focused on hiring full or part time merit employees who would receive the State's benefits package along with merit system protection. Alabama still believes in a viable merit system, however, this process of hiring outside the traditional merit system allows agencies to actually replace some full time merit positions with this hourly non-merit concept. This program also allows agencies a ready pool of applicants that can be called into work within a day's notice. As the only cost is the hourly rate, an agency can hire a retired state employee and keep them on the payroll, only paying them for the hours worked. This allows an agency to bring the retiree back without having to go through the whole appointment process each time.

What was the program's start- up costs: There were no start-up costs associated with the program.

What is the program's operational costs: The only operational cost is the hourly cost for each employee which cannot exceed \$30,000 per year.

How is this program funded: This program is funded through the agencies' existing budget

Did this program originate in your state: Yes

Are you aware of similar programs in other states: We are not aware of any other programs that are similar to our program.

How do you measure success of this program: The most concrete method to measure the success of this program is through monetary savings for agencies. The benefit cost associated

with each Alabama state employee is approximately 45% of salary, so only paying an hourly rate with a pre-determined maximum cost allows agencies to control expenses yet benefit from the knowledge and skill set accrued by the retired state employee. Another valuable success is the ability of agencies to think outside the box, especially our smaller agencies, when utilizing retired state employees. For example, both Tourism and Travel and the Treasurer's Office are small agencies and, in the past, have either utilized the full time paraprofessional Personnel Assistant classification to handle the human resources function on a full time basis, or relied on a classification other than human resources, such as the agency Accountant to wear two hats and handle both accounting and human resources. Neither of these two options was ideal as the full time employee was not necessarily busy all the time and the accountant was more focused on accounting and personnel seemed to take a back seat. Now, with the establishment of the retired state employee class, both of these agencies have the ability to hire retired professional personnel. For example, Treasury has hired the former Personnel Manager from our Alabama Law Enforcement Agency who has gone from over 1,000 employees located all across the state and dealing with law enforcement and its associated headaches to an agency of approximately 30 that can be easily managed within 2 – 3 days per week. This is beneficial for both parties as this agency has the benefit of a professional HR employee at only a small cost and the retired state employee goes from a large, complex organization, bringing their institutional knowledge with them, to one that can be managed much more easily and not on a full time basis.

How has the program grown and/or changed since its inception: The program started with 5 retired state employees and has grown to over 1,000 retirees who are employed in nearly every state agency. Currently, the Retired State Employee list has over 500 names on it so there is a large pool of retirees to pull from if needed. An option has been added that allows law enforcement agencies requiring POST certification to have an available list of retirees with this

qualification. Additionally, the concept was expanded to not only include employees in the Employee's Retirement system but also those in the Teacher's and Judicial Retirement systems. This has allowed agencies to have access to an even larger pool of retirees and in the case of our Department of Early Childhood Education, has allowed the department to hire retired teachers to develop and review program procedures and perform on-site visits utilizing knowledge gained from years of classroom experience. The Secretary of the Alabama Department of Early Childhood Education, Jenna Ross, had this to say concerning the program "The Retired State Employee program instituted by the State Personnel Department (SPD) has allowed us to effectively access and hire from a pool of exceedingly qualified retired teachers. Our data show that these retired teachers are the most effective instructional coaches and quality assurance monitors for Alabama's nationally recognized state pre-K program. SPD has worked tirelessly with our agency on our employment process and practice, and the innovative Retired State Employee program is a cornerstone to helping us ensure program quality, sustainability, and effectiveness."

This past legislative session, the Legislature, with agreement from the Retirement Systems, sponsored legislation to increase the salary cap from \$24,000.00 to \$30,000.00 per year because they recognized the costs savings of this program and the valuable service provided by retired state employees.