

2 **ESSB 5937** - H COMM AMD **ADOPTED 4/11/01**
3 By Committee on Appropriations

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. Sec. 1. (1) The department of retirement systems,
8 the office of the superintendent of public instruction, the department
9 of personnel, and the health care authority shall jointly develop
10 publications for use during the 2001-03 biennium to explain options
11 for, and implications of, postretirement employment for members and
12 retirees of the teachers' retirement system plan 1 and the public
13 employees' retirement system plan 1.

14 (2) The publications shall address such issues as: (a) Health
15 insurance coverage upon reemployment; (b) health benefit options upon
16 termination of postretirement employment; (c) sick leave, annual leave,
17 and other compensation practices; (d) options for, and implications of,
18 reentry into active retirement system membership; (e) hiring procedures
19 for retirees; and (f) collective bargaining rights and
20 responsibilities.

21 **Sec. 2.** RCW 28A.405.900 and 1990 c 33 s 404 are each amended to
22 read as follows:

23 Certificated employees subject to the provisions of RCW
24 28A.310.250, 28A.405.010 through 28A.405.240, 28A.405.400 through
25 28A.405.410, 28A.415.250, and 28A.405.900 shall not include those
26 certificated employees hired to replace certificated employees who have
27 been granted sabbatical, regular, or other leave by school districts,
28 and shall not include retirees hired for postretirement employment
29 under the provisions of this act.

30 It is not the intention of the legislature that this section apply
31 to any regularly hired certificated employee or that the legal or
32 constitutional rights of such employee be limited, abridged, or
33 abrogated.

1 **Sec. 3.** RCW 41.32.570 and 1999 c 387 s 1 are each amended to read
2 as follows:

3 (1)(a) If a retiree enters employment with an employer sooner than
4 one calendar month after his or her accrual date, the retiree's monthly
5 retirement allowance will be reduced by five and one-half percent for
6 every seven hours worked during that month. This reduction will be
7 applied each month until the retiree remains absent from employment
8 with an employer for one full calendar month.

9 (b) The benefit reduction provided in (a) of this subsection will
10 accrue for a maximum of one hundred forty hours per month. Any monthly
11 benefit reduction over one hundred percent will be applied to the
12 benefit the retiree is eligible to receive in subsequent months.

13 ~~(2)((Any retired teacher or retired administrator who enters
14 service in any public educational institution in Washington state and
15 who has satisfied the break in employment requirement of subsection (1)
16 of this section shall cease to receive pension payments while engaged
17 in such service: PROVIDED, That service may be rendered up to five
18 hundred twenty-five hours per school year without reduction of pension.~~

19 ~~(3) In addition to the five hundred twenty-five hours of service
20 permitted under subsection (2) of this section, a retired teacher or
21 retired administrator may also serve only as a substitute teacher for
22 up to an additional three hundred fifteen hours per school year without
23 reduction of pension if:~~

24 ~~(a) A school district, which is not a member of a multidistrict
25 substitute cooperative, determines that it has exhausted or can
26 reasonably anticipate that it will exhaust its list of qualified and
27 available substitutes and the school board of the district adopts a
28 resolution to make its substitute teachers who are retired teachers or
29 retired administrators eligible for the extended service once the list
30 of qualified and available substitutes has been exhausted. The
31 resolution by the school district shall state that the services of
32 retired teachers and retired administrators are necessary to address
33 the shortage of qualified and available substitutes. The resolution
34 shall be valid only for the school year in which it is adopted. The
35 district shall forward a copy of the resolution with a list of retired
36 teachers and retired administrators who have been employed as
37 substitute teachers to the department and may notify the retired
38 teachers and retired administrators included on the list of their right
39 to take advantage of the provisions of this subsection; or~~

1 ~~(b) A multidistrict substitute cooperative determines that the~~
2 ~~school districts have exhausted or can reasonably anticipate that they~~
3 ~~will exhaust their list of qualified and available substitutes and each~~
4 ~~of the school boards adopts a resolution to make their substitute~~
5 ~~teachers who are retired teachers or retired administrators eligible~~
6 ~~for the extended service once the list of qualified and available~~
7 ~~substitutes has been exhausted. The resolutions by each of the school~~
8 ~~districts shall state that the services of retired teachers and retired~~
9 ~~administrators are necessary to address the shortage of qualified and~~
10 ~~available substitutes. The resolutions shall be valid only for the~~
11 ~~school year in which they are adopted. The cooperative shall forward~~
12 ~~a copy of the resolutions with a list of retired teachers and retired~~
13 ~~administrators who have been employed as substitute teachers to the~~
14 ~~department and may notify the retired teachers and retired~~
15 ~~administrators included on the list of their right to take advantage of~~
16 ~~the provisions of this subsection.~~

17 ~~(4) In addition to the five hundred twenty five hours of service~~
18 ~~permitted under subsection (2) of this section, a retired administrator~~
19 ~~or retired teacher may also serve as a substitute administrator up to~~
20 ~~an additional one hundred five hours per school year without reduction~~
21 ~~of pension if a school district board of directors adopts a resolution~~
22 ~~declaring that the services of a retired administrator or retired~~
23 ~~teacher are necessary because it cannot find a replacement~~
24 ~~administrator to fill a vacancy. The resolution shall be valid only~~
25 ~~for the school year in which it is adopted. The district shall forward~~
26 ~~a copy of the resolution with the name of the retired administrator or~~
27 ~~retired teacher who has been employed as a substitute administrator to~~
28 ~~the department.~~

29 ~~(5) In addition to the five hundred twenty five hours of service~~
30 ~~permitted under subsection (2) of this section and the one hundred five~~
31 ~~hours permitted under subsection (4) of this section, a retired~~
32 ~~principal may also serve as a substitute principal up to an additional~~
33 ~~two hundred ten hours per school year without a reduction of pension if~~
34 ~~a school district board of directors adopts a resolution declaring that~~
35 ~~the services of a retired principal are necessary because it cannot~~
36 ~~find a replacement principal to fill a vacancy. The resolution shall~~
37 ~~be valid only for the school year in which it is adopted. The district~~
38 ~~shall forward a copy of the resolution with the name of the retired~~

1 principal who has been employed as a substitute principal to the
2 department.

3 ~~(6) Subsection (2) of this section shall apply to all persons~~
4 ~~governed by the provisions of plan 1, regardless of the date of their~~
5 ~~retirement, but shall apply only to benefits payable after June 11,~~
6 ~~1986.~~

7 ~~(7) Subsection (3) of this section shall apply to all persons~~
8 ~~governed by the provisions of plan 1, regardless of the date of their~~
9 ~~retirement, but shall only apply to benefits payable after September 1,~~
10 ~~1994.)~~ When any retired member first enters service in any public
11 educational institution in Washington state and has satisfied the break
12 in employment requirement of subsection (1) of this section, the member
13 must irrevocably choose for the duration of the fiscal year to:

14 (a) Render service for up to eight hundred sixty-seven hours
15 without a reduction in benefit. After eight hundred sixty-seven hours,
16 the benefit shall be suspended; or

17 (b) Render service under contract for up to one thousand five
18 hundred hours and receive ninety percent of the member's benefit. To
19 receive a benefit under this subsection (2)(b):

20 (i) The member's employer must have agreed to make the applicable
21 employer contribution for the duration of the member's employment; and

22 (ii) The member must have either been retired for one hundred
23 twenty days before beginning employment, or given the employer notice
24 of intent to retire by July 1, 2001, for the 2001-02 school year and by
25 the May 15th preceding every school year thereafter.

26 (3) The department shall collect and provide the state actuary with
27 information relevant to the use of this section for the joint committee
28 on pension policy.

29 (4) The legislature reserves the right to amend or repeal this
30 section in the future and no member or beneficiary has a contractual
31 right to be employed for more than five hundred twenty-five hours per
32 year without a reduction of his or her pension.

33 **Sec. 4.** RCW 41.40.037 and 1997 c 254 s 14 are each amended to read
34 as follows:

35 (1)(a) If a retiree enters employment with an employer sooner than
36 one calendar month after his or her accrual date, the retiree's monthly
37 retirement allowance will be reduced by five and one-half percent for
38 every eight hours worked during that month. This reduction will be

1 applied each month until the retiree remains absent from employment
2 with an employer for one full calendar month.

3 (b) The benefit reduction provided in (a) of this subsection will
4 accrue for a maximum of one hundred sixty hours per month. Any benefit
5 reduction over one hundred percent will be applied to the benefit the
6 retiree is eligible to receive in subsequent months.

7 (2) (~~(A retiree)~~) (a) When any retired member of plan 1 first
8 enters service in an eligible position with an employer and has
9 satisfied the break in employment requirement of subsection (1) of this
10 section, the member must irrevocably choose for the duration of the
11 calendar year to:

12 (i) Render service for up to eight hundred sixty-seven hours
13 without a reduction in benefit. After eight hundred sixty-seven hours,
14 the benefit shall be suspended; or

15 (ii) Render service for up to one thousand five hundred hours and
16 receive ninety percent of the member's benefit. To receive a benefit
17 under this subsection (2)(a)(ii):

18 (A) The member's employer must have agreed to make the applicable
19 employer contribution for the duration of the member's employment; and

20 (B) The member must have either been retired for one hundred twenty
21 days before beginning employment, or given the employer notice of
22 intent to retire sixty days prior to retirement.

23 (b) A retiree from plan 2 or plan 3 who has satisfied the break in
24 employment requirement of subsection (1) of this section(~~(7)~~) may work
25 up to (~~(five months per)~~) eight hundred sixty-seven hours in a calendar
26 year in an eligible position, as defined in RCW 41.32.010, 41.35.010,
27 or 41.40.010, or as a fire fighter or law enforcement officer, as
28 defined in RCW 41.26.030, without suspension of his or her benefit.

29 (3) If the retiree opts to reestablish membership under RCW
30 41.40.023(12), he or she terminates his or her retirement status and
31 becomes a member. Retirement benefits shall not accrue during the
32 period of membership and the individual shall make contributions and
33 receive membership credit. Such a member shall have the right to again
34 retire if eligible in accordance with RCW 41.40.180. However, if the
35 right to retire is exercised to become effective before the member has
36 rendered two uninterrupted years of service, the retirement formula and
37 survivor options the member had at the time of the member's previous
38 retirement shall be reinstated.

1 (4) The department shall collect and provide the state actuary with
2 information relevant to the use of this section for the joint committee
3 on pension policy.

4 (5) The legislature reserves the right to amend or repeal this
5 section in the future and no member or beneficiary has a contractual
6 right to be employed for more than five months in a calendar year
7 without a reduction of his or her pension.

8 NEW SECTION. Sec. 5. Sections 2 and 3 of this act expire June 30,
9 2004.

10 NEW SECTION. Sec. 6. Section 4 of this act expires December 31,
11 2004.

12 NEW SECTION. Sec. 7. The office of the state actuary shall review
13 the actuarial impact of the temporary expansion of the postretirement
14 employment limitations provided by sections 3 and 4 of this act. No
15 later than July 1, 2003, the state actuary shall prepare a report for
16 the joint committee on pension policy regarding the fiscal and policy
17 impacts of this act. The joint committee shall solicit information
18 from the superintendent of public instruction, the department of
19 personnel, the office of financial management, the department of
20 retirement systems, and the health care authority regarding the program
21 impacts of this act and shall report to the legislative fiscal
22 committees no later than October 1, 2003, on any proposed changes or
23 improvements to this act. If the state actuary determines the
24 expansion of postretirement options under sections 3 and 4 of this act
25 has resulted in increased costs for the state retirement funds, the
26 joint committee report shall include a proposal for a process to charge
27 those employers who employ retirees pursuant to an extension of
28 sections 3 and 4 of this act for the costs incurred by the retirement
29 funds under the extension.

30 **Sec. 8.** RCW 41.32.802 and 1997 c 254 s 8 are each amended to read
31 as follows:

32 (1)(a) If a retiree enters employment with an employer sooner than
33 one calendar month after his or her accrual date, the retiree's monthly
34 retirement allowance will be reduced by five and one-half percent for
35 every seven hours worked during that month. This reduction will be

1 applied each month until the retiree remains absent from employment
2 with an employer for one full calendar month.

3 (b) The benefit reduction provided in (a) of this subsection will
4 accrue for a maximum of one hundred forty hours per month. Any benefit
5 reduction over one hundred percent will be applied to the benefit the
6 retiree is eligible to receive in subsequent months.

7 (2) A retiree who has satisfied the break in employment requirement
8 of subsection (1) of this section, may work up to (~~five months~~) eight
9 hundred sixty-seven hours per calendar year in an eligible position, as
10 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter
11 or law enforcement officer, as defined in RCW 41.26.030, without
12 suspension of his or her benefit.

13 (3) If the retiree opts to reestablish membership under RCW
14 41.32.044, he or she terminates his or her retirement status and
15 immediately becomes a member. Retirement benefits shall not accrue
16 during the period of membership and the individual shall make
17 contributions and receive membership credit. Such a member shall have
18 the right to again retire if eligible.

19 **Sec. 9.** RCW 41.32.860 and 1997 c 254 s 7 are each amended to read
20 as follows:

21 (1) Except under RCW 41.32.862, no retiree shall be eligible to
22 receive such retiree's monthly retirement allowance if he or she is
23 employed in an eligible position as defined in RCW 41.40.010 (~~or~~),
24 41.32.010, or 41.35.010, or as a law enforcement officer or fire
25 fighter as defined in RCW 41.26.030.

26 (2) If a retiree's benefits have been suspended under this section,
27 his or her benefits shall be reinstated when the retiree terminates the
28 employment that caused the suspension of benefits. Upon reinstatement,
29 the retiree's benefits shall be actuarially recomputed pursuant to the
30 rules adopted by the department.

31 **Sec. 10.** RCW 41.32.862 and 1997 c 254 s 9 are each amended to read
32 as follows:

33 (1)(a) If a retiree enters employment with an employer sooner than
34 one calendar month after his or her accrual date, the retiree's monthly
35 retirement allowance will be reduced by five and one-half percent for
36 every seven hours worked during that month. This reduction will be

1 applied each month until the retiree remains absent from employment
2 with an employer for one full calendar month.

3 (b) The benefit reduction provided in (a) of this subsection will
4 accrue for a maximum of one hundred forty hours per month. Any benefit
5 reduction over one hundred percent will be applied to the benefit the
6 retiree is eligible to receive in subsequent months.

7 (2) A retiree who has satisfied the break in employment requirement
8 of subsection (1) of this section, may work up to (~~five months~~) eight
9 hundred sixty-seven hours per calendar year in an eligible position, as
10 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter
11 or law enforcement officer, as defined in RCW 41.26.030, without
12 suspension of his or her benefit.

13 (3) If the retiree opts to reestablish membership under RCW
14 41.32.044, he or she terminates his or her retirement status and
15 immediately becomes a member. Retirement benefits shall not accrue
16 during the period of membership and the individual shall make
17 contributions and receive membership credit. Such a member shall have
18 the right to again retire if eligible.

19 **Sec. 11.** RCW 41.35.060 and 1998 c 341 s 7 are each amended to read
20 as follows:

21 (1)(a) If a retiree enters employment with an employer sooner than
22 one calendar month after his or her accrual date, the retiree's monthly
23 retirement allowance will be reduced by five and one-half percent for
24 every eight hours worked during that month. This reduction will be
25 applied each month until the retiree remains absent from employment
26 with an employer for one full calendar month.

27 (b) The benefit reduction provided in (a) of this subsection will
28 accrue for a maximum of one hundred sixty hours per month. Any benefit
29 reduction over one hundred percent will be applied to the benefit the
30 retiree is eligible to receive in subsequent months.

31 (2) A retiree who has satisfied the break in employment requirement
32 of subsection (1) of this section may work up to (~~five months~~) eight
33 hundred sixty-seven hours per calendar year in an eligible position, as
34 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter
35 or law enforcement officer, as defined in RCW 41.26.030, without
36 suspension of his or her benefit.

37 (3) If the retiree opts to reestablish membership under RCW
38 41.35.030, he or she terminates his or her retirement status and

1 becomes a member. Retirement benefits shall not accrue during the
2 period of membership and the individual shall make contributions and
3 receive membership credit. Such a member shall have the right to again
4 retire if eligible in accordance with RCW 41.35.420 or 41.35.680.
5 However, if the right to retire is exercised to become effective before
6 the member has rendered two uninterrupted years of service, the
7 retirement formula and survivor options the member had at the time of
8 the member's previous retirement shall be reinstated.

9 **Sec. 12.** RCW 41.40.037 and 1997 c 254 s 14 are each amended to
10 read as follows:

11 (1)(a) If a retiree enters employment with an employer sooner than
12 one calendar month after his or her accrual date, the retiree's monthly
13 retirement allowance will be reduced by five and one-half percent for
14 every eight hours worked during that month. This reduction will be
15 applied each month until the retiree remains absent from employment
16 with an employer for one full calendar month.

17 (b) The benefit reduction provided in (a) of this subsection will
18 accrue for a maximum of one hundred sixty hours per month. Any benefit
19 reduction over one hundred percent will be applied to the benefit the
20 retiree is eligible to receive in subsequent months.

21 (2) A retiree who has satisfied the break in employment requirement
22 of subsection (1) of this section, may work up to (~~five months~~) eight
23 hundred sixty-seven hours per calendar year in an eligible position, as
24 defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as a fire fighter
25 or law enforcement officer, as defined in RCW 41.26.030, without
26 suspension of his or her benefit.

27 (3) If the retiree opts to reestablish membership under RCW
28 41.40.023(12), he or she terminates his or her retirement status and
29 becomes a member. Retirement benefits shall not accrue during the
30 period of membership and the individual shall make contributions and
31 receive membership credit. Such a member shall have the right to again
32 retire if eligible in accordance with RCW 41.40.180. However, if the
33 right to retire is exercised to become effective before the member has
34 rendered two uninterrupted years of service, the retirement formula and
35 survivor options the member had at the time of the member's previous
36 retirement shall be reinstated.

1 **Sec. 13.** RCW 41.40.750 and 1998 c 341 s 113 are each amended to
2 read as follows:

3 (1) Effective September 1, 2000, the membership of all plan 2
4 members currently employed in eligible positions in a school district
5 or educational service district and all plan 2 service credit for such
6 members, is transferred to the Washington school employees' retirement
7 system plan 2. Plan 2 members who have withdrawn their member
8 contributions for prior plan 2 service may restore contributions and
9 service credit to the Washington school employees' retirement system
10 plan 2 as provided under RCW 41.40.740.

11 (2)(a) The membership and previous service credit of a plan 2
12 member not employed in an eligible position on September 1, 2000, will
13 be transferred to the Washington school employees' retirement system
14 plan 2 when he or she becomes employed in an eligible position. Plan
15 2 members not employed in an eligible position on September 1, 2000,
16 who have withdrawn their member contributions for prior plan 2 service
17 may restore contributions and service credit to the Washington school
18 employees' retirement system plan 2 as provided under RCW 41.40.740.

19 (b) The membership and previous service credit of a plan 2 member
20 last employed by a school district or educational service district and
21 retired prior to September 1, 2000, will be transferred to the
22 Washington school employees' retirement system plan 2 if the member
23 opts to reestablish membership.

24 (3) Members who restore contributions and service credit under
25 subsection (1) or (2) of this section shall have their contributions
26 and service credit transferred to the Washington school employees'
27 retirement system.

28 NEW SECTION. **Sec. 14.** Except for section 12 of this act which
29 takes effect December 31, 2004, this act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of the
31 state government and its existing public institutions, and takes effect
32 July 1, 2001."

1 **ESSB 5937** - H COMM AMD

2 By Committee on Appropriations

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4 On page 1, line 3 of the title, after "retirees;" strike the
5 remainder of the title and insert "amending RCW 28A.405.900, 41.32.570,
6 41.40.037, 41.32.802, 41.32.860, 41.32.862, 41.35.060, 41.40.037, and
7 41.40.750; creating new sections; providing effective dates; providing
8 expiration dates; and declaring an emergency."

EFFECT: Creates a mandatory irrevocable option for a retiree to return to work under current rules (in which they are permitted to work a maximum of eight hundred sixty-seven hours) without a reduction in pension benefits and where the employer does not contribute to the pension system on behalf of the employee, or to return to work for up to fifteen hundred hours and receive ninety percent of their pension benefit. In the latter situation, the employer contributes to the pension system on behalf of the employee at the regular employer contribution rate.

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