
SUBSTITUTE SENATE BILL 5937

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Shin, Rasmussen, Jacobsen, Winsley, Kohl-Welles and McAuliffe; by request of Governor Locke and Superintendent of Public Instruction)

READ FIRST TIME 03/08/01.

1 AN ACT Relating to the limits on postretirement employment for
2 teachers' retirement system plan 1 and public employees' retirement
3 system plan 1 retirees; amending RCW 28A.405.900, 41.32.570, and
4 41.40.037; adding a new section to chapter 41.40 RCW; creating new
5 sections; providing an effective date; providing expiration dates; and
6 declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

1 for retirees; and (f) collective bargaining rights and
2 responsibilities.

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

5 Certificated employees subject to the provisions of RCW
6 28A.310.250, 28A.405.010 through 28A.405.240, 28A.405.400 through
7 28A.405.410, 28A.415.250, and 28A.405.900 shall not include those
8 certificated employees hired to replace certificated employees who have
9 been granted sabbatical, regular, or other leave by school districts,
10 and shall not include retirees hired for postretirement employment
11 under the provisions of this act.

12 It is not the intention of the legislature that this section apply
13 to any regularly hired certificated employee or that the legal or
14 constitutional rights of such employee be limited, abridged, or
15 abrogated.

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

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

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

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

34 ~~(3) In addition to the five hundred twenty-five hours of service~~
35 ~~permitted under subsection (2) of this section, a retired teacher or~~
36 ~~retired administrator may also serve only as a substitute teacher for~~

1 up to an additional three hundred fifteen hours per school year without
2 reduction of pension if:

3 (a) A school district, which is not a member of a multidistrict
4 substitute cooperative, determines that it has exhausted or can
5 reasonably anticipate that it will exhaust its list of qualified and
6 available substitutes and the school board of the district adopts a
7 resolution to make its substitute teachers who are retired teachers or
8 retired administrators eligible for the extended service once the list
9 of qualified and available substitutes has been exhausted. The
10 resolution by the school district shall state that the services of
11 retired teachers and retired administrators are necessary to address
12 the shortage of qualified and available substitutes. The resolution
13 shall be valid only for the school year in which it is adopted. The
14 district shall forward a copy of the resolution with a list of retired
15 teachers and retired administrators who have been employed as
16 substitute teachers to the department and may notify the retired
17 teachers and retired administrators included on the list of their right
18 to take advantage of the provisions of this subsection; or

19 (b) A multidistrict substitute cooperative determines that the
20 school districts have exhausted or can reasonably anticipate that they
21 will exhaust their list of qualified and available substitutes and each
22 of the school boards adopts a resolution to make their substitute
23 teachers who are retired teachers or retired administrators eligible
24 for the extended service once the list of qualified and available
25 substitutes has been exhausted. The resolutions by each of the school
26 districts shall state that the services of retired teachers and retired
27 administrators are necessary to address the shortage of qualified and
28 available substitutes. The resolutions shall be valid only for the
29 school year in which they are adopted. The cooperative shall forward
30 a copy of the resolutions with a list of retired teachers and retired
31 administrators who have been employed as substitute teachers to the
32 department and may notify the retired teachers and retired
33 administrators included on the list of their right to take advantage of
34 the provisions of this subsection.

35 (4) In addition to the five hundred twenty five hours of service
36 permitted under subsection (2) of this section, a retired administrator
37 or retired teacher may also serve as a substitute administrator up to
38 an additional one hundred five hours per school year without reduction
39 of pension if a school district board of directors adopts a resolution

1 ~~declaring that the services of a retired administrator or retired~~
2 ~~teacher are necessary because it cannot find a replacement~~
3 ~~administrator to fill a vacancy. The resolution shall be valid only~~
4 ~~for the school year in which it is adopted. The district shall forward~~
5 ~~a copy of the resolution with the name of the retired administrator or~~
6 ~~retired teacher who has been employed as a substitute administrator to~~
7 ~~the department.~~

8 ~~(5) In addition to the five hundred twenty five hours of service~~
9 ~~permitted under subsection (2) of this section and the one hundred five~~
10 ~~hours permitted under subsection (4) of this section, a retired~~
11 ~~principal may also serve as a substitute principal up to an additional~~
12 ~~two hundred ten hours per school year without a reduction of pension if~~
13 ~~a school district board of directors adopts a resolution declaring that~~
14 ~~the services of a retired principal are necessary because it cannot~~
15 ~~find a replacement principal to fill a vacancy. The resolution shall~~
16 ~~be valid only for the school year in which it is adopted. The district~~
17 ~~shall forward a copy of the resolution with the name of the retired~~
18 ~~principal who has been employed as a substitute principal to the~~
19 ~~department.~~

20 ~~(6) Subsection (2) of this section shall apply to all persons~~
21 ~~governed by the provisions of plan 1, regardless of the date of their~~
22 ~~retirement, but shall apply only to benefits payable after June 11,~~
23 ~~1986.~~

24 ~~(7) Subsection (3) of this section shall apply to all persons~~
25 ~~governed by the provisions of plan 1, regardless of the date of their~~
26 ~~retirement, but shall only apply to benefits payable after September 1,~~
27 ~~1994)), after the retiree has rendered service for more than one~~
28 ~~thousand five hundred hours in a school year.~~

29 ~~(3) The department shall collect and provide the state actuary with~~
30 ~~information relevant to the use of this section for the joint committee~~
31 ~~on pension policy.~~

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

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

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

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

11 (2)(a) A retiree from plan 1 who has satisfied the break in
12 employment requirement of subsection (1) of this section and who enters
13 employment with an employer may continue to receive pension payments
14 while engaged in such service for up to one thousand five hundred hours
15 of service in a calendar year without a reduction of pension.

16 (b) A retiree from plan 2 or plan 3 who has satisfied the break in
17 employment requirement of subsection (1) of this section((7)) may work
18 up to ((five months per)) eight hundred sixty-seven hours in a calendar
19 year in an eligible position without suspension of his or her benefit.

20 (3) If the retiree opts to reestablish membership under RCW
21 41.40.023(12), he or she terminates his or her retirement status and
22 becomes a member. Retirement benefits shall not accrue during the
23 period of membership and the individual shall make contributions and
24 receive membership credit. Such a member shall have the right to again
25 retire if eligible in accordance with RCW 41.40.180. However, if the
26 right to retire is exercised to become effective before the member has
27 rendered two uninterrupted years of service, the retirement formula and
28 survivor options the member had at the time of the member's previous
29 retirement shall be reinstated.

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

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

37 NEW SECTION. Sec. 5. Sections 2 and 3 of this act expire June 30,
38 2004.

1 NEW SECTION. **Sec. 6.** Section 4 of this act expires December 31,
2 2004.

3 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.40 RCW
4 under subchapter heading "plan 1" to read as follows:

5 Upon attainment of age seventy and one-half, an employed member of
6 plan 1 may, subject to this section, apply for the retirement benefit
7 the member is otherwise eligible to receive. The retirement benefit
8 shall begin to accrue on the first day of the calendar month following
9 the month that a member applies for a retirement benefit and has
10 attained age seventy and one-half. The benefit shall be calculated in
11 accordance with the rules of plan 1, except that the member may
12 continue to be employed. Upon retirement the retiree shall no longer
13 be an active member and shall not make contributions, nor receive
14 service credit, for future periods of employment while receiving his or
15 her retirement allowance.

16 NEW SECTION. **Sec. 8.** The office of the state actuary shall review
17 the actuarial impact of the temporary expansion of the postretirement
18 employment limitations provided by sections 3 and 4 of this act. No
19 later than July 1, 2003, the state actuary shall prepare a report for
20 the joint committee on pension policy regarding the fiscal and policy
21 impacts of this act. The joint committee shall solicit information
22 from the superintendent of public instruction, the department of
23 personnel, the office of financial management, the department of
24 retirement systems, and the health care authority regarding the program
25 impacts of this act and shall report to the legislative fiscal
26 committees no later than October 1, 2003, on any proposed changes or
27 improvements to this act. The joint committee shall propose
28 legislation for the 2004 session that provides a mechanism for charging
29 those employers who have employed retirees pursuant to the authority
30 granted in this act any costs incurred by the retirement systems as a
31 result of this act.

32 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
33 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect
2 July 1, 2001.

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