
SENATE BILL 5742

State of Washington

58th Legislature

2003 Regular Session

By Senators Honeyford, Benton and Esser

Read first time 02/10/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to procedures for rehiring retirees of the public
2 employees' retirement system plan 1 and the teachers' retirement system
3 plan 1; amending RCW 41.32.570, 41.40.037, 43.09.050, 43.09.245,
4 43.09.260, and 43.09.290; adding a new section to chapter 41.04 RCW;
5 repealing 2001 c 317 s 1; and providing an expiration date.

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

7 **Sec. 1.** RCW 41.32.570 and 2001 2nd sp.s. c 10 s 3 are each amended
8 to read as follows:

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

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

1 (2)(a) Any retired teacher or retired administrator who enters
2 service in any public educational institution in Washington state and
3 who has satisfied the break in employment requirement of subsection (1)
4 of this section and has been separated for less than three months shall
5 cease to receive pension payments while engaged in such service, after
6 the retiree has rendered service for more than (~~one thousand five~~)
7 eight hundred sixty-seven hours in a school year.

8 (b) Any retired teacher who enters service in any public
9 educational institution in Washington state and who has been separated
10 for at least three months shall cease to receive pension payments while
11 engaged in such service, after the retiree has rendered service for
12 more than one thousand five hundred hours in a school year. When a
13 retired teacher (~~or administrator~~) renders service beyond eight
14 hundred sixty-seven hours, the department shall collect from the
15 employer the applicable employer retirement contributions for the
16 entire duration of the member's employment during that fiscal year.

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

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

24 NEW SECTION. Sec. 2. 2001 c 317 s 1 is repealed.

25 **Sec. 3.** RCW 41.40.037 and 2001 2nd sp.s. c 10 s 4 are each amended
26 to read as follows:

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

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

1 (2)(a) A retiree from plan 1 who has satisfied the break in
2 employment requirement of subsection (1) of this section, has been
3 separated for less than three months, and who enters employment with an
4 employer may continue to receive pension payments while engaged in such
5 service for up to (~~one thousand five~~) eight hundred sixty-seven hours
6 of service in a calendar year without a reduction of pension.

7 (b) A retiree from plan 1 who has been separated for at least three
8 months and who enters employment with an employer may continue to
9 receive pension payments while engaged in such service for up to one
10 thousand five hundred hours of service in a calendar year without a
11 reduction of pension. When a plan 1 member renders service beyond
12 eight hundred sixty-seven hours, the department shall collect from the
13 employer the applicable employer retirement contributions for the
14 entire duration of the member's employment during that calendar year.

15 (~~(b)~~) (c) A retiree from plan 2 or plan 3 who has satisfied the
16 break in employment requirement of subsection (1) of this section may
17 work up to eight hundred sixty-seven hours in a calendar year in an
18 eligible position, as defined in RCW 41.32.010, 41.35.010, or
19 41.40.010, or as a fire fighter or law enforcement officer, as defined
20 in RCW 41.26.030, without suspension of his or her benefit.

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

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

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

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.04 RCW
2 to read as follows:

3 (1) Employers as defined in RCW 41.32.010 shall:

4 (a) Submit a report on April 1 of each year to their educational
5 service districts documenting disciplines in which there are specific
6 teacher shortages;

7 (b) Establish specific human resource policies regarding the hiring
8 of retirees and publish those policies in their human resource manual
9 and attach a document containing those policies to each job
10 announcement. Among those policies must be the requirement that only
11 in those disciplines where there are documented shortages under (a) of
12 this subsection may a retiree be rehired under RCW 41.32.570(2)(b).

13 (2) Employers as defined in RCW 41.40.010 shall establish specific
14 human resource policies regarding the hiring of retirees and publish
15 those policies in their human resource manual and attach a document
16 containing those policies to each job announcement. Among those
17 policies must be the requirement that final approval for hiring a
18 retiree returning to the employer from which they retired must come
19 from the highest public officer of the employer.

20 (3) Employers shall keep recruitment and interviewing records of
21 each human resource transaction in which a retiree was rehired. These
22 records may be subject to audit under chapter 43.09 RCW.

23 **Sec. 5.** RCW 43.09.050 and 1992 c 118 s 6 are each amended to read
24 as follows:

25 The auditor shall:

26 (1) Except as otherwise specifically provided by law, audit the
27 accounts of all collectors of the revenue and other holders of public
28 money required by law to pay the same into the treasury;

29 (2) In his or her discretion, inspect the books of any person
30 charged with the receipt, safekeeping, and disbursement of public
31 moneys;

32 (3) Investigate improper governmental activity under chapter 42.40
33 RCW;

34 (4) Audit governmental compliance with RCW 41.32.570(2)(b) and
35 41.40.037(2)(b) and policies adopted under section 4 of this act;

36 (5) Inform the attorney general in writing of the necessity for the
37 attorney general to direct prosecutions in the name of the state for

1 all official delinquencies in relation to the assessment, collection,
2 and payment of the revenue, against all persons who, by any means,
3 become possessed of public money or property, and fail to pay over or
4 deliver the same, and against all debtors of the state;

5 ~~((+5))~~ (6) Give information in writing to the legislature,
6 whenever required, upon any subject relating to the financial affairs
7 of the state, or touching any duties of his or her office;

8 ~~((+6))~~ (7) Report to the director of financial management in
9 writing the names of all persons who have received any moneys belonging
10 to the state, and have not accounted therefor;

11 ~~((+7))~~ (8) Authenticate with his or her official seal papers
12 issued from his or her office;

13 ~~((+8))~~ (9) Make his or her official report annually on or before
14 the 31st of December.

15 **Sec. 6.** RCW 43.09.245 and 1995 c 301 s 14 are each amended to read
16 as follows:

17 The state auditor has the power to examine all the financial
18 affairs of every local government and its officers and employees
19 including compliance with RCW 41.32.570(2)(b) and 41.40.037(2)(b).

20 **Sec. 7.** RCW 43.09.260 and 1995 c 301 s 15 are each amended to read
21 as follows:

22 The examination of the financial affairs of all local governments
23 including compliance with RCW 41.32.570(2)(b) and 41.40.037(2)(b) shall
24 be made at such reasonable, periodic intervals as the state auditor
25 shall determine. However, an examination of the financial affairs of
26 all local governments shall be made at least once in every three years,
27 and an examination of individual local government health and welfare
28 benefit plans and local government self-insurance programs shall be
29 made at least once every two years. The term local governments for
30 purposes of this chapter includes but is not limited to all counties,
31 cities, and other political subdivisions, municipal corporations, and
32 quasi-municipal corporations, however denominated.

33 The state auditor shall establish a schedule to govern the auditing
34 of local governments which shall include: A designation of the various
35 classifications of local governments; a designation of the frequency

1 for auditing each type of local government; and a description of events
2 which cause a more frequent audit to be conducted.

3 On every such examination, inquiry shall be made as to the
4 financial condition and resources of the local government; whether the
5 Constitution and laws of the state, the ordinances and orders of the
6 local government, and the requirements of the state auditor have been
7 properly complied with; and into the methods and accuracy of the
8 accounts and reports.

9 A report of such examination shall be made and filed in the office
10 of state auditor, and one copy shall be transmitted to the local
11 government. A copy of any report containing findings of noncompliance
12 with state law shall be transmitted to the attorney general. If any
13 such report discloses malfeasance, misfeasance, or nonfeasance in
14 office on the part of any public officer or employee, within thirty
15 days from the receipt of his or her copy of the report, the attorney
16 general shall institute, in the proper county, such legal action as is
17 proper in the premises by civil process and prosecute the same to final
18 determination to carry into effect the findings of the examination.

19 It shall be unlawful for any local government or the responsible
20 head thereof, to make a settlement or compromise of any claim arising
21 out of such malfeasance, misfeasance, or nonfeasance, or any action
22 commenced therefor, or for any court to enter upon any compromise or
23 settlement of such action, without the written approval and consent of
24 the attorney general and the state auditor.

25 **Sec. 8.** RCW 43.09.290 and 1995 c 301 s 21 are each amended to read
26 as follows:

27 For the purposes of RCW 43.09.290 through 43.09.340 and 43.09.410
28 through 43.09.418, post-audit means an audit of compliance with RCW
29 41.32.570(2)(b) and 41.40.037(2)(b) and an audit of the books, records,
30 funds, accounts, and financial transactions of a state agency for a
31 complete fiscal period; pre-audit means all other audits and
32 examinations; state agency means elective officers and offices, and
33 every other office, officer, department, board, council, committee,
34 commission, or authority of the state government now existing or
35 hereafter created, supported, wholly or in part, by appropriations from
36 the state treasury or funds under its control, or by the levy,
37 assessment, collection, or receipt of fines, penalties, fees, licenses,

1 sales of commodities, service charges, rentals, grants-in-aid, or other
2 income provided by law, and all state educational, penal, reformatory,
3 charitable, eleemosynary, or other institutions, supported, wholly or
4 in part, by appropriations from the state treasury or funds under its
5 control.

6 NEW SECTION. **Sec. 9.** Sections 5 through 8 of this act expire
7 December 31, 2007.

--- END ---