

SENATE BILL REPORT

SB 5852

As Passed Senate, March 7, 2011

Title: An act relating to the public employment of retirees from plan 1 of the teachers' retirement system and plan 1 of the public employees' retirement system.

Brief Description: Addressing the public employment of retirees from plan 1 of the teachers' retirement system and plan 1 of the public employees' retirement system.

Sponsors: Senators Hewitt and Brown.

Brief History:

Committee Activity: Ways & Means: 2/25/11 [DP, w/oRec].

Passed Senate: 3/07/11, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senator Holmquist Newbry.

Staff: Erik Sund (786-7454)

Background: The various plans of the Washington State Retirement System each contain rules prescribing the circumstances under which a retired employee may return to employment within a retirement system-covered position and continue to receive retirement benefits. Members of PERS, TRS, SERS, or PSERS who re-enter employment with an eligible employer within one month of retiring are subject to a benefit reduction. The reduction is equal to 5.5 percent of the monthly benefit for every eight hours worked that month and is applied until such time as the retiree remains absent from eligible employment for at least one full calendar month. Retirees from PERS, TRS, SERS, or PSERS who have been separated from service for one calendar month after their accrual date (the date a member's benefits begin) may work up to 867 hours per calendar year without a reduction in pension benefits. Retirees from TRS Plan 1 who have been separated for one and one-half

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month, or retirees from PERS Plan 1 who have been separated from service for three calendar months, and whose hiring meets specific approval and record-keeping requirements, may work up to 1500 hours per calendar year without a reduction in pension benefits. Once the 1500 hour limit is exceeded, pension benefits are suspended until the beginning of the next calendar year.

The number of years a PERS Plan 1 or TRS Plan 1 retiree may work for 1500 hours without a reduction in benefits is limited. Each retiree from these two plans may only work for a lifetime cumulative limit of 1900 hours beyond 867 hours per calendar year.

Summary of Bill: The expanded provisions for post-retirement employment in PERS Plan 1 and TRS Plan 1 are repealed prospectively. Members of PERS Plan 1 and TRS Plan 1 who retire on or after September 1, 2011, may not work more than 867 hours per calendar year in a retirement system-covered position without a reduction in pension benefits.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: We support this measure as it will help get unemployed teachers back to work. However, there are only about 5000 active employees in TRS 1; so, the impact of this proposal is limited, and we should go a step further.

CON: The regulations on post-retirement employment needed some cleanup; however, the regulation has already been tightened. This legislation will remove an important option for some small school districts in rural areas.

Persons Testifying: PRO: Randy Parr, Washington Education Association.

CON: John Kvamme, Washington Association of School Administrators, Association of Washington School Principals.