

# SENATE BILL REPORT

## 2SHB 1737

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As of February 19, 2016

**Title:** An act relating to the availability of retired teachers as substitutes.

**Brief Description:** Addressing the availability of retired teachers as substitutes.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Orcutt, Santos, Magendanz, Bergquist, Ortiz-Self, Kilduff, Kagi, Zeiger, Tarleton, Muri, Condotta and Pollet).

**Brief History:** Passed House: 3/09/15, 97-1; 1/25/16, 96-1.

**Committee Activity:** Early Learning & K-12 Education: 2/18/16.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Alia Kennedy (786-7405)

**Background:** The normal retirement age for members of Plans 2 and 3 of the Teachers' Retirement System (TRS) is age 65. TRS Plan 2 members with 20 years of service and TRS Plan 3 members with ten years of service can retire as early as age 55. Benefits paid to persons who retire early from TRS Plans 2 or 3 with less than 30 years of service are calculated using early retirement factors that provide a full actuarial reduction based on the number of years between the retirement age and age 65. For example a 27 percent reduction for retirement at age 62, or a 41 percent reduction for retirement at age 60.

Two early retirement factor options are available to TRS Plan 2 and 3 members who retire with 30 or more years of service. One of the options was created in 2000 and reduces benefits by 3 percent for each year in the period between the retirement age and age 65. For example a 9 percent reduction for retirement at age 62, or a 15 percent reduction for retirement at age 60. The other option that provides smaller benefit reductions was implemented in 2008 as a replacement for gain-sharing benefits. Under the 2008 early retirement factors, TRS Plan 2 and 3 members with 30 years of service may retire at age 62 with no reduction of benefit and at age 60 with a 5 percent reduction.

State law does not prohibit persons who retire from TRS Plans 2 or 3 from returning to work but it does limit when a retiree may work and continue receiving pension payments. In general, payments are suspended when a TRS retiree works more than 867 hours per year in a position included in TRS or another state retirement plan. However, payments are

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suspended immediately if a TRS Plan 2 or 3 retiree who retired using the 2008 early retirement factors returns to work in any kind of position with a state retirement plan employer prior to age 65. This includes returning to work as a substitute teacher.

**Summary of Bill:** Teachers that retired under the 2008 early retirement reduction factors of the Teachers' Retirement System Plans 2 or 3 and are less than 65 years of age may be employed as substitute teachers in an instructional capacity for up to 630 hours per school year without suspension of their retirement benefits. This provision allowing for the 630 hours of employment without suspension of benefits expires August 1, 2020. School districts employing retired substitute teachers under this provision must have a documented shortage of certified substitute teachers. The bill contains an emergency clause and takes effect immediately.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** There is a substitute teacher shortage. Retired teachers are locked out of filling those positions under the early retirement provisions. The bill is not intended to benefit those teachers who took the early retirement option, it is about helping students in the classroom. Retired teachers are able to provide quality instruction. Students deserve a good education even when their regular teacher is absent. Classroom management and familiarity with curriculum is vital to move the needle forward on student growth. Qualified teachers keep kids on track. Superintendent Dorn supports the bill but requests the addition of teacher mentoring as an allowable activity and removal or expansion on the limit of hours a retired teacher is allowed to return to work. Because there are so few qualified retired teachers, the limited allowable hours will be exhausted quickly.

**Persons Testifying:** PRO: Representative Orcutt, prime sponsor; Alex Hur, Office of the Superintendent of Public Instruction; Fred Yancey, Washington Association of School Administrators and the Association of Washington School Principals; Jon Davidson, Member of the Teachers' Retirement System Plan 2; Gene Sementi, West Valley School District and the Eastern Washington Quality Schools Coalition; Kelly Shea, East Valley School District and the Eastern Washington Quality Schools Coalition; Jene (Jenna) Jones, League of Education Voters; Mitch Denning, Alliance of Educational Associations.

**Persons Signed In To Testify But Not Testifying:** No one.