

SENATE BILL REPORT

SB 5601

As of February 15, 2017

Title: An act relating to teachers' postretirement employment options.

Brief Description: Concerning teachers' postretirement employment options.

Sponsors: Senators Darneille, Hasegawa, Wellman, Chase and Saldaña.

Brief History:

Committee Activity: Early Learning & K-12 Education: 2/09/17.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Expands postretirement employment options for teachers.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Staff: Alia Kennedy (786-7405)

Background: Teachers Retirement System. 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 10 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, there is a 27 percent reduction of benefits for retirement at age 62, and a 41 percent reduction of benefits 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, there is a 9 percent reduction of benefits for retirement at age 62, and a 15 percent reduction of benefits 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 benefits, and at age 60 with a 5 percent reduction.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 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 prior to age 65. This includes returning to work as a substitute teacher.

Postretirement Employment. Legislation passed in 2016 allows retired teachers who retired under an early retirement option to return to work exclusively as substitute teachers in an instructional capacity for up to 867 hours per school year without suspension of their retirement benefits. School districts must compensate substitute teachers at rate that is at least 85 percent of the full daily amount allocated by the state for substitute teacher compensation.

For purposes of postretirement employment, a substitute teacher is a teacher who is hired by an employer to work as a temporary teacher.

A teacher is defined as any person qualified to teach who is engaged by a public school in an instructional, administrative, or supervisory capacity. The term includes state, educational service district, and school district superintendents and their assistants, and all employees certificated by the Office of the Superintendent of Public Instruction (OSPI). OSPI certifies teachers, administrators, and educational staff associates. Educational staff associates are school employees who work in a variety of positions, including school counselors, psychologists, social workers, nurses, physical therapists, occupational therapists, and speech pathologists.

Summary of Bill: A retired teacher who retired under an early retirement option may return to work exclusively as substitute teachers in any qualifying capacity without suspension of their retirement benefits.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: This bill addresses the capacity of schools to provide resources needed to deal with students, which is sometimes classroom or extracurricular related, but also needed to deal with mental health issues. The bill expands legislation created last year so that it would allow individuals to come back in both an administrative and educational service associate capacity, including counselors.

Persons Testifying: PRO: Senator Jeannie Darneille, Prime Sponsor; Fred Yancey, Washington State School Retirees Association; Joseph Dyczkowski, Retired Counselor.

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