

HOUSE BILL REPORT

ESHB 1699

As Amended by the Senate

Title: An act relating to permitting individuals retired from the public employees retirement system, the teachers retirement system, and the school employees retirement system additional opportunities to work for a school district for up to 1,040 hours per school year while in receipt of pension benefits until July 1, 2025.

Brief Description: Permitting individuals retired from the public employees retirement system, the teachers retirement system, and the school employees retirement system additional opportunities to work for a school district for up to 1,040 hours per school year while in receipt of pension benefits until July 1, 2025.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Bergquist, Volz, Ryu, Leavitt, Chase, Robertson, Graham, Springer, Sells, Valdez, Dolan, Paul, Callan, Gilday, Goodman, Taylor, Macri, Ramos, Santos, Pollet, Griffey, Riccelli, Frame and Kloba).

Brief History:

Committee Activity:

Appropriations: 1/20/22, 1/25/22 [DPS].

Floor Activity:

Passed House: 2/8/22, 93-3.

Senate Amended.

Passed Senate: 3/10/22, 45-4.

Brief Summary of Engrossed Substitute Bill

- Provides retirees in the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System the opportunity to continue receiving retirement benefits while working for a school district in a nonadministrative position for 1,040 hours per year.
- Provides members of the Teachers' Retirement System retired before

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

January 1, 2022, the opportunity to use the 1,040 hour per year provisions in District Superintendent or in-school administrator positions, as well as nonadministrative positions.

- Expires the expanded postretirement employment provision on July 1, 2025.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 32 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: David Pringle (786-7310).

Background:

The normal retirement age for members of Plans 2 and 3 of the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS) and the School Employees' Retirement System (SERS) is age 65. The PERS, TRS, and SERS Plan 2 members with 20 years of service may retire as early as age 55 at actuarially reduced rates. The PERS, TRS, and SERS Plan 3 members with 10 years of service can similarly retire as early as age 55. Benefits paid to persons who retire early from the PERS, TRS, and SERS 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.

For individuals first employed before May 1, 2013, two early retirement factor options are available to the PERS, TRS, and SERS 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 (ERF), PERS, TRS, and SERS 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. For individuals first employed on or after May 1, 2013, a 5 percent per year reduction for each year in the period between the retirement age and age 65 is available for

employees retiring with 30 or more years of service.

The PERS and TRS Plans 1 closed to new members in 1977. Both plans provided for full retirement at earlier ages than the Plans 2 and 3, including after 30 years of service at any age, and at age 55 with 25 years of service. Neither Plan 1 provided for earlier retirement at reduced benefit amounts.

In 2016 the Legislature temporarily removed the benefit restrictions related to reemployment of TRS Plan 2 and 3 retirees that utilized the 2008 early reduction factors. This permitted retired TRS Plan 2 and 3 members to work for up to 867 hours per school year as substitute teachers in an instructional capacity without suspension of retirement benefits. This provision was written to expire in 2021, however, in 2019 the Legislature removed the expiration of the provision, added SERS Plan 2 and 3 retirees in similar circumstances, and required that the retiree be employed in a nonadministrative position.

Summary of Engrossed Substitute Bill:

Retirees from the Public Employees' Retirement System (PERS), the School Employees' Retirement System Plans (SERS), and the Teachers' Retirement System (TRS) may continue to receive benefits while working for a school district in a nonadministrative position for up to 1,040 hours per year.

In addition to nonadministrative positions, members of the TRS retired before January 1, 2022, may continue to receive benefits for up to 1,040 hours per year while working District Superintendent or in-school administrator positions.

Both the provisions in PERS, SERS, and TRS related to nonadministrative positions and TRS related to District Superintendent or in-school administrator positions expire July 1, 2025.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment corrects references from school year to calendar year. The amendment also provides that the Legislature's reservation of rights to amend or repeal this added benefit also applies to provisions allowing certain school administrators to return to work for additional hours while continuing to collect a retirement benefit.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

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

Staff Summary of Public Testimony:

(In support) This bill is attempting to solve part of the widespread substitute teacher shortage that is occurring in our schools right now. This would increase both the TRS and SERS hours but allow PERS retirees to work in positions like substitute bus drivers without affecting their pensions. Two reasons that the bill should be supported: to increase the number of substitutes available and allow those qualified substitutes to work more, reducing the revolving door of substitutes. Some schools and districts have faced closures over the lack of substitutes. School leaders have been struggling with shortages, particularly a shortage of bus drivers. One suggestion was even to call out the National Guard to drive buses. This bill is a better tool to address school district staffing shortages. Student support services -including paraeducators- have been displaced and shortages have been created. There are no signs that this shortage is about to end. North Thurston Public Schools are experiencing real shortages and are in support of this bill. Every tool at our disposal should be employed. Representative Ormsby has been substituting some at his local school lately. Adding administrators to the bill should be considered, at least at the building level. Schools are battling to remain open in the face of the pandemic. This bill offers some help with a simple fix. The retired workforce can add additional depth to the substitute pool. The sunset is only in 2025. The nine Educational Service Districts in the state are hearing every day about how schools are struggling to maintain the staffing levels needed to keep schools open. In Port Orchard last week, the schools were closed for five days because 15 percent of staff were out due to illness and the substitute pool was already depleted.

(Opposed) None.

Persons Testifying: Representative Steve Bergquist, prime sponsor; Michelle Nims, Washington State PTA; Charlie Brown, Tacoma School District; Rick Chisa, Public School Employees of Washington; Charlie Burleigh, North Thurston Public Schools; Jim Kowalkowski, Davenport Schools & Rural Ed Center; Grifan Cayce, Educational Service Districts 105 Schools Advocacy Coalition; and Michael Dunn, Association of Educational Service Districts.

Persons Signed In To Testify But Not Testifying: None.