

# SENATE BILL REPORT

## SB 5801

---

As Reported by Senate Committee On:  
Ways & Means, February 26, 2019

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

**Brief Description:** Concerning teachers' postretirement employment options.

**Sponsors:** Senators Wellman, Rivers, Darneille and Kuderer.

**Brief History:**

**Committee Activity:** Ways & Means: 2/20/19, 2/26/19 [DPS, DNP, w/oRec].

**Brief Summary of First Substitute Bill**

- Expands postretirement employment options for teachers that took early retirement to return to work.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5801 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen and Van De Wege.

**Minority Report:** Do not pass.

Signed by Senators Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Schoesler and Wagoner.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Brown, Assistant Ranking Member, Operating; Warnick and Wilson, L..

**Staff:** Amanda Cecil (786-7460)

**Background:** The normal retirement age for members of Plans 2 and 3 of the Teachers Retirement System (TRS) is age sixty-five. TRS Plan 2 members with 20 years of service

---

*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.*

and TRS Plan 3 members with 10 years of service can retire as early as age fifty-five. 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 sixty-five. For example, there is a 27 percent reduction of benefits for retirement at age sixty-two, and a 41 percent reduction of benefits for retirement at age sixty.

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 sixty-five. For example, there is a 9 percent reduction of benefits for retirement at age sixty-two, and a 15 percent reduction of benefits for retirement at age sixty. 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 sixty-two with no reduction of benefits, and at age sixty 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 benefits. In general, benefits are suspended when a TRS retiree works more than 867 hours in a year in a position included in TRS or another state retirement plan. However, benefits 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 sixty-five.

Legislation passed in 2016, allows retired teachers who retired under an early retirement option to return to work prior to reaching age sixty-five exclusively as substitute teachers for up to 867 hours per school year without suspension of their retirement benefits until August 1, 2020.

**Summary of Bill (First Substitute):** Until June 30, 2023, in addition to returning to work as a substitute teacher, a retired teacher who retired under an early retirement option may be employed as an athletic coach, a mentors to teachers, an adviser to students in teacher preparation programs, or a counselor for up to 867 hours per school year without suspension of pension benefits.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):**

- Aligns dates so that the expansion under the bill is effective until June 30, 2023.

**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 on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: This bill is a limited approach to help address the teacher shortage. It should be expanded from the current list to also allow bus drivers and other non-instructional positions.

CON: This bill should be expanded to include the other job types and retirement systems the way that SB 5430 does and should use the DRS approved wording.

OTHER: This bill should be amended to clarify that in order to come back as a counselor you must have worked as a counselor before retiring.

**Persons Testifying:** PRO: Senator Lisa Wellman, Prime Sponsor; Nancy Chamberlain, Washington State PTA; Julie Salvi, Washington Education Association.

CON: Fred Yancey, Washington State School Retirees' Association and Washington Association of School Administrators and Association of Washington Principals.

OTHER: Amy Brackenbury, Washington School Counselors Association.

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