
SUBSTITUTE SENATE BILL 5286

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Prentice and Doumit)

READ FIRST TIME 03/08/05.

1 AN ACT Relating to restricting the job classifications eligible for
2 postretirement employment for members of the public employees'
3 retirement system plan 1 and the teachers' retirement system plan 1;
4 amending RCW 41.32.570 and 41.40.037; reenacting and amending RCW
5 41.40.037; creating new sections; providing an effective date;
6 providing an expiration date; and declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 41.32.570 and 2003 c 295 s 6 are each amended to read
9 as follows:

10 (1)(a) If a retiree enters employment with an employer sooner than
11 one calendar month after his or her accrual date, the retiree's monthly
12 retirement allowance will be reduced by five and one-half percent for
13 every seven hours worked during that month. This reduction will be
14 applied each month until the retiree remains absent from employment
15 with an employer for one full calendar month.

16 (b) The benefit reduction provided in (a) of this subsection will
17 accrue for a maximum of one hundred forty hours per month. Any monthly
18 benefit reduction over one hundred percent will be applied to the
19 benefit the retiree is eligible to receive in subsequent months.

1 (2) Except as provided in subsection (3) of this section, any
2 retired teacher or retired administrator who enters service in any
3 public educational institution in Washington state ((and who has
4 satisfied the break in employment requirement of subsection (1) of this
5 section)) at least one calendar month after his or her accrual date
6 shall cease to receive pension payments while engaged in such service,
7 after the retiree has rendered service for more than ((one thousand
8 five hundred)) eight hundred sixty-seven hours in a school year. When
9 a retired teacher or administrator renders service beyond eight hundred
10 sixty-seven hours, the department shall collect from the employer the
11 applicable employer retirement contributions for the entire duration of
12 the member's employment during that fiscal year.

13 (3) Any retired teacher or retired administrator who enters service
14 in any public educational institution in Washington state one and one-
15 half calendar months or more after his or her accrual date and:

16 (a) Is hired into a special education, science, or mathematics
17 position for which the school board has documented a justifiable need
18 to hire a retiree;

19 (b) Is hired through the established process, with public
20 advertising, for the position with the approval of the school board of
21 the prospective employer; and

22 (c) The employer retains records of the procedures followed and the
23 decisions made in hiring the retired teacher or retired administrator
24 and provides those records in the event of an audit;
25 shall cease to receive pension payments while engaged in that service
26 after the retiree has rendered service for more than one thousand five
27 hundred hours in a school year.

28 (4) The department shall collect and provide the state actuary with
29 information relevant to the use of this section for the select
30 committee on pension policy. By December 1st of each year, the
31 superintendent of public instruction may recommend to the appropriate
32 legislative fiscal committees a list of employment positions to be
33 considered by the legislature for inclusion in subsection (3) of this
34 section. In the case of each position, the recommendation shall
35 include a documented and justifiable need to hire retirees into that
36 position.

37 ((+4)) (5) The legislature reserves the right to amend or repeal

1 this section in the future and no member or beneficiary has a
2 contractual right to be employed for more than five hundred twenty-five
3 hours per year without a reduction of his or her pension.

4 NEW SECTION. **Sec. 2.** A retiree from plan 1 of the teachers'
5 retirement system who entered employment with an employer under RCW
6 41.32.570(2) as it existed prior to its amendment by chapter . . . ,
7 Laws of 2005 (this act) may continue to receive pension payments,
8 subject to the terms and conditions of that statute, until December 31,
9 2005.

10 **Sec. 3.** RCW 41.40.037 and 2003 c 412 s 5 and 2003 c 295 s 7 are
11 each reenacted and amended to read as follows:

12 (1)(a) If a retiree enters employment with an employer sooner than
13 one calendar month after his or her accrual date, the retiree's monthly
14 retirement allowance will be reduced by five and one-half percent for
15 every eight hours worked during that month. This reduction will be
16 applied each month until the retiree remains absent from employment
17 with an employer for one full calendar month.

18 (b) The benefit reduction provided in (a) of this subsection will
19 accrue for a maximum of one hundred sixty hours per month. Any benefit
20 reduction over one hundred percent will be applied to the benefit the
21 retiree is eligible to receive in subsequent months.

22 (2)(a) Except as provided in (b) of this subsection, a retiree from
23 plan 1 who enters employment with an employer at least one calendar
24 month after his or her accrual date may continue to receive pension
25 payments while engaged in such service for up to eight hundred sixty-
26 seven hours of service in a calendar year without a reduction of
27 pension.

28 (b) A retiree from plan 1 who enters employment with an employer at
29 least three calendar months after his or her accrual date and:

30 (i) Is hired into (~~a position for which the employer has~~
31 ~~documented a justifiable need to hire a retiree into the position~~) one
32 of the following employment positions: Actuary, including an actuary
33 associate, correctional health specialist, dentist, pharmacist,
34 physician, public health advisor, radiation health physicist, or
35 radiology technician;

1 (ii) Is hired through the established process, with public
2 advertising, for the position with the approval of: A school board for
3 a school district; the chief executive officer of a state agency
4 employer; the secretary of the senate for the senate; the chief clerk
5 of the house of representatives for the house of representatives; the
6 secretary of the senate and the chief clerk of the house of
7 representatives jointly for the joint legislative audit and review
8 committee, the legislative transportation committee, the joint
9 committee on pension policy, the legislative evaluation and
10 accountability program, the legislative systems committee, and the
11 statute law committee; or according to rules adopted for the rehiring
12 of retired plan 1 members for a local government employer, including
13 public advertising; and

14 (iii) The employer retains records of the procedures followed and
15 decisions made in hiring the retiree, and provides those records in the
16 event of an audit; ((and

17 ~~(iv) The employee has not already rendered a cumulative total of~~
18 ~~more than one thousand nine hundred hours of service while in receipt~~
19 ~~of pension payments beyond an annual threshold of eight hundred sixty-~~
20 ~~seven hours;))~~

21 shall cease to receive pension payments while engaged in that service
22 after the retiree has rendered service for more than one thousand five
23 hundred hours in a calendar year. ((~~The one thousand nine hundred hour~~
24 ~~cumulative total under this subsection applies prospectively to those~~
25 ~~retiring after July 27, 2003, and retroactively to those who retired~~
26 ~~prior to July 27, 2003, and shall be calculated from the date of~~
27 ~~retirement.))~~

28 (c) When a plan 1 member renders service beyond eight hundred
29 sixty-seven hours, the department shall collect from the employer the
30 applicable employer retirement contributions for the entire duration of
31 the member's employment during that calendar year.

32 (d) A retiree from plan 2 or plan 3 who has satisfied the break in
33 employment requirement of subsection (1) of this section may work up to
34 eight hundred sixty-seven hours in a calendar year in an eligible
35 position, as defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as
36 a fire fighter or law enforcement officer, as defined in RCW 41.26.030,
37 without suspension of his or her benefit.

1 (3) If the retiree opts to reestablish membership under RCW
2 41.40.023(12), he or she terminates his or her retirement status and
3 becomes a member. Retirement benefits shall not accrue during the
4 period of membership and the individual shall make contributions and
5 receive membership credit. Such a member shall have the right to again
6 retire if eligible in accordance with RCW 41.40.180. However, if the
7 right to retire is exercised to become effective before the member has
8 rendered two uninterrupted years of service, the retirement formula and
9 survivor options the member had at the time of the member's previous
10 retirement shall be reinstated.

11 (4) The department shall collect and provide the state actuary with
12 information relevant to the use of this section for the select
13 committee on pension policy. By December 1st of each year, the
14 department of personnel, the superintendent of public instruction, and
15 any other employer listed in subsection (2)(b) of this section may
16 recommend to the appropriate legislative fiscal committees a list of
17 employment positions to be considered by the legislature for inclusion
18 in subsection (2)(b) of this section. In the case of each position,
19 the recommendation shall include a documented and justifiable need to
20 hire retirees into that position.

21 (5) The legislature reserves the right to amend or repeal this
22 section in the future and no member or beneficiary has a contractual
23 right to be employed for more than five months in a calendar year
24 without a reduction of his or her pension.

25 **Sec. 4.** RCW 41.40.037 and 2004 c 242 s 63 are each amended to read
26 as follows:

27 (1)(a) If a retiree enters employment with an employer sooner than
28 one calendar month after his or her accrual date, the retiree's monthly
29 retirement allowance will be reduced by five and one-half percent for
30 every eight hours worked during that month. This reduction will be
31 applied each month until the retiree remains absent from employment
32 with an employer for one full calendar month.

33 (b) The benefit reduction provided in (a) of this subsection will
34 accrue for a maximum of one hundred sixty hours per month. Any benefit
35 reduction over one hundred percent will be applied to the benefit the
36 retiree is eligible to receive in subsequent months.

1 (2)(a) Except as provided in (b) of this subsection, a retiree from
2 plan 1 who enters employment with an employer at least one calendar
3 month after his or her accrual date may continue to receive pension
4 payments while engaged in such service for up to eight hundred sixty-
5 seven hours of service in a calendar year without a reduction of
6 pension.

7 (b) A retiree from plan 1 who enters employment with an employer at
8 least three calendar months after his or her accrual date and:

9 (i) Is hired into ~~((a position for which the employer has
10 documented a justifiable need to hire a retiree into the position))~~ one
11 of the following employment positions: Actuary, including an actuary
12 associate, correctional health specialist, dentist, pharmacist,
13 physician, public health advisor, radiation health physicist, or
14 radiology technician;

15 (ii) Is hired through the established process, with public
16 advertising, for the position with the approval of: A school board for
17 a school district; the chief executive officer of a state agency
18 employer; the secretary of the senate for the senate; the chief clerk
19 of the house of representatives for the house of representatives; the
20 secretary of the senate and the chief clerk of the house of
21 representatives jointly for the joint legislative audit and review
22 committee, the legislative transportation committee, the joint
23 committee on pension policy, the legislative evaluation and
24 accountability program, the legislative systems committee, and the
25 statute law committee; or according to rules adopted for the rehiring
26 of retired plan 1 members for a local government employer, including
27 public advertising; and

28 (iii) The employer retains records of the procedures followed and
29 decisions made in hiring the retiree, and provides those records in the
30 event of an audit; ~~((and~~

31 ~~(iv) The employee has not already rendered a cumulative total of
32 more than one thousand nine hundred hours of service while in receipt
33 of pension payments beyond an annual threshold of eight hundred sixty-
34 seven hours;))~~

35 shall cease to receive pension payments while engaged in that service
36 after the retiree has rendered service for more than one thousand five
37 hundred hours in a calendar year. ~~((The one thousand nine hundred hour
38 cumulative total under this subsection applies prospectively to those~~

1 ~~retiring after July 27, 2003, and retroactively to those who retired~~
2 ~~prior to July 27, 2003, and shall be calculated from the date of~~
3 ~~retirement.))~~

4 (c) When a plan 1 member renders service beyond eight hundred
5 sixty-seven hours, the department shall collect from the employer the
6 applicable employer retirement contributions for the entire duration of
7 the member's employment during that calendar year.

8 (d) A retiree from plan 2 or plan 3 who has satisfied the break in
9 employment requirement of subsection (1) of this section may work up to
10 eight hundred sixty-seven hours in a calendar year in an eligible
11 position, as defined in RCW 41.32.010, 41.35.010, 41.37.010, or
12 41.40.010, or as a fire fighter or law enforcement officer, as defined
13 in RCW 41.26.030, without suspension of his or her benefit.

14 (3) If the retiree opts to reestablish membership under RCW
15 41.40.023(12), he or she terminates his or her retirement status and
16 becomes a member. Retirement benefits shall not accrue during the
17 period of membership and the individual shall make contributions and
18 receive membership credit. Such a member shall have the right to again
19 retire if eligible in accordance with RCW 41.40.180. However, if the
20 right to retire is exercised to become effective before the member has
21 rendered two uninterrupted years of service, the retirement formula and
22 survivor options the member had at the time of the member's previous
23 retirement shall be reinstated.

24 (4) The department shall collect and provide the state actuary with
25 information relevant to the use of this section for the select
26 committee on pension policy. By December 1st of each year, the
27 department of personnel, the superintendent of public instruction, and
28 any other employer listed in subsection (2)(b) of this section may
29 recommend to the appropriate legislative fiscal committees a list of
30 employment positions to be considered by the legislature for inclusion
31 in subsection (2)(b) of this section. In the case of each position,
32 the recommendation shall include a documented and justifiable need to
33 hire retirees into that position.

34 (5) The legislature reserves the right to amend or repeal this
35 section in the future and no member or beneficiary has a contractual
36 right to be employed for more than five months in a calendar year
37 without a reduction of his or her pension.

1 NEW SECTION. **Sec. 5.** A retiree from plan 1 of the public
2 employees' retirement system who entered employment with an employer
3 under RCW 41.40.037(2)(b) as it existed prior to its amendment by
4 chapter . . . , Laws of 2005 (this act) may continue to receive pension
5 payments, subject to the terms and conditions of that statute, until
6 December 31, 2005.

7 NEW SECTION. **Sec. 6.** If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or the application of the provision to other
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and takes effect
14 immediately, except for section 4 of this act which takes effect July
15 1, 2006.

16 NEW SECTION. **Sec. 8.** Section 3 of this act expires July 1, 2006.

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