

SENATE BILL REPORT

SB 5310

As Reported by Senate Committee On:
Ways & Means, January 31, 2018

Title: An act relating to retired teachers working as coaches.

Brief Description: Addressing retired teachers working as coaches. [**Revised for 1st Substitute:** Concerning teachers' postretirement employment options.]

Sponsors: Senators Hunt, Baumgartner and Mullet.

Brief History:

Committee Activity: Ways & Means: 1/16/18, 1/24/18, 1/25/18, 1/31/18 [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. 5310 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Braun, Ranking Member; Billig, Carlyle, Darneille, Fain, Hasegawa, Hunt, Keiser, Mullet, Palumbo, Pedersen, Ranker, Rivers and Van De Wege.

Minority Report: Do not pass.

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

Minority Report: That it be referred without recommendation.

Signed by Senators Brown and Warnick.

Staff: Amanda Cecil (786-7460)

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.

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 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.

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

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

Summary of Bill (First Substitute): 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 advisers 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): Expands the bill to also allow retired teachers to return to work as mentors to teachers, advisers to students in teacher preparation programs, and counselors without a suspension of their pension benefit. Clarifies that the coaches that are authorized in the underlying bill are athletic coaches.

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 allows other teachers to return to work in expanded capacities under the same narrow exemption that was created in 2016. Teachers with the most experience will be allowed to return to work in other important roles.

Persons Testifying: PRO: Senator Sam Hunt, Prime Sponsor; Julie Salvi, Washington Education Association; Alan Burke, Washington State School Retirees Association.

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