

# HOUSE BILL REPORT

## SB 5990

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**As Reported By House Committee On:**  
Appropriations

**Title:** An act relating to requiring public notice prior to entering into agreements to pay certain types of excess compensation.

**Brief Description:** Requiring public notice regarding excess compensation.

**Sponsors:** Senators Long, Bauer, Cantu, Rinehart, Newhouse, Winsley, Wood, Deccio, Johnson, Finkbeiner, Loveland and Hochstatter.

**Brief History:**

**Committee Activity:**

Appropriations: 3/29/95, 3/30/95 [DPA].

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass as amended. Signed by 28 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Brumsickle; Carlson; Chappell; Cooke; Crouse; G. Fisher; Foreman; Grant; Hargrove; Hickel; Jacobsen; Lambert; Lisk; McMorris; Poulsen; Rust; Sehlin; Sheahan; Talcott; Thibaudeau and Wolfe.

**Staff:** Dan Chang (786-7191).

**Background:** "Earnable compensation" for purposes of determining a state retirement system member's pension is generally defined as salaries and wages payable for services rendered to the employer. Certain leave cash outs can be included in the earnable compensation of members of the Public Employees' Retirement System (PERS) Plan I and the Teachers' Retirement System (TRS) Plan I.

"Excess compensation" is earnable compensation used in the calculation of the retirement benefit except regular salary, overtime and annual leave cash outs under 240 hours. Excess compensation includes, among other things, cash outs of annual leave in excess of 240 hours, sick leave cash outs, payments for or in lieu of personal expenses and termination or severance payments.

Two bills currently being considered by the Legislature (SHB 1082 and SSB 5118) clarify the definition of excess compensation to include payments in lieu of annual leave cash outs or transportation allowances, and payments that exceed twice the regular rate of pay.

Employers are responsible for paying the increased pension costs that arise from including excess compensation in earnable compensation.

**Summary of Amended Bill:** The governing body of an employer under PERS or TRS I must provide advance public notice before it enters into a contract or collective bargaining agreement which includes excess compensation that will be used in calculating pension benefits. The provisions of the proposed contract or agreement must be placed on the agenda for consideration at one public meeting. At the meeting, full disclosure must be made of the proposed cost to the employer. The provisions may be adopted only after the meeting.

**Amended Bill Compared to Original Bill:** The amended bill specifies that public notice is required only if compensation is used in calculating a retirement benefit. The amended bill drops any mention of the Law Enforcement and Fire Fighters' Retirement System (LEOFF). The amended bill reduces the required number of public meetings from two meetings to one meeting before the compensation change can be adopted.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill would allow the public to know that some of the levy money they vote on is going to balloon administrator pensions, as opposed to improving conditions in the classroom.

**Testimony Against:** None.

**Testified:** Ken Snider, Washington State Council of Firefighters; and Bob Fisher, Washington Education Association (pro with amendment).