

HOUSE BILL REPORT

HB 2418

*As Reported By House Committee on:
Appropriations*

Title: An act relating to providing service credit for periods of unpaid leave of absence as an elected official of a Washington education association.

Brief Description: Authorizing service credit for periods of unpaid leaves of absence for elected officials of a Washington education association.

Sponsor(s): Representatives Spanel, McLean, Hine, Pruitt and May; by request of Joint Committee on Pension Policy.

Brief History:

Reported by House Committee on:
Appropriations, February 9, 1992, DPS.

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 19 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Belcher; Bowman; Brekke; Carlson; Dorn; Ebersole; Hine; May; Mielke; Peery; Pruitt; Rust; H. Sommers; Valle; Vance; and Wang.

Minority Report: *Do not pass.* Signed by 5 members: Representatives Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Lisk; Nealey; and D. Sommers.

Staff: Barbara McLain (786-7153).

Background: The state retirement systems which consist of the Public Employees' Retirement System (PERS), Teachers' Retirement System (TERS), and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), differ regarding service credit granted for periods of unpaid leave of absence from work.

Provisions of plan II of PERS, TRS, and LEOFF allow a member to receive up to two years service credit for unpaid leaves of absence, as long as the member makes both the employer and employee contributions for the period of leave. The

contribution is based on an average of the member's compensation at the time of taking leave and upon returning from leave. No special provision is made for leave taken to work for a labor or professional organization.

TRS plan I does not generally provide service credit for unpaid leaves of absence, but TRS I members may receive up to two years service credit for leave taken for professional preparation, or four years credit for periods spent teaching in another state. LEOFF and PERS plan I have no provisions to allow service credit for unpaid leaves of absence.

Labor organizations and educational associations are not considered "employers" under the Teachers' Retirement System plan I, and therefore TRS I members who take leave to work for a labor organization or educational association currently have no means to receive service credit for these periods.

Summary of Substitute Bill:

Credit for Previous Service

Members of both plan I and II of the Teachers' Retirement System (TRS) are granted service credit for periods of time spent prior to the 1992-93 school year on authorized, unpaid leaves of absence, where the leave was taken to work as an elected official in a Washington education association. These members are eligible for service credit only if their employing districts paid the necessary retirement contributions during the leave of absence. "Education association" is defined as an association organized to carry out collective bargaining, a majority of whose members are non-supervisory, certified school district employees or academic employees in community colleges.

Members on such a leave of absence during the 1990-91 or 1991-92 school years have until January 1, 1993, to pay districts the necessary retirement contributions, plus interest, to be eligible for service credit. Members who received refunds of contributions made in 1990 or 1991 for such leave are allowed to restore the contributions by January 1, 1993.

The bill applies retroactively for periods of leave occurring before the bill's effective date.

Credit for Future Service

Members of TRS plan I who take authorized, unpaid leaves of absence to work as an elected official in a Washington education association after June 30, 1992, are eligible for

up to four years of service credit for such service. In order to receive the credit, the member must pay both the employee and the employer retirement contributions within five years of returning from the leave, or prior to retirement, whichever occurs first.

For members on leave from a school district, the contributions will be based on the salary of the position the member held immediately prior to taking leave. For members on leave from a community or technical college district, the contributions will be based on an average of the salary of the position the member left and the salary of the position the member returned to.

Substitute Bill Compared to Original Bill: "Education association" is defined. Members on this type of leave of absence during the 1990-91 or 1991-92 school years can make the necessary retirement contributions by January 1993, to receive service credit, rather than having districts correct their records and make the contributions. Contributions for members on leave from a school district are based on the salary of the position the member held immediately prior to going on leave, rather than the position from which the member is on leave.

Fiscal Note: Available.

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

Testimony For: Districts have been making contributions for teachers on this type of leave and the teachers have always thought they were eligible for service credit. The bill would apply retroactively and cover people who made decisions on these assumptions. Allowing credit gives teachers the opportunity to be elected officials without penalizing them for that service.

Testimony Against: None.

Witnesses: Karen Davis, Washington Education Association; and Hector Gonzales, Department of Retirement Systems.