
ENGROSSED SUBSTITUTE HOUSE BILL 2947

State of Washington

52nd Legislature

1992 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Locke, Ferguson, Belcher, Miller, Peery, Hine, Fraser, Dellwo, Winsley, Paris, Edmondson, D. Sommers, Bowman, Basich, Van Luven, Jones, Forner, Neher, Scott, Haugen, Rayburn, Ludwig, Sheldon, O'Brien and Anderson)

Read first time 02/11/92.

1 AN ACT Relating to early retirement under the public employees' and
2 teachers' retirement systems; amending RCW 28A.400.210; creating new
3 sections; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** In addition to members who are eligible
6 to retire under RCW 41.40.180, any member of the public employees'
7 retirement system plan I who meets the following criteria may retire on
8 written notification to the member's employer and written application
9 to the director no later than June 15, 1992, setting forth that the
10 member will be retired no later than August 31, 1992:

11 (1) The member is employed by an employer in an eligible position
12 on the effective date of this act; and

13 (2) The member has: (a) Attained the age of fifty-five years and
14 completed five service credit years of service; (b) completed twenty-

1 five service credit years of service; or (c) attained the age of fifty
2 years and completed twenty service credit years of service.

3 NEW SECTION. **Sec. 2.** Section 1 of this act is added to
4 chapter 41.40 RCW, but because of its temporary nature, shall not be
5 codified.

6 NEW SECTION. **Sec. 3.** In addition to members who are eligible
7 to retire under RCW 41.32.480, any member of the teachers' retirement
8 system plan I who meets the following criteria may retire on written
9 notification to the member's employer and written application to the
10 director no later than June 15, 1992, setting forth that the member
11 will be retired no later than August 31, 1992:

12 (1) The member is employed by an employer on the effective date of
13 this act and is not a substitute teacher; and

14 (2) The member has: (a) Attained the age of fifty-five years and
15 completed five service credit years of service; (b) completed twenty-
16 five service credit years of service; or (c) attained the age of fifty
17 years and completed twenty service credit years of service.

18 NEW SECTION. **Sec. 4.** Section 3 of this act is added to
19 chapter 41.32 RCW, but because of its temporary nature, shall not be
20 codified.

21 NEW SECTION. **Sec. 5.** The office of the state actuary shall
22 study the actual utilization of the early retirement offered by this
23 act, the replacement of persons who utilized the early retirement, and
24 the fiscal and programmatic impact of early retirement on the state,
25 local governments, and school districts. The office of financial
26 management and the office of the superintendent of public instruction

1 shall provide technical assistance and information to the office of the
2 state actuary for the study required in this section. The study shall
3 be submitted to the joint committee on pension policy and the fiscal
4 committees of the legislature by December 31, 1993.

5 NEW SECTION. **Sec. 6.** In order to ensure that the state
6 derives the expected benefits from the early retirement provisions of
7 this act, no state agency may engage through personal service contracts
8 persons who retire from state service under the provisions of this act.
9 Exceptions to this section may be granted by written approval from the
10 director of the office of financial management if the director finds
11 that the proposed contract is necessary to protect the public safety,
12 protect against the loss of federal certification or loss of critical
13 federal funds, or carry out functions so essential to the agency that
14 even temporary suspension or delay of services would have a significant
15 negative impact on the public. At the end of each three-month period
16 in which exceptions are approved, the director shall forward a copy of
17 any approvals, together with justification for the exceptions, to the
18 fiscal committees of the legislature. Each forwarded approval shall
19 include the name of the proposed contractor, the agency and division or
20 department requesting the contract, duration and cost of the proposed
21 contract, and specific functions and duties to be carried out under the
22 contract. This section shall expire June 30, 1995.

23 NEW SECTION. **Sec. 7.** Section 6 of this act is added to
24 chapter 39.29 RCW, but because of its temporary nature, shall not be
25 codified.

26 NEW SECTION. **Sec. 8.** In order to ensure that the state
27 derives the expected benefits from the early retirement provisions of

1 this act, no board of directors of a school district or educational
2 service district may engage through personal service contracts persons
3 who retire from state service under the provisions of this act.
4 Exceptions to this section may be granted by written approval from the
5 superintendent of public instruction if the superintendent finds that
6 the proposed contract is necessary to protect student safety, protect
7 against the loss of school district certification or loss of federal
8 funds, or carry out functions so essential to the district that even
9 temporary suspension or delay of services would have a significant
10 negative impact on students. At the end of each three-month period in
11 which exceptions are approved, the superintendent shall forward a copy
12 of any approvals, together with justification for the exceptions, to
13 the office of financial management and the fiscal committees of the
14 legislature. Each forwarded approval shall include the name of the
15 proposed contractor, the district requesting the contract, duration and
16 cost of the proposed contract, and specific functions and duties to be
17 carried out under the contract. This section shall expire August 31,
18 1995.

19 NEW SECTION. **Sec. 9.** Section 8 of this act is added to
20 chapter 28A.400 RCW, but because of its temporary nature, shall not be
21 codified.

22 NEW SECTION. **Sec. 10.** The department of personnel, through the
23 combined benefits communication project, shall prepare information
24 encouraging individual financial planning for retirement and describing
25 the potential consequences of early retirement, including members'
26 assumption of health insurance costs, members' receipt of reduced
27 retirement benefits, and the increased period of time before members
28 will become eligible for cost-of-living adjustments. The department of

1 retirement systems shall distribute the information to members who are
2 eligible to retire under the provisions of this act. Prior to
3 retiring, such members who elect to retire shall sign a statement
4 acknowledging their receipt and understanding of the information.

5 NEW SECTION. **Sec. 11.** In order to ensure that the state
6 derives the expected benefits from the early retirement provisions of
7 this act, no state agency may hire persons who retire from state
8 service under the provisions of this act as temporary or project
9 employees, as defined by the state personnel board for employees
10 covered under chapter 41.06 RCW and by the higher education personnel
11 board for employees covered under chapter 28B.16 RCW. Exceptions to
12 this section may be granted by written approval from the director of
13 the office of financial management if the director finds that the
14 temporary or project employment of a retiree is necessary to protect
15 the public safety, protect against the loss of federal certification or
16 loss of critical federal funds, or carry out functions so essential to
17 the agency that even temporary suspension or delay of services would
18 have a significant negative impact on the public. At the end of each
19 three-month period in which exceptions are approved, the director shall
20 forward a copy of any approvals, together with justification for the
21 exceptions, to the fiscal committees of the legislature. Each
22 forwarded approval shall include the name of the temporary or project
23 employee, the agency and division or department requesting the
24 employment, duration and cost of the proposed employment, and specific
25 functions and duties to be carried out during the employment. This
26 section shall expire June 30, 1995.

27 **Sec. 12.** RCW 28A.400.210 and 1991 c 92 s 2 are each amended to
28 read as follows:

1 Every school district board of directors may, in accordance with
2 chapters 41.56 and 41.59 RCW, establish an attendance incentive program
3 for all certificated and noncertificated employees in the following
4 manner, including covering persons who were employed during the
5 1982-'83 school year:

6 (1) In January of the year following any year in which a minimum of
7 sixty days of leave for illness or injury is accrued, and each January
8 thereafter, any eligible employee may exercise an option to receive
9 remuneration for unused leave for illness or injury accumulated in the
10 previous year at a rate equal to one day's monetary compensation of the
11 employee for each four full days of accrued leave for illness or injury
12 in excess of sixty days. Leave for illness or injury for which
13 compensation has been received shall be deducted from accrued leave for
14 illness or injury at the rate of four days for every one day's monetary
15 compensation. No employee may receive compensation under this section
16 for any portion of leave for illness or injury accumulated at a rate in
17 excess of one day per month.

18 (2) Except as provided in section 13 of this act, at the time of
19 separation from school district employment due to retirement or death
20 an eligible employee or the employee's estate shall receive
21 remuneration at a rate equal to one day's current monetary compensation
22 of the employee for each four full days accrued leave for illness or
23 injury.

24 (3) In lieu of remuneration for unused leave for illness or injury
25 as provided in subsections (1) and (2) of this section, a school
26 district board of directors may, with equivalent funds, provide
27 eligible employees a benefit plan that provides reimbursement for
28 medical expenses. Any benefit plan adopted after July 28, 1991, shall
29 require, as a condition of participation under the plan, that the
30 employee sign an agreement with the district to hold the district

1 harmless should the United States government find that the district or
2 the employee is in debt to the United States as a result of the
3 employee not paying income taxes due on the equivalent funds placed
4 into the plan, or as a result of the district not withholding or
5 deducting any tax, assessment, or other payment on such funds as
6 required under federal law.

7 Moneys or benefits received under this section shall not be
8 included for the purposes of computing a retirement allowance under any
9 public retirement system in this state.

10 The superintendent of public instruction in its administration
11 hereof, shall promulgate uniform rules and regulations to carry out the
12 purposes of this section.

13 Should the legislature revoke any benefits granted under this
14 section, no affected employee shall be entitled thereafter to receive
15 such benefits as a matter of contractual right.

16 NEW SECTION. **Sec. 13.** An employee of a school district that
17 has established an attendance incentive program under RCW 28A.400.210
18 who retires under section 1 or 3 of this act shall receive, at the time
19 of his or her separation from school district employment, not less than
20 one-half of the remuneration for accrued leave for illness or injury
21 payable to him or her under the district's incentive program. The
22 school district board of directors may, at its discretion, pay the
23 remainder of such an employee's remuneration for accrued leave for
24 illness or injury after the time of the employee's separation from
25 school district employment, but the employee or the employee's estate
26 is entitled to receive the remainder of the remuneration no later than
27 the date the employee would have been eligible to retire under the
28 provisions of RCW 41.40.180 or 41.32.480 had the employee continued to
29 work for the district until eligible to retire, or three years

1 following the date of the employee's separation from school district
2 employment, whichever occurs first. A district exercising its
3 discretion under this section to pay the remainder of the remuneration
4 after the time of the employee's separation from school district
5 employment shall establish a policy and procedure for paying the
6 remaining remuneration that applies to all affected employees equally
7 and without discrimination. Any remuneration paid shall be based on
8 the number of days of leave the employee had accrued and the
9 compensation the employee received at the time he or she retired under
10 section 1 or 3 of this act.

11 NEW SECTION. **Sec. 14.** 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 shall take
14 effect immediately.