

HOUSE BILL REPORT

HB 1973

As Reported By House Committee On:
Appropriations

Title: An act relating to retirement eligibility for plan I members of the teachers' and public employees' retirement systems who submitted late applications for early retirement.

Brief Description: Allowing people to take early retirement who filed late applications.

Sponsors: Representatives Quall, Linville, Locke, Sheldon, L. Johnson, Cothorn, Basich, Kessler, Holm and J. Kohl.

Brief History:

Reported by House Committee on:
Appropriations, March 2, 1993, DPS.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Peery; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Minority Report: Without recommendation. Signed by 4 members: Representatives Carlson, Assistant Ranking Minority Member; Morton; Rust; and Sehlin.

Staff: Barbara McLain (786-7153).

Background: In 1992, the Legislature created a temporary opportunity for members of Plan I of the Teachers' and Public Employees' Retirement Systems (TRS and PERS I) to retire five years earlier than the law would ordinarily allow.

Members could retire by notifying their employer and submitting an application to the Department of Retirement Systems no later than June 15, 1992, if they were:

- (1) Age 55 with at least 5 years of service;
- (2) Age 50 with at least 20 years of service; or

- (3) Any age with 25 years of service.

The members had to retire by August 31, 1992.

The early retirement law also contained provisions limiting the reemployment of early retirees, either through personal service contracts or on a temporary or project status. School districts were given the option of phasing over a three-year period the payment of accumulated sick leave to early retirees.

Some members misunderstood or received miscommunication about the deadlines for early retirement. They submitted applications before the August 31 deadline, but after the June 15 deadline, and were denied eligibility for early retirement on that basis.

Summary of Substitute Bill: Members of Plan I of the Teachers' or Public Employees' Retirement System who meet the following criteria can retire by submitting a written application to the Department of Retirement Systems by July 1, 1993:

- (1) The member was otherwise eligible (based on age and years of service) to retire under the 1992 early retirement law;
- (2) The member submitted an application to retire before August 31, 1992; but
- (3) The member was denied early retirement eligibility because the department received the application after the June 15, 1992, deadline established in the 1992 early retirement law.

Retirement for these members can take effect retroactively to September 1, 1992, for anyone who left employment before that date and did not subsequently work for an employer. For anyone leaving employment after September 1, 1992, the retirement takes effect on the first day of the month following their separation from service, but no later than September 1, 1993.

Provisions of the 1992 early retirement law limiting reemployment of early retirees on personal service contracts or on a temporary or project status are amended to include any retirements under this bill. The school district option to pay accumulated sick leave for early retirees over a three-year period also applies to retirements under this bill.

Substitute Bill Compared to Original Bill: The substitute removes an erroneous reference to the 1992 early retirement law.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: Several people suffered an injustice because, due only to a technicality, they could not retire. Their appeals have been denied, even though they believed they had followed the correct application procedure.

Testimony Against: The deadline was well publicized. This bill unfairly singles out a few people when instead the opportunity to retire early should be re-opened for anyone who was eligible.

Witnesses: Representatives Dave Quall, prime sponsor (for); Dale Messerschmidt (for); Bob Carlson (against); and Harold Egerton (against).