

SENATE BILL REPORT

SB 5222

As Passed Senate, March 11, 1997

Title: An act relating to retirement benefits based on the definition of excess compensation.

Brief Description: Retirement benefits based on excess compensation.

Sponsors: Senators Fraser, Winsley, Long, Bauer and Franklin; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 2/5/97, 2/6/97 [DP].
Passed Senate, 3/11/97, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Kohl, Long, McDonald, Roach, Rossi, Schow, Sheldon, Spanel, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: Debrah Kime (786-7454)

Background: The compensation used 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. Annual leave cash-outs can be included in the earnable compensation of Public Employees Retirement System (PERS) Plan I and Teachers Retirement System (TRS) Plan I members. Members of PERS II, TRS II, and both of the Law Enforcement Officers and Fire Fighters Retirement System plans may not include any cash-outs in their earnable compensation.

Excess compensation— is all earnable compensation used in the calculation of the retirement benefit except regular salary, overtime compensated at up to twice the regular rate of pay, and annual leave cash-outs not in excess of 240 hours.

Payments subject to excess compensation— charges include everything except regular salary, overtime, and cash-outs of up to 240 hours or annual leave.— Included in the definition of excess compensation are:

- cash-outs for sick or any other type of leave;
- payments for, or in lieu of, personal expenses or a transportation allowance;
- termination or severance payments;
- payments added to regular wages concurrent with reduction of annual leave; and
- the portion of any payment, including overtime, that exceeds twice the employee's regular rate of pay.

Summary of Bill: The definition of excess compensation is clarified to include only those types of payments that are currently specifically listed in statute.

Appropriation: None.

Fiscal Note: Requested on January 20, 1997.

Effective Date: Ninety days after adjournment in the session which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: No one.