

SENATE BILL REPORT

SB 6303

As Passed Senate, February 11, 1998

Title: An act relating to restrictions on the restoration of service credit.

Brief Description: Restoring retirement service credit.

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

Brief History:

Committee Activity: Ways & Means: 1/28/98, 1/29/98 [DP].
Passed Senate, 2/11/98, 48-0.

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, Loveland, Rossi, Schow, B. Sheldon, Snyder, Spanel, Swecker, Thibaudeau and Winsley.

Staff: Debrah Kime (786-7454)

Background: Prior to 1973, classified employees of state colleges and universities participated in the same retirement plan provided for faculty, Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF).

When a Washington State University (WSU) employee is hired into an eligible position, he or she can choose to delay making contributions to the TIAA/CREF plan for up to two years. During this voluntary deferral period, the employee is not considered a member of the plan.

In 1973, the Legislature transferred the membership of classified employees hired after April 24, 1973 to the Public Employees Retirement System. Classified employees employed before that date had the option of remaining in TIAA/CREF or transferring to PERS.

Both contributing members of TIAA/CREF and those employees in the voluntary two-year waiting period were offered the opportunity to purchase all their eligible service upon transfer to PERS. The window of opportunity for purchasing the additional service closed January 1, 1978.

In 1994, a uniform policy for purchase or repurchase of service credit was enacted. This act removed all time limitations for establishing or repurchasing service credit in all of the state's retirement systems. The member has to pay the full actuarial costs for the benefits they receive.

The statutes which transferred WSU classified staff from the TIAA/CREF program to PERS had been decodified and were not amended with a cross reference in the uniform policy.

Summary of Bill: WSU classified employees are allowed the opportunity to purchase service credit under the current purchase/repurchase provisions.

WSU employees who were not contributing members of TIAA/CREF when they transferred to PERS are extended the opportunity to purchase service credit for employment during the TIAA/CREF waiting period.

Coverage of the current service credit purchase/repurchase policy is also extended to other groups who meet the requirements for establishing or restoring service credit but were not covered by the 1994 bill language.

Appropriation: None.

Fiscal Note: Requested on January 15, 1998.

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

Testimony For: The Federation believes that the bill accomplishes what they want.

Testimony Against: None.

Testified: Randy Lorello, Washington Federation of State Employees; Larry Ganders, WSU.