

HOUSE BILL REPORT

HB 2608

As Reported By House Committee On:
Appropriations

Title: An act relating to the employee attendance incentive program.

Brief Description: Establishing eligibility for the employee attendance incentive program.

Sponsors: Representatives Alexander, Carlson, H. Sommers, Doumit, Delvin, Lambert, Conway, Schoesler, Pflug, Talcott, Clements, Bush and Eickmeyer; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 1/25/00, 2/7/00 [DPS].

Brief Summary of Substitute Bill

- Extends eligibility for receiving remuneration for unused sick leave to school district employees who are at least age 55 when they separate from employment and who meet the following service credit requirements: members of Public Employees' Retirement System (PERS) Plan 2, SERS Plan 2 and Teachers' Retirement System (TRS) Plan 2 must have at least 15 years of service; members of School Employees' Retirement System (SERS) Plan 3 and TRS Plan 3 must have at least 10 years of service credit.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 32 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Alexander; Benson; Boldt; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Sump; Tokuda and Wensman.

Staff: Denise Graham (786-7137).

Background:

School districts may establish, through the collective bargaining process, an attendance incentive program for certificated and classified employees. Although program implementation is optional, certain statutory provisions must be met if such a program is established. Eligible employees may receive one day's compensation for each four full days of sick leave accrued in the previous year in excess of 60 days. Upon separation from employment due to retirement or death, an employee may also receive one day's compensation for each four full days of accrued sick leave. In lieu of remuneration for unused sick leave, a school district may provide eligible employees a benefit plan that provides reimbursement for retirees' medical expenses on a pre-tax basis.

Certificated school district employees are members of the Teachers' Retirement System Plans 1, 2 and 3. Classified school district employees are members of the Public Employees' Retirement System Plans 1 and 2. Beginning September 1, 2000, school district classified employees will be members of PERS Plan 1 and the newly created School Employees' Retirement System Plans 2 and 3. Plans 1 and 2 are defined benefit plans. Plan 3 is both a defined benefit and defined contribution plan designed to provide employees greater flexibility to determine retirement age, make career changes, and leave the workforce before retirement.

Members of PERS Plan 1 and TRS Plan 1 may retire with 30 years of service at any age; with 25 years of service at age 55; and with five years of service at age 65. Members of PERS Plan 2, TRS Plan 2, TRS Plan 3, SERS Plan 2 and SERS Plan 3 may receive an unreduced retirement benefit at age 65. Plan 2 members may receive an actuarially reduced benefit if they are at least age 55 and have at least 20 years of service credit. Plan 3 members may receive an actuarially reduced benefit if they are at least age 55 and have at least 10 years of service credit.

State and school district employees who are members of Plans 1 and 2 of PERS and TRS may purchase health benefits from the state Health Care Authority (HCA) upon retirement. Members of Plan 3 of TRS and SERS may purchase health benefits from the HCA if they leave school district employment with at least 10 years of credit and have attained age 55.

State and higher education employees also have an attendance incentive program with the same provisions as the school districts' program.

Summary of Substitute Bill:

Eligibility to receive remuneration for unused sick leave is extended to employees who separate from school district employment and who are at least age 55 and have

the following years of retirement system service credit: members of PERS Plan 2, SERS Plan 2 and TRS Plan 2 must have at least 15 years of service; members of SERS Plan 3 and TRS Plan 3 must have at least 10 years of service credit.

Substitute Bill Compared to Original Bill: The original bill allowed members of the plan 2 system to receive sick leave cash out at separation from employment if they had at least 10 years of retirement system service credit. Under the substitute bill, plan 2 members must have at least 15 years of service credit to receive sick leave cash out at separation.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Under current law, there is little incentive not to use sick leave when approaching separation from employment; this bill would provide that incentive. The provisions of this bill are consistent with the policy of the Plan 3 systems, which is to allow employees more freedom to leave employment or change careers before retirement age.

Testimony Against: None.

Testified: Doug Nelson, Public School Employees; Bob Maier, Washington Education Association; Mike Foster, Yelm School Counselor; John Kvamme, Association of Washington School Principals; David Westberg, Stationary Eng.; and Lynn McKinnon, Washington Public Employees Association.