

HOUSE BILL REPORT

SB 6534

As Passed House - Amended:

March 1, 2000

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

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

Sponsors: Senators Bauer, Winsley, Long, Franklin, Honeyford, Fairley, Haugen, Rasmussen, Jacobsen, McAuliffe, Goings, Patterson, Eide, Kohl-Welles, Stevens, B. Sheldon, Gardner and Spanel; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 2/24/00, 2/26/00 [DPA].

Floor Activity:

Passed House - Amended: 3/1/00, 92-6.

Brief Summary of Bill (As Amended by House Committee)

- 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, School Employees' Retirement System (SERS) Plan 2 and Teachers' Retirement System (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.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 30 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; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Sump and Tokuda.

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 cash 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 (TRS) Plans 1, 2 and 3. Classified school district employees are members of the Public Employees' Retirement System (PERS) Plans 1 and 2. Beginning September 1, 2000, school district classified employees who are members of PERS Plan 2 will be transferred to the newly created School Employees' Retirement System (SERS) Plans 2. All newly hired classified employees will be members of SERS Plan 3, together with SERS Plan 2 members who elect to transfer to SERS Plan 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.

Summary of Amended 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.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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; Wendy Rader-Konofalski, Washington Federation of Teachers; and John Kvamme, Washington Association of School Administrators.