

HOUSE BILL REPORT

HB 2542

As Reported by House Committee On:

Appropriations

Title: An act relating to allowing members of the teachers' retirement system plan 1 who are employed less than full time as psychologists, social workers, nurses, physical therapists, occupational therapists, or speech language pathologists or audiologists to annualize their salaries when calculating their average final compensation.

Brief Description: Allowing members of the teachers' retirement system plan 1 who are employed less than full time as psychologists, social workers, nurses, physical therapists, occupational therapists, or speech language pathologists or audiologists to annualize their salaries when calculating their average final compensation.

Sponsors: Representatives Fromhold, Alexander, Conway, Simpson, G., Moeller and Chase; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 1/22/04, 1/26/04 [DP].

Brief Summary of Bill

- Allows Certified Educational Staff Associates in the Teachers' Retirement System Plan 1 who earn less than a full year of service credit each school year to annualize their salaries for calculating average final compensation.
- Additional Certified Educational Staff Associates permitted to annualize salaries include psychologists, social workers, nurses, physical therapists, occupational therapists, speech language pathologists, and audiologists.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Staff: David Pringle (786-7310).

Background:

The Teachers' Retirement System Plan 1 (TRS 1) permits members who work less than full-time as classroom instructors, librarians, or counselors to annualize their salaries upon retirement so as to receive benefits in proportion with the amount of a full-time position that they work. TRS 1 members who work as Certified Educational Staff Associates (ESAs) in other positions such as psychologists, social workers, nurses, physical therapists, occupational therapists, speech pathologists and audiologists are not permitted to annualize their salaries.

At retirement, a TRS 1 member receives 2 percent of average final compensation for each year of service credit earned. Average final compensation in TRS 1 is based on a retiring member's two highest compensated consecutive school years.

Without the ability to annualize salary, a part-time member of TRS 1 could receive a benefit based both upon a part-time salary, and on less than a full year of service for each school year worked. For example, a half-time ESA nurse earning both half the service credit and half the salary of a full-time ESA would receive one quarter the of retirement allowance of the full-time ESA.

Illustration of the effect of annualizing salary for part-time Educational Service Associates (ESAs)

	Full-time ESA	Half-time counselor (can annualize)	Half-time nurse (cannot annualize)
Salary	\$50,000	\$25,000	\$25,000
Annual Contributions	\$3,000	\$1,500	\$1,500
Retirement Benefit	\$30,000	\$15,000	\$7,500

The State Actuary estimates that 41 out of a total of 12,456 active members of TRS 1 are part-time ESAs not currently permitted to annualize their salary when calculating average final compensation.

Summary of Bill:

The list of TRS 1 part-time Educational Service Associates who earn less than a full year of service credit each year that are permitted to annualize salaries in computing average final compensation is expanded to include psychologists, social workers, nurses, physical therapists, occupational therapists, speech language pathologists, and audiologists.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This may seem like a small issue, but it is an important issue for the Washington Education Association internally. The Educational Service Associates work alongside teachers and counselors, but get treated differently because their pensions end up being half of what their colleagues receive. This would demonstrate that the Legislature recognizes the contributions these individuals make to the education system.

Testimony Against: None.

Persons Testifying: Jan Leth, Washington Education Association Retirees; and Randy Parr, Washington Education Association.

Persons Signed In To Testify But Not Testifying: None.