

SENATE BILL REPORT

SB 5881

As Reported by Senate Committee On:
Ways & Means, January 23, 2024

Title: An act relating to membership in the public employees' retirement system for certain part-time bus drivers employed full-time by the federal government.

Brief Description: Concerning membership in the public employees' retirement system for certain part-time bus drivers employed full-time by the federal government.

Sponsors: Senators MacEwen, Conway and Robinson; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/15/24, 1/23/24 [DP].

Brief Summary of Bill

- Exempts certain bus drivers employed by a transit district that are also employed by the federal government from membership in the Public Employees' Retirement System (PERS).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Robinson, Chair; Mullet, Vice Chair, Capital; Nguyen, Vice Chair, Operating; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Pedersen, Randall, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Amanda Cecil (786-7460)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: When a public employee meets eligibility requirements for a public pension system the employee earns service credit. To be eligible in PERS an employee must work 70 hours or more for five months within one year, over two consecutive years. In addition to eligibility an employee must meet service credit requirements to vest and earn a pension benefit. Generally, to vest in PERS plan 2 an employee must earn five years of service credit in the plan 2 and ten years in plan 3. Service credit is earned in PERS plans 2 and 3 as follows:

- 1.0 service credit when compensated hours are equal to 90 or more;
- 0.5 service credit for 70 and up to 90 compensated hours; or
- 0.25 service credits for less than 70 compensated hours.

Both the employee and employer must contribute a percentage of the employee's salary into the system. Currently the contributions rates for PERS plan 2 are 6.36 percent for employees and 9.53 percent for employers. If the employee leaves service without vesting and earning a pension benefit the employee may withdraw their contributions. The employers contributions stay in the system.

At the request of Kitsap Transit during the 2023 interim, the Select Committee on Pension Policy studied an exemption of Puget Sound Naval Shipyard bus operators that work full-time for the Department of Defense and part-time for Kitsap Transit in a vanpool-like capacity, transporting themselves and other federal employees to and from their primary employer.

Summary of Bill: An employee of a public transportation benefit area hired on or after the effective date of this act as part-time bus drivers serving naval shipyards, and is simultaneously employed on a full-time basis with an employer of the federal government and is making contributions to the federal employees' retirement system, is not covered by PERS.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: The worker driver program has been around since World War II. It is basically vanpool on steroids. Worker drivers are unlikely to vest in the state retirement system and the union members voted to be exempted.

Persons Testifying: PRO: Robert Driskell, Teamsters Local 589; wendy sorensen, Kitsap Transit; John Clauson, Kitsap Transit; Paul Shinnors, Kitsap Transit.

Persons Signed In To Testify But Not Testifying: No one.