
Ways & Means Committee

HB 1541

Brief Description: Granting half-time service credit for half-time educational employment prior to January 1, 1987, in plans 2 and 3 of the school employees' retirement system and the public employees' retirement system.

Sponsors: Representatives Seaquist, Conway, Crouse and Simpson; by request of Select Committee on Pension Policy.

Brief Summary of Bill

- Provides recalculation of the service credit for currently active members of the Public Employees' Retirement System (PERS) and the School Employees' Retirement System (SERS) that worked in a eligible school district position before 1987.
- Increases the service credited to the PERS or SERS member to a half year in years where the member was employed for at least nine months and worked at least 630 hours in an eligible position with a school district, educational service district, state schools for the deaf and blind, or an institution of higher education or community college.
- Limits the recalculation of service credit to periods for which the member did not withdraw contributions.

Hearing Date: 2/3/09

Staff: David Pringle (786-7310)

Background:

The Public Employees' Retirement System (PERS) provides benefits for all regularly compensated public employees and appointed and elected officials unless they fall under a specific exemption from membership, such as qualification for another of the state retirement systems. Covered employers include all state agencies and subdivisions and most local government employees not employed by the cities of Seattle, Tacoma, and Spokane.

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

The School Employees' Retirement System (SERS) was opened to membership on September 1, 2000. At that date, all employees of a school district or an educational service district (educational employees) that were previously members of PERS Plan 2 were transferred into SERS Plan 2. SERS Plan 2 members were also given an option to transfer into SERS Plan 3. PERS Plan 2 members were given an option to transfer to PERS Plan 3 when that plan was opened in 2002.

Before 1987 members of PERS Plan 2 who were employed by a school district or educational service district position received 12 months of service credit if they were continuously employed for a period of nine months and worked at least 90 hours a month in at least nine months of the school year. Members who did not qualify for a full 12 months of service credit would receive one month of service credit for each month that they worked at least 90 hours. No service credit was awarded for months in which a member worked fewer than 90 hours.

Currently, educational employees belonging to PERS or SERS Plan 2 or 3 who work at least 810 hours over the course of a full school year receive 12 months of service credit. Members working at least 630 hours but fewer than 810 hours over the course of a full school year or at least 630 hours over the course of five months in a six-month period are eligible for six months of service credit.

Service credit is also available on a monthly basis for members who work for less than a full year or fewer than 630 hours. A month of service credit is awarded for each month in which a member works at least 90 hours. Members working at least 70 but fewer than 90 hours are eligible for a half month of service credit. A quarter month of service credit is given any month in which a member works fewer than 70 hours.

Summary of Bill:

The Department of Retirement Systems is directed to recalculate the service credit of currently active PERS and SERS Plan 2/3 members who worked in an eligible school position prior to 1987 in order to provide half years of service credit for those members who would have been eligible under current rules. A member will receive a half year of service credit for any school year prior to January 1, 1987, in which the member was employed for at least nine months and worked at least 630 hours in an eligible position with a school district, educational service district, the state school for the blind, the state school for the deaf, or an institution of higher education or community college.

The new calculated half years of credit replace whatever credit a member was previously awarded for the relevant period of service. The recalculation of past service credit may not reduce a member's accumulated service credit. To be eligible for a half year of service credit, the member must not have withdrawn contributions for the period in question. The service credit and retirement allowance of a retired member are not affected.

Appropriation: None.

Fiscal Note: Available.

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