

FINAL BILL REPORT

SB 5990

C 387 L 95

Synopsis as Enacted

Brief Description: Requiring public notice regarding excess compensation.

Sponsors: Senators Long, Bauer, Cantu, Rinehart, Newhouse, Winsley, Wood, Deccio, Johnson, Finkbeiner, Loveland and Hochstatter.

Senate Committee on Ways & Means

House Committee on Appropriations

Background: "Earnable compensation" for purposes of determining a state retirement system member's pension is generally defined as salaries and wages payable for services rendered to the employer. Certain leave cash outs can be included in the earnable compensation of members of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS).

"Excess compensation" is earnable compensation used in the calculation of the retirement benefit except regular salary, overtime and annual leave cash outs under 240 hours. Excess compensation includes, among other things, cash outs of annual leave in excess of 240 hours, sick leave cash outs, payments for or in lieu of personal expenses and termination or severance payments.

SSB 5118, passed by the 1995 Legislature, expands the definition of excess compensation to include payments in lieu of annual leave cash outs or transportation allowances, and payments that exceed twice the regular rate of pay.

Employers are responsible for paying the increased pension costs that arise from including excess compensation in earnable compensation.

Summary: The governing body of a PERS or TRS employer must provide public notice in compliance with the Open Public Meetings Act before it enters into a contract or collective bargaining agreement that provides payments that result in the employer being billed for increased pension costs from excess compensation. Those items requiring public notification include a cash out of unused annual leave in excess of 240 hours, including any payment in lieu of an accrual of annual leave or any payment added to regular salary concurrent with a reduction of annual leave; a cash out of any other form of leave; a payment for any personal expense or transportation allowance; the portion of any payment that exceeds twice the regular rate of pay or any termination or severance payment. At the public meeting, full disclosure must be made of the nature of the proposed compensation provision, and the employer's estimate of the excess compensation billing that results.

Votes on Final Passage:

Senate	47	0	
House	95	0	(House amended)
Senate			(Senate refused to concur)
House	96	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 23, 1995