

SENATE BILL REPORT

SB 6552

As of January 29, 1996

Title: An act relating to early retirement benefits.

Brief Description: Providing for early retirement benefits.

Sponsors: Senators Rasmussen, Winsley and Prentice.

Brief History:

Committee Activity: Ways & Means: 2/1/96.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Denise Graham (786-7715)

Background: A member of the Public Employees' Retirement System (PERS) Plan I or the Teachers' Retirement System (TRS) Plan I is eligible to retire with full retirement benefits when he or she has 30 years of service credit regardless of age, or has 25 years of service credit and is at least age 55, or has five years of service credit and is at least age 60.

In 1992 and 1993, legislation was enacted allowing TRS and PERS Plan I members the opportunity to retire five years early. Until June 30, 1995, state agencies were prohibited from hiring as temporary or project employees any employee who retired under the 1992 or 1993 early retirement legislation. State agencies until June 30, 1995, and school districts until August 31, 1995, were also prohibited from engaging through personal service contracts any employee who retired under the 1992 or 1993 early retirement legislation.

Summary of Bill: A member of PERS I or TRS I who meets certain criteria can retire early. To qualify for this retirement, the member must be in an eligible position March 1, 1996, and must not be a substitute teacher. In addition, the member must have: (1) at least 25 years of service credit, regardless of age; (2) at least 20 years of service credit and be at least age 50; or (3) at least five years of service credit and be at least age 55. The member must submit the required notification and application by July 1, 1996, and must retire no later than August 31, 1996.

State agencies are prohibited until June 30, 1997, and school districts are prohibited until August 31, 1997, from engaging under a personal service contract any person who retires under the provisions of this bill. State agencies are prohibited until June 30, 1997, from hiring as a project or temporary employee anyone who retired under the early retirement provisions of 1992, 1993 or who retires under this bill. Exceptions to the hiring prohibitions may be granted under certain circumstances.

A school district employee who retires early is eligible to receive, at the time of separation from employment, at least one-half of the remuneration due for accrued leave for illness and injury. School districts must pay the remainder no later than three years after the employee

separates from employment, or when the employee would ordinarily have been eligible to retire, whichever occurs first.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: Early retirement helps school districts improve morale and work toward educational improvements by allowing more young people into the teaching profession. The major contributor toward the cost of early retirement is the early retiree who pays with a reduced benefit for the rest of his or her life. Early retirement should be offered to teachers only, because that's where the salary savings are. There are many people in PERS who are going to be without paychecks when the supply system in eastern Washington shuts down this summer, and this bill would help mitigate the effects of that shutdown. It would also help with the downsizing going on because of the King County/Metro merger.

Testimony Against: None.

Testified: Senator Rasmussen, prime sponsor; John Kvamme, WA Assn. of School Administrators/Assn. of WA School Principals; Ken Hoover, WA Assn. of School Administrators; Susan Torrens, Edmonds School District; Roger Hintz, WPPSS; David Westberg, Stationary Engineers; Robert Gaunt; Bev Hermanson, WA Federation of State Employees; Edsel Olsen, WEA/GEA; Allen Parker, CKEA; DonCarlson, PSE.