

SENATE BILL REPORT

SB 6534

As Passed Senate, February 10, 2000

Title: An act relating to the employee attendance incentive program.

Brief Description: Establishing eligibility for the employee attendance incentive program.

Sponsors: Senators Bauer, Winsley, Long, Franklin, Honeyford, Fairley, Haugen, Rasmussen, Jacobsen, McAuliffe, Goings, Patterson, Eide, Kohl-Welles, Stevens, B. Sheldon, Gardner and Spanel; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/31/2000, 2/1/2000 [DP].
Passed Senate, 2/10/2000, 45-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Winsley, Wojahn and Zarelli.

Staff: Pete Cutler (786-7454)

Background: School districts may establish, through the collective bargaining process, an attendance incentive program for certificated and classified employees. Although program implementation is optional, certain statutory provisions must be met if such a program is established. Eligible employees may receive one day's compensation for each four full days of sick leave accrued in the previous year in excess of 60 days. Upon separation from employment due to retirement or death, an employee may also receive one day's compensation for each four full days of accrued sick leave. In lieu of cash remuneration for unused sick leave, a school district may provide eligible employees a benefit plan that provides reimbursement for retirees' medical expenses on a pre-tax basis.

Certificated school district employees are members of the Teachers' Retirement System (TRS) Plans 1, 2 and 3. Classified school district employees are members of the Public Employees' Retirement System (PERS) Plans 1 and 2. Beginning September 1, 2000, school district classified employees who are members of PERS Plan 2 will be transferred to the newly created School Employees' Retirement System (SERS) Plans 2. All newly hired classified employees will be members of SERS Plan 3, together with SERS Plan 2 members who elect to transfer to SERS Plan 3. Plans 1 and 2 are defined benefit plans. Plan 3 is both a defined benefit and defined contribution plan designed to provide employees greater flexibility to determine retirement age, make career changes, and leave the workforce before retirement.

Members of PERS Plan 1 and TRS Plan 1 may retire with 30 years of service at any age; with 25 years of service at age 55; and with five years of service at age 65. Members of PERS Plan 2, TRS Plan 2, TRS Plan 3, SERS Plan 2 and SERS Plan 3 may receive an unreduced retirement benefit at age 65. Plan 2 members may receive an actuarially reduced benefit if they are at least age 55 and have at least 20 years of service credit. Plan 3 members may receive an actuarially reduced benefit if they are at least age 55 and have at least 10 years of service credit.

State and school district employees who are members of Plans 1 and 2 of PERS and TRS may purchase health benefits from the state Health Care Authority (HCA) upon retirement. Members of Plan 3 of TRS may purchase health benefits from the HCA upon retirement, or if they leave school district employment with at least 10 years of credit and have attained age 55.

State and higher education employees also have an attendance incentive program with the same provisions as the school districts' program.

Summary of Bill: Eligibility to receive remuneration for unused sick leave is extended to employees who are at least age 55 when they separate from school district employment and who have at least ten years of service under TRS Plan 2 or Plan 3, SERS Plan 2 or Plan 3, or PERS Plan 2.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: One of the goals of the creation of TRS Plan 3 and SERS Plan 3 was to make it easier for teachers and other school employees to make career changes before age 65, without substantial financial penalties. This bill supports that policy goal. This same change should be made for state employees, especially when a PERS Plan 3 is created.

Testimony Against: None.

Testified: PRO: Bob Maier, WEA; Doug Nelson, PSE; Lynn McKinnon, WPEA; John Kvamme, WASA, AWSP.

House Amendment(s): The original bill allowed members of the plan 2 system to receive sick leave cash out at separation from employment if they had at least ten years of retirement system service credit. Under the amended bill, plan 2 members must have at least 15 years of service credit to receive sick leave cash out at separation.