

SENATE BILL REPORT

SB 5522

As Passed Senate, March 16, 2005

Title: An act relating to purchasing service credit lost due to injury.

Brief Description: Purchasing service credit lost due to injury.

Sponsors: Senators Franklin, Weinstein, Keiser, Kastama, Zarelli, Rasmussen, Hewitt, Kline, Schmidt and Rockefeller.

Brief History:

Committee Activity: Ways & Means: 3/4/05, 3/7/05 [DP].

Passed Senate: 3/16/05, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Fairley, Hewitt, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Staff: Erik Sund (786-7454)

Background: The Public Employees' Retirement System (PERS) Plans 1, 2 and 3 provide retirement benefits to most Washington state and local government employees. Each plan includes provisions for members to purchase service credit for periods of leave from employment, such as temporary leave for disabilities and for periods of state service interrupted by periods of military service. Depending on the plan and the type of optional service a member has earned, the member may have to make contributions to the retirement systems to claim the service credit.

Members of PERS who become disabled in the line of duty and are receiving benefits from the Department of Labor and Industries can continue to earn service credit for up to 12 months if they pay employee contributions based upon the regular compensation the member would have received had the disability not occurred. Employer contributions will be collected by the Department of Retirement Systems (DRS) for the service related to contributions made by the disabled employee. If contributions are made retroactively, interest is charged on both the employee and employer contributions at a rate determined by the Director of DRS. This provision is not available to members who separate from employment.

Summary of Bill: Members of PERS who become disabled in the line of duty and are receiving disability benefits from the Department of Labor and Industries can purchase up to two years of lost service credit for a period that they are not employed in a covered position and are receiving a disability benefit.

If the member applies for re-employment within 90 days of the cessation of disability benefits with the employer who employed him or her at the time of injury then the purchase of the credit is subsidized. In this case, the member must then make employee contributions based on the contributions that the member would have made, if not injured, within five years.

If a member does not apply for re-employment within 90 days, or does not complete payment of the required contributions within five years, the member must contribute an amount equal to the full actuarial value of the service credit to be purchased.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: This is a good bill that would give employees who are injured on the job a little more time to recover before purchasing service credit.

Testimony Against: None.

Who Testified: PRO: Lynn Maier, Washington Public Employees Association.

House Amendment(s): The period of service credit related to an injury-caused absence that an employee may purchase is increased from twelve months to twenty-four months by amending current statute, rather than by creating a new section in the PERS chapter of the RCW.

Passed House: 94-0.