

# HOUSE BILL REPORT

## HB 3019

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### As Passed Legislature

**Title:** An act relating to service credit for members working a partial year in plans 2 and 3 of the teachers' retirement system and the school employees' retirement system.

**Brief Description:** Addressing service credit for members working a partial year in plans 2 and 3 of the teachers' retirement system and the school employees' retirement system.

**Sponsors:** By Representatives Fromhold, Conway, Bailey, Crouse, Hurst and Simpson; by request of Select Committee on Pension Policy.

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 1/30/08 [DP].

##### **Floor Activity:**

Passed House: 2/19/08, 95-0.

Passed Senate: 3/7/08, 49-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Allows educational employees of the Teachers' Retirement System (TRS) and the School Employees' Retirement System (SERS) Plans 2 and 3 that work 630 or more hours in five months of a school year to earn six months of service credit.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 32 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Green, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Morrell, Pettigrew, Priest, Ross, Schmick, Schual-Berke, Seaquist, Sullivan and Walsh.

**Staff:** David Pringle (786-7310).

#### **Background:**

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*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.*

Members of the TRS and SERS Plans 2 and 3 that work for educational employers have the opportunity to earn a full year of service credit, or portions of a full year of service credit, based on several formulas that take into account the nine months of work performed by many of these employees over a school year. These TRS and SERS Plan 2 and 3 members may earn service credit for a full year, or 12 months, providing that they work for at least 810 hours over nine months of the school year. The year of service credit is awarded for the nine-month school year that is worked, regardless of whether the individual chooses to annualize salary from his or her nine month contract over 12 months, on the principle expressed in law that pension benefits are based upon salary at the time earned, rather than at the time that the salary is actually paid.

A teacher or classified school employee in Plans 2 or 3 that works less than 810 hours, but at least 630 hours, over a nine month period is entitled to six months of service credit for the school year. A similar employee that works for fewer than nine months is entitled to service credit calculated on a month-to-month basis, earning a full month of service credit in a month where the member works 90 hours or more, a half month for working for 70 or more hours in a month, and a quarter month of service credit for working fewer than 70 hours in a month in an eligible position.

A teacher or classified school employee that works for more than 630 hours in a school year, but over a period of fewer than nine months, calculates the service credit that he or she earns for the year using the month-to-month method. Consequently, a teacher could work sufficient hours to earn a half-year, or six months, of service credit but earn service credit for five or fewer months. One situation in which this could occur would be where a teacher works full time for one-half of a school year.

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**Summary of Bill:**

Educational employees that are members of TRS and SERS Plans 2 and 3 that work 630 hours or more in five months of a school year are entitled to six months of service credit.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) Each year we see new ways that school districts have allocated staff time to better serve educational needs. On the Olympic Peninsula, several districts found it useful to divide work between employees over the school year - one employee working the first half of the school year, another working the second half. This bill ensures that these employees are

effectively held harmless in pension benefit accruals from such arrangements, in comparison to working an equivalent all-year part-time position.

(Opposed) None.

**Persons Testifying:** Randy Parr, Washington Education Association; and Don Bennett, Higher Education Coordinating Board.

**Persons Signed In To Testify But Not Testifying:** None.