

**SENATE BILL REPORT**

**SHB 1358**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 4, 1991**

**Brief Description:** Allowing educational employees to choose a benefit plan in lieu of remuneration for unused sick leave.

**SPONSORS:** House Committee on Appropriations (originally sponsored by Representatives Dorn, Holland, Neher, Peery, Sprenkle, Brumsickle, Rasmussen, Inslee, R. Meyers, Winsley, Edmondson, Mielke, Miller, Betrozoff, G. Fisher, Basich, Pruitt, Orr, H. Myers, Roland, Rayburn and Anderson).

**HOUSE COMMITTEE ON EDUCATION**

**HOUSE COMMITTEE ON APPROPRIATIONS**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Gaspard, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Rinehart, L. Smith, Talmadge, Williams, and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** April 2, 1991; April 4, 1991

**BACKGROUND:**

Under current law, school district and Educational Service District (ESD) employees may be paid annually for unused sick leave after they have accumulated 60 days of sick leave. Sick leave may also be cashed-out when an employee retires or dies. The rate of compensation in both cases is one day's pay for each four full days of accrued sick leave. Payments for sick leave at the time of separation from service do not go into the computation of retirement benefits.

In lieu of a monetary payment at the time of retirement, school district and ESD employees may use the compensation for post retirement medical benefits under programs established by their respective board of directors.

Under the federal Internal Revenue Code, gross income of a taxpayer does not include amounts paid directly or indirectly to the taxpayer as reimbursement for expenses incurred for the medical care of the taxpayer or the taxpayer's dependents, including amounts paid for medical insurance.

**SUMMARY:**

School district and Educational Service District employees who are eligible under existing law to receive annual payment for unused sick leave may choose to have the funds used for a medical benefit plan that provides reimbursement for medical expenses instead of receiving cash.

Districts may not adopt any new benefit plan unless it contains provisions requiring employees to hold districts harmless for federal taxes, assessments, and other payments due on funds placed into the benefit plan.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

Many employees currently use this option. It provides a benefit to employees at no cost to the state. The bill extends an established program that works well.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Dr. Cliff Campbell, VEBA Trustees (pro); Kris Van Gorkom, School Administrators (pro); Walter Ball, Association of Washington School Principals (pro); Lynn McKinnon, Public School Employees (pro)