

SENATE BILL REPORT

SB 6186

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 6, 1992

Brief Description: Authorizing service credit for periods of unpaid leaves of absence for elected officials of a Washington education association.

SPONSORS: Senators Nelson, Johnson, Niemi, Craswell, Rasmussen, Moore, Snyder, Oke, Bauer, Gaspard, Saling and Bailey; by request of Joint Committee on Pension Policy

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6186 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Cantu, Gaspard, Hayner, M. Kreidler, Murray, Niemi, Owen, Rinehart, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

Staff: Denise Graham (786-7715)

Hearing Dates: February 5, 1992; February 6, 1992

BACKGROUND:

Education associations in Washington State are not part of the public employees' retirement systems. A member of Teachers' Retirement System (TRS) Plan II who leaves a job with a school district or community and technical college district to serve as an elected official in an education association is considered to be on unpaid leave of absence and can earn up to two years of service credit by paying the employee and the employer contributions for such periods. A member of TRS Plan I who leaves a job with a district to serve as an elected official of an education association cannot earn retirement service credit for such periods.

The practice until recently has been for districts to continue to report earnable compensation to the Department of Retirement Systems (DRS) for employees who leave their jobs with a district in order to become elected officials of an education association. The education associations have reimbursed the districts for the pension contributions. The Department of Retirement Systems ruled in the fall of 1990 that this practice was not consistent with current law.

SUMMARY:

A member of TRS Plan I or II who, prior to June 30, 1992, left a job with a school district or community and technical college district in order to serve as an elected official in an education association can receive retirement service credit

for the period he or she was with the education association. There is no limit on the amount of service credit earnable. For periods prior to the 1990-91 school year, the member can earn service credit only if the district has already reported earnable compensation for the period of authorized leave and the earnable compensation reported for the member was the salary the member would have been paid by the district for the position from which the member was on leave.

For the 1990-91 and 1991-92 school years, a district may change its transmittal records to DRS for any member on leave to serve as an elected official in an education association in order (1) to record earnable compensation if this has not already been done and (2) to change earnable compensation amounts to the salary the member would have been paid had he or she been employed with the district.

After June 30, 1992, a member of TRS Plan I can earn up to four years of service credit for periods spent on unpaid authorized leaves of absence from a school district or a community and technical college district to work as an elected official of an education association. The member must make both the employer and the employee contributions within five years of returning to his or her job with the district.

EFFECT OF PROPOSED SUBSTITUTE:

The stipulation in the original bill that service credit be granted only if the compensation reported by the district was the compensation the member would have received had he or she stayed with the district is removed. Service credit may be granted even if the compensation reported by the district for periods of leave taken prior to June, 1992, was the compensation the member received as an elected official in an education association.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

The WEA has challenged the Department of Retirement System's interpretation of current law. This bill will settle the legal disagreement. It will also be a fairer approach for those people who in the past served as elected officials in the WEA believing that they were earning retirement service credit for their employment there.

TESTIMONY AGAINST: None

TESTIFIED: Karen Davis, Washington Education Association (pro)