

SENATE BILL REPORT

SB 6654

As Reported By Senate Committee On:
Ways & Means, February 12, 2008

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: Senators Kilmer, Schoesler, Holmquist, Murray, Roach and Rasmussen; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 2/05/08, 2/06/08, 2/12/08 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Erik Sund (786-7454)

Background: Members of Plans 2 and 3 of the Teachers Retirement System (TRS 2/3) and the School Employees' Retirement System (SERS 2/3) that work for educational employers may 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 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

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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, earns service credit 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.

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.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This legislation would give more equitable treatment to teachers that work full-time schedules for part of the school year, and would help schools that are using non-traditional schedules for part-time teachers in order to improve the continuity of the educational experience for students.

Persons Testifying: PRO: Randy Parr, Washington Education Association.