

HOUSE BILL REPORT

HB 1670

As Reported By House Committee On:
Appropriations

Title: An act relating to providing service credit for periods of paid leave.

Brief Description: Providing service credit for periods of paid leave.

Sponsors: Representatives Sommers, Heavey, Locke, King, Jacobsen, Vance, Wineberry, Mielke, Linville, Lisk, J. Kohl, Wolfe, Basich, Orr, Valle, Voloria, Anderson, G. Cole, Dorn, Jones, R. Fisher, Holm, Ogden and Kremen.

Brief History:

Reported by House Committee on:
Appropriations, March 6, 1993, DPS.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Barbara McLain (786-7153).

Background: Public employee collective bargaining agreements typically contain provisions authorizing certain employees to take a leave of absence to engage in bargaining and other labor relations activities. While on leave, some may continue to receive a salary from their public employer. The employer, however, is reimbursed by the employee union.

Ordinarily, employees on a paid leave of absence receive retirement service credit for the leave period. However, questions have been raised about whether employees on leave for bargaining purposes are authorized to receive service credit since the employees' salary is indirectly paid by a union.

Plan II of the various state retirement systems generally allow up to two years of service credit for unpaid leaves of absence, as long as the member makes both the employer and employee contributions for the period of leave.

In 1992, the Legislature allowed members of the Teachers' Retirement System (TRS) who had taken leaves of absence to serve as elected officials of an education association, to receive service credit for leave taken prior to the 1992-93 school year. Members of TRS I were also granted the ability to earn up to four years of credit for future leaves of absence for this purpose, but only if the member paid the requisite employer and employee contributions.

Summary of Substitute Bill: Public employees who take leave to serve as an elected official of a labor organization are considered to be on a paid leave of absence and are eligible to receive retirement service credit, as long as: (1) the leave is authorized by a collective bargaining agreement; (2) the agreement provides the employee with seniority rights during the leave; and (3) the employer is reimbursed by the labor organization for compensation paid to the employee during the leave.

Service credit earned under such a paid leave after July 1, 1993, is limited to four years of credit.

The compensation reported for such a member to the Department of Retirement Systems (DRS) after July 1, 1993, cannot be greater than the salary the member would have been paid for the position occupied immediately prior to taking leave, as established in the collective bargaining agreement.

These provisions apply to members of Plan I and II of the Teachers' Retirement System (TRS), the Public Employees' Retirement System (PERS), and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

The compensation reported for this type of paid leave is allowed to be counted in a PERS or TRS member's average final compensation. Paid leave can already be counted in LEOFF.

The provisions apply retroactively for any members under the circumstances described, who had compensation reported to DRS. The provisions also apply retroactively to July 1, 1992, for any TRS members who were affected by a 1992 law addressing this topic.

A 1992 law addressing this topic, but only for members of TRS, is repealed.

Substitute Bill Compared to Original Bill: A limit of four years of service credit for the leave described in the bill is created. That the compensation reported to DRS after July 1, 1993 cannot be greater than the salary the member would have been paid for the position occupied immediately prior to taking leave is required. In the original bill, the limit on compensation reportable for PERS and LEOFF members was the salary of the highest paid job class covered by the collective bargaining agreement. A technical correction is added to allow this type of paid leave to be counted in a PERS or TRS member's average final compensation. The provisions are allowed to be applied retroactively for TRS members, including retroactivity to July 1, 1992, for any members affected by a 1992 law. The original bill applied to TRS prospectively only. The 1992 law dealing with this topic is repealed. An emergency clause is added.

Fiscal Note: Available.

Effective Date of Substitute Bill: The substitute bill contains an emergency clause and takes effect immediately.

Testimony For: This clears up a gray area dealing with public employees who take leave for labor relations purposes. These employees remain public employees and should get service credit, because labor relations is an integral function of the employer/employee relationship. The bill is consistent and applies uniformly to all the retirement systems.

Testimony Against: None.

Witnesses: Dave Westberg, International Union of Operating and Technical Engineers (for); and Karen Davis, Washington Education Association (for).