

USEA Legislative Updates

March 2, 2010

Third Substitute SB 43 and Third Substitute SB 63 passed the Senate on Monday. Changes were made to these bills in the House of Representatives last week. The Senate concurred with those changes on Monday and gave final passage to both bills. These bills will now go to the Governor for his signature.

USEA still does not support either bill and believes that the Utah Legislature should have moved these important issues to a **legislative task force**; to study the long-term needs of the Utah Retirement System, and to more thoroughly consider proposals and their potential impact before passing any legislation regarding the retirement system.

However, the final versions of these bills are better than the original bills and we thank all of our members who contacted their legislators and expressed their concerns. Your involvement undoubtedly helped to change the minds of legislators on these bills allowing changes to be made, which improved the legislation.

SB 94 was effectively killed by the sponsor in the Senate on Monday. Again, we believe that the pressure asserted by our members was helpful. Had it passed, this bill would have definitely hurt current education employees.

You can review these retirement bills by clicking on the links below:

[3rd Substitute, SB 43 Post Retirement Employment Amendments](#)

This bill makes changes to the post-retirement benefits for those employees who retire and begin reemployment on, or after July 1, 2010 with a URS participating employer.

Third Substitute Senate Bill 43 includes the following conditions on retirees who are reemployed with an employer that participates in the Utah Retirement System.

A retiree may not for the same period of reemployment:

- (a) (i) earn additional service credit; or*
- (ii) receive any retirement related contribution from a participating employer; and*
- (b) receive a retirement allowance.*

*The Retirement office shall cancel the retirement allowance of a retiree if the reemployment with a participating employer begins **within one year** of the retiree's retirement date.*

*If a retiree is reemployed **outside of one year** from their retirement date, the retiree may elect to:*

- (a) earn additional service credit in the retirement system and suspend the retiree's retirement allowance; or*
- (b) continue to receive the retiree's retirement allowance and forfeit any retirement related contribution from the participating employer who reemployed the retiree.*

[SB 94 Supplemental Benefit Amendments for Noncontributory Public Employees](#)

Had this bill passed, it would have removed for employees that began full-time employment with the state or its educational institutions on, or after July 1, 1986, the requirement that 1.5% of salary be paid into a 401(k) account for employees in the Noncontributory Retirement System. Essentially this would have been a 1.5% cut in pay for these employees.

[3rd Substitute, SB 63 New Public Employees' Tier II Contributory Retirement Act](#)

This bill will eliminate the current retirement system for all new employees, hired on, or after July 1, 2011, and replace it with a choice between a defined contribution plan and a greatly reduced hybrid defined benefit/defined contribution plan.

The third substitute of this bill will increase the total employer contribution from 8% to 10% and changes the yearly multiplier from 1% to 1.5% per year of service credit.

The **base education budget for 2010-2011** will reduce the weighted pupil unit (WPU) from \$2,577 to \$2,487. This is a \$90 per pupil reduction, or a 3.49% cut from the 2009-2010 WPU funding. There is also no additional funding for the 11,000 plus new students entering the public education system this coming year.

We are working with supportive legislators to try to bring the WPU up to, at least, the current year funding levels and to replace other areas that have been cut in the base budget bill.

Final decisions regarding the **2010-2011 education budget** have not been made at this point. The Executive Appropriations Committee will meet again later this week. We hope to have more information for you regarding the budget after this meeting.

Please contact your State Representatives and Senators by phone, email or letter. ***Ask your legislators to support adequate funding for public education, with no reduction to the current WPU funding. Please ask them to also fund growth, which is additional funding for the 11,000 plus new students entering the system this coming year.***

You can reach your Representative and Senator at the following links:

[Utah House of Representatives](#)

[Utah State Senate](#)