
Ways & Means Committee

HB 2492

Brief Description: Addressing shared leave for members of the law enforcement officers' and firefighters' retirement system, plan 2.

Sponsors: Representatives Simpson, Green, White, Conway, Ericks and Morrell; by request of LEOFF Plan 2 Retirement Board.

Brief Summary of Bill

- Permits employer-authorized shared leave received by members of the Law Enforcement Officers and Fire Fighters' Retirement System Plan 2 employed by local governments and districts to be included in calculating service credit and final average salary in the same manner as annual leave and sick leave.

Hearing Date: 2/3/10

Staff: David Pringle (786-7310).

Background:

The Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF) provides retirement benefits to full-time general authority law enforcement officers and firefighters throughout Washington. All employees first employed in LEOFF-eligible positions since 1977 have been enrolled in LEOFF Plan 2, which allows for an unreduced retirement allowance at age 53. The LEOFF Plan 2 permits early retirement beginning at age 50 for members with 20 years of service with a 3 percent per year reduction of their retirement allowance.

Most members of LEOFF Plan 2 work for local government employers such as police departments, sheriff's offices, fire departments, or fire districts. A small number of LEOFF Plan 2 members work for state agencies such as higher education institutions with full-time fire departments, or as enforcement officers with the Department of Fish and Wildlife. Of the approximately 16,600 active members of LEOFF Plan 2, about 15,900 work for counties, cities, ports, or fire districts.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Like other Plans 2 and 3 of the Washington state retirement systems, lump sum payments of deferred annual leave, sick leave, or vacation leave cannot be included in pension calculations in LEOFF Plan 2. However, salary received through the regular use of accrued leave is includible in pension calculations such as calculating final average salary.

Many public employers have shared leave programs that permit employees to donate leave to other employees that have exhausted his or her annual and sick leave balances under specific circumstances, for example due to a prolonged or chronic illness. For purposes of calculating Washington state pension benefits, shared leave received from another employee is not generally considered “compensation earnable” by the Department of Retirement Systems, therefore the leave cannot be used for service credit or for computing final average salary (FAS).

However, when the state leave sharing program was created, the statute expressly provided that shared leave for state agency employees and employees of institutions of higher education be treated the same for pension purposes as the employee’s own sick leave or annual leave. This allows those employees who work for employers covered by the state leave sharing program to have their shared leave used in the calculation of FAS and service credit. Shared leave received from another employee is not considered “compensation earnable” for local government employees; therefore, the leave cannot be used for service credit or for computing final average salary (FAS) in LEOFF Plan 2.

Summary of Bill:

Employer-authorized shared leave received by a LEOFF Plan 2 member from a non-state employer shall receive the same treatment in respect to service credit and final average salary that the member would normally receive if using accrued annual leave or sick leave. This applies to direct and indirectly transferred leave, such as through a shared leave pool, and includes leave transferred prior to the effective date of the act providing that retirement contributions were made on the shared leave.

Appropriation: None.

Fiscal Note: Requested on January 6, 2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.