

SENATE BILL REPORT

HB 2492

As Reported by Senate Committee On:
Ways & Means, February 17, 2010

Title: An act relating to shared leave for members of the law enforcement officers' and firefighters' retirement system, plan 2.

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 History: Passed House: 2/13/10, 95-0.

Committee Activity: Ways & Means: 2/17/10 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Carrell, Fairley, Hobbs, Honeyford, Keiser, Kline, McDermott, Oemig, Parlette, Pflug, Pridemore, Regala, Rockefeller and Schoesler.

Staff: Erik Sund (786-7454)

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

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the approximately 16,600 active members of LEOFF Plan 2, about 15,900 work for counties, cities, ports, or fire districts.

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 their 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 FAS in LEOFF Plan 2.

Summary of Bill: Employer-authorized shared leave received by a LEOFF Plan 2 member from a non-state employer must receive the same treatment in respect to service credit and FAS that the member would normally receive if using accrued annual leave or sick leave. This applies to directly 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: 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: None.

Persons Testifying: No one.