

HOUSE BILL REPORT

SB 5274

As Passed House - Amended:

April 7, 2017

Title: An act relating to defining salary for purposes of the Washington state patrol retirement system.

Brief Description: Defining salary for purposes of the Washington state patrol retirement system.

Sponsors: Senators Conway, Bailey, Schoesler and Hobbs; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 3/13/17, 3/23/17 [DPA];

Transportation: 3/29/17, 4/4/17 [DPA(APP)].

Floor Activity:

Passed House - Amended: 4/7/17, 96-0.

Brief Summary of Bill (As Amended by House)

- Permits members of the Washington State Patrol Retirement System (WSPRS) to include up to 70 hours per year of overtime attributable to Washington State Department of Transportation projects, or other volunteer overtime, in average final salary for pension calculation purposes.
- Increases the maximum member contribution rate in WSPRS from 7.34 to 8.44 percent.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 29 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Fitzgibbon, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Tharinger, Vick, Volz and Wilcox.

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.

Minority Report: Do not pass. Signed by 3 members: Representatives Condotta, Nealey and Taylor.

Staff: David Pringle (786-7310).

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended by Committee on Appropriations. Signed by 24 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Wylie, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Chapman, Gregerson, Hayes, Irwin, Kloba, Lovick, McBride, Morris, Ortiz-Self, Pellicciotti, Pike, Riccelli, Shea, Stambaugh, Tarleton, Van Werven and Young.

Staff: Paul Ingiosi (786-7114).

Background:

The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of the Washington State Patrol (WSP). Members of the WSPRS may retire at age 55 or after 25 years of service at any age. There are two tiers of benefits in the WSPRS: Plan 1, which was closed on December 31, 2002, and Plan 2, which has covered all fully commissioned officers of the WSP that received their commissions after that date.

In 1999 the Joint Legislative Audit and Review Committee conducted a performance audit of the Washington State Patrol. Included within it was a review of overtime worked by WSP officers, and the impact of that overtime on WSPRS pensions. The study found that during fiscal years 1997 and 1998, the average current trooper and sergeant worked 121 hours of overtime per year. Twenty-three commissioned retirees who retired between July 1, 1996, and March 30, 1998, worked an estimated average of 172 hours of overtime per year during the last 24 months of employment prior to retirement, or 42 percent higher than the average.

In 2001 the Legislature adopted Engrossed Senate Bill 5143, which both created the WSPRS Plan 2 and made the following changes to members of the WSPRS Plan 1: (1) increased the annual cost-of-living adjustment (COLA) benefits of retirees and survivors from a 2 percent per year simple increase to a 3 percent per year compounded Consumer Price Index-based increase; (2) changed the employee contribution rate from a fixed 7 percent of pay to the greater of 2 percent or one-half of the total contribution rate required by the plan (with the state paying the other half); and (3) excluded voluntary overtime or overtime worked for the Department of Transportation from the definition of salary.

Wage-related matters, including the distribution of overtime hours, are determined for WSPRS members in collective bargaining. The current collective bargaining agreement contains provisions detailing the distribution of voluntary overtime.

Among the changes made to Plan 2 was an increase in the period over which average final salary was calculated from the highest two consecutive years of service to the highest five consecutive years.

In 2007 the Legislature limited the WSPRS member contribution rate to the lesser of one-half the required rate or 7 percent, plus 50 percent of the contribution rate caused by any benefit improvements effective on or after July 1, 2007. Currently, the maximum WSPRS member contribution rate is 7.34 percent of pay.

Summary of Amended Bill:

Members of the WSPRS are permitted to include a total of up to 70 hours per year of voluntary overtime and overtime worked on Department of Transportation projects in average final salary for the calculation of pension benefits. Only overtime hours earned after July 1, 2017, may be included in the 70 hours of overtime. The maximum member contribution rate is increased by 1.10 percent.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Appropriations):

(In support) This bill is a recommendation of the Select Committee on Pension Policy (SCPP). The SCPP was directed by the Legislature to study pension issues related to the recruitment and retention of Washington State Patrol Troopers. This type of overtime is included in the salaries of members of the Law Enforcement Officers' and Firefighters' Retirement System when calculating pensions, so it should be included for members of the Washington State Patrol as well. This is the only group of employees that cannot count this type of overtime in their pensions. Voluntary overtime was removed in the wake of abuse by a few bad actors. Administrative safeguards have been put in place since that time, including an electronic list. This bill was unanimously supported in the Senate. The legislatively initiated retention measures have helped. Some of the types of work covered by this include special events and transportation projects.

(Opposed) None.

Staff Summary of Public Testimony (Transportation):

(In support) Language in the budget asked us to examine pension options to improve the retention of Washington State Patrol (WSP) officers. There has been a lot of WSP turnover, people often leaving for better wages and benefits as police officers in the cities and counties. This bill will help equalize the overtime issue between members of the WSP and those in the Law Enforcement Officers' and Fire Fighters' (LEOFF) retirement plan, where those members can work voluntary overtime and apply those hours to their pension accrual. The rationale for the bill is to treat the WSP members the same as we treat those in the LEOFF system in terms of overtime. The WSP may be the only state agency which does not allow voluntary overtime to be used to calculate average final salary for pension calculations.

Since 2001 the WSP has not had this benefit; a few bad apples abused the system, spiked their pensions, and ruined it for everyone. Since 2005 the WSP has been working to get the benefit back, implementing administrative safeguards to ensure all overtime, mandatory and voluntary, is being used correctly and no one member can abuse the system. The 70-hour-cap per year of voluntary overtime that may be included in pension calculations is a fair amount, approximately one shift every other month. The WSP does not pay into Social Security, it is not a benefit the WSP members will receive once they retire—their pension is all they have. This type of voluntary overtime is critical to allow the WSP to do more work with fellow state partners like the Washington Traffic Safety Commission and the Washington State Department of Transportation. This issue will continue to help us with our retention and recruitment efforts.

(Opposed) None.

Persons Testifying (Appropriations): Senator Conway, prime sponsor; Davor Gjurasic, Washington State Patrol Troopers Association; and Jason Linn, Washington State Patrol Lieutenants Association.

Persons Testifying (Transportation): Senator Conway, prime sponsor; Davor Gjurasic, Washington State Patrol Association; and Tim Coley, Washington State Patrol Lieutenant and Captains Association.

Persons Signed In To Testify But Not Testifying (Appropriations): None.

Persons Signed In To Testify But Not Testifying (Transportation): None.