

SENATE BILL REPORT

SB 6134

As Reported by Senate Committee On:
Ways & Means, January 26, 2012

Title: An act relating to allowing department of fish and wildlife enforcement officers to transfer service credit.

Brief Description: Allowing department of fish and wildlife enforcement officers to transfer service credit.

Sponsors: Senators Delvin, Conway, Sheldon and Hewitt.

Brief History:

Committee Activity: Ways & Means: 1/24/12, 1/26/12 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Brown, Conway, Harper, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Padden, Pridemore, Regala and Schoesler.

Staff: Erik Sund (786-7454)

Background: The Public Employees' Retirement System (PERS) provides benefits for all regularly compensated public employees and appointed officials unless they fall under a specific exemption from membership, such as qualification for another of the state retirement systems. Covered employees include all state agencies and subdivisions, and most local government employees not employed by the cities of Seattle, Tacoma, and Spokane. All members of PERS first employed in eligible positions since 1977 are members of PERS Plan 2 or PERS Plan 3. PERS 2 is a defined benefit plan that provides a retirement allowance based on 2 percent of final average salary for each year of service, and a normal retirement age of 65. Early retirement benefits are available beginning at age 55, with reductions depending on the member's age and years of service. PERS 3 is a hybrid defined benefit and defined contribution retirement plan. PERS 3 members contribute to an individual defined contribution account. Employer contributions support 1 percent of final average salary benefit for each year of service, with a normal retirement age of 65. Early retirement benefits are similar to those offered in PERS 2.

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.

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. To be eligible for LEOFF as a law enforcement officer, an employee must: (1) work for a governmental entity that meets the definition of a general authority law enforcement agency; (2) be a general authority law enforcement officer; and (3) meet the training or other job requirements. 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. LEOFF 2 allows early retirement beginning at age 50 for members with 20 years of service with a 3 percent benefit reduction for each year that a member retires early.

The Department of Fish and Wildlife (DFW) was changed from a limited authority law enforcement agency to a general authority law enforcement agency under legislation enacted in 2002. This permits the agency to commission officers to enforce all the traffic and criminal laws of the state, much like Washington State Patrol troopers, in addition to the special enforcement powers granted to DFW enforcement officers in the state Wildlife Code.

While DFW enforcement officers met all the requirements of LEOFF membership when DFW was reclassified as a general authority law enforcement agency, they were specifically excluded from LEOFF membership until legislation enacted in 2003 made new DFW enforcement officers eligible for enrollment in LEOFF 2. In 2003 the Legislature also authorized the transfer of current DFW enforcement officers belonging to PERS 2 or 3 to LEOFF 2 for the purpose of future service only. Enforcement officers who transferred from PERS to LEOFF became dual members of PERS 2 or 3 and LEOFF 2. Dual members are eligible to receive a retirement benefit from both of the plans that they belong to and may combine service credit earned in all portability covered systems for the purpose of qualifying for benefits. The highest base salary may also be used to calculate the benefits from both systems for a member of both plans.

In 2009 the Legislature authorized the transfer of prior service credit earned by DFW enforcement officers in PERS 2 or 3 to LEOFF 2. Members of LEOFF 2 who wished to transfer prior service credit from PERS 2 or 3 were required to apply for the transfer by December 31, 2009. Any member who elected to transfer service credit from PERS 2 to LEOFF 2 must pay an amount equal to the difference between the retirement system contributions that the member made in PERS 2 and the contributions that the member would have paid in LEOFF Plan 2, plus interest, by June 30, 2014. A member choosing to transfer service credit from PERS 3 to LEOFF 2 must pay an amount equal to the greater of: (1) the full balance of the member's defined contribution account; or (2) the amount of contributions that the member would have paid had the service been rendered in LEOFF 2, plus interest. On June 30, 2014, the Department of Retirement Systems (DRS) must transfer from PERS 2 or 3 to LEOFF 2 the service credit of any member who has met the transfer requirements, along with the associated member and employer contributions and interest.

Summary of Bill: The date by which a DFW enforcement officer must complete the required payments in order to transfer prior service credit from PERS 2 or 3 to LEOFF 2 is changed from June 30, 2014, to June 30, 2012. On June 30, 2012, DRS must transfer from

PERS 2 or 3 to LEOFF 2 the service credit of any member who has met the transfer requirements, along with the associated member and employer contributions and interest.

A reference to another statute is corrected in the section authorizing the transfer for service credit from PERS 2 or 3 to LEOFF 2.

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: PRO: This is not agency request legislation, but the agency supports it. This bill could potentially have a positive effect on DFW's budget, since it would make a number of enforcement officers eligible to retire. The impact that this bill would have on pension contribution rates is insignificant. Officers purchasing service credit pay their share, so it's fair.

Persons Testifying: PRO: Bruce Bjork, Chief, Law Enforcement Bureau of DFW; Duane Makoviney, Teamsters Local 760; Lee Rees, Council of Police and Sheriffs.