

# HOUSE BILL REPORT

## HB 1707

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### As Reported by House Committee On: Appropriations

**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:** Representatives Stanford, Ormsby and Lovick; by request of Select Committee on Pension Policy.

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 2/8/17, 2/22/17 [DPS].

#### **Brief Summary of Substitute Bill**

- Permits members of the Washington State Patrol Retirement System to include up to 40 hours per year of overtime attributable to Department of Transportation projects, or other volunteer overtime, in average final salary for pension calculation purposes.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Stokesbary, Assistant Ranking Minority Member; Bergquist, Cody, Fitzgibbon, Haler, Hansen, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Senn, Springer, Stanford, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 10 members: Representatives Chandler, Ranking Minority Member; Buys, Caldier, Condotta, Harris, Schmick, Taylor, Vick, Volz and Wilcox.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives MacEwen, Assistant Ranking Minority Member; Nealey.

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*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.*

**Staff:** David Pringle (786-7310).

**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 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 WSP. 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 WSPRS Plan 2 and made the following changes to members of 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.

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**Summary of Substitute Bill:**

Members of the WSPRS are permitted to include a total of up to 40 hours of voluntary overtime and overtime worked on Department of Transportation projects in average final salary for calculation pension benefits. Only overtime hours earned after July 1, 2017, may be included in the 40 hours of overtime.

**Substitute Bill Compared to Original Bill:**

The substitute bill places a 40-hour annual limit on the amount of voluntary overtime and overtime worked on Department of Transportation projects that may be included in average final salary for calculation pension benefits.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This moves to a more fair way to account for the overtime troopers are working. The Washington State Patrol (WSP) uses more safeguards to avoid overtime abuse today, and this pay should be moved back into pension calculations. In 2015 the Joint Transportation Committee conducted a study to figure out why the WSP was having so much trouble recruiting and retaining troopers. One of the primary reasons was low pay, leading to low morale. In 2016 The Select Committee on Pension Policy (SCPP) was directed to study improvements to the WSP pension plans to aide with recruitment and retention. This is the bill the SCPP recommended.

(Opposed) None.

**Persons Testifying:** Representative Stanford, prime sponsor; Davor Gjurasic, Washington State Patrol Troopers Association; Ron Mead, Washington State Patrol; and Jason Linn, Washington State Patrol Captains and Lieutenants Association.

**Persons Signed In To Testify But Not Testifying:** None.