

HOUSE BILL REPORT

HB 1669

As Passed House:

February 9, 2022

Title: An act relating to disability benefits in the public safety employees' retirement system.

Brief Description: Concerning disability benefits in the public safety employees' retirement system.

Sponsors: Representatives Stokesbary, Fitzgibbon, Leavitt, Robertson, Graham, Bronoske, Jacobsen, Sullivan, Griffey and Young; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 1/20/22, 1/25/22 [DP].

Floor Activity:

Passed House: 2/9/22, 96-0.

Brief Summary of Bill

- Creates a disability benefit for members of the Public Safety Employees' Retirement System totally disabled in the line of duty.
- Disabled members must be unable to perform any substantial gainful activity to qualify.
- Provides the totally disabled member with a benefit of up to 70 percent of final average salary.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 32 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke,

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

Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: David Pringle (786-7310).

Background:

The Public Safety Employees' Retirement System (PSERS) provides retirement benefits for certain public employees with limited law enforcement authority not eligible for membership in the Law Enforcement Officers' and Firefighters' Retirement System Plan 2 (LEOFF 2), and for certain public employees whose jobs present a high degree of physical risk to their own safety.

Membership eligibility is determined by a member's job duties and their employer. The PSERS membership notably includes state and local government corrections officers, probation officers, jailers, limited authority peace officers, and positions that provide nursing care to offender and patient populations in corrections facilities, the Department of Social and Health Services, Veterans Affairs, and the Department of Children, Youth, and Families institutions.

Members of PSERS may retire at an earlier age than members of the Public Employees' Retirement System Plans 2 and 3 (PERS 2/3). The PSERS provides full retirement at age 60 with 10 years of service rather than at age 65 with 10 years of service in the PERS, and the PSERS members may retire early beginning at age 53. Members with 20 years of service may retire early beginning at age 53 with a 3 percent per year reduction in benefits.

Members of the PSERS who become disabled may access their accrued benefits, actuarially reduced from age 60. If a member has attained age 53, the disability benefit is equivalent to the retirement benefit available to the member. The disability benefit in the PERS 2/3 is effectively the same, except that the higher PERS 2/3 retirement ages apply to the actuarial reductions made to benefits.

The LEOFF 2, in contrast, provides two different line-of-duty benefits to members who become disabled. One is that the members disabled from employment may receive a disability benefit based upon their earned or accrued benefits, not actuarially reduced for the difference between the age of the member and retirement age, with a minimum 10 percent of average final salary. The other LEOFF 2 disability benefit is for members totally disabled from substantial gainful activity—effectively the federal Social Security disability standard. This total disability benefit provides up to 70 percent of average final salary, reduced if in combination with workers' compensation benefits and Social Security disability benefits a member would receive more than 100 percent of average final salary. A totally disabled member is subject to ongoing medical and financial examinations and disclosures to the Department of Retirement Systems to ensure continued eligibility for the

benefit. If a member is later able to engage in substantial gainful activity, the benefit reverts to the lower earned duty disability benefit.

Summary of Bill:

A disability benefit for members of the Public Safety Employees' Retirement System (PSERS) totally disabled in the line of duty is created. The total disability benefit provides up to 70 percent of average final salary, reduced if in combination with workers' compensation benefits and Social Security disability benefits a member would receive more than 100 percent of average final salary. A totally disabled member is subject to medical and financial examinations and disclosures to the Department of Retirement Systems to ensure continued eligibility for the benefit. If a member is later able to engage in substantial gainful activity, the benefit reverts to the actuarially reduced earned disability benefit currently available in the PSERS.

Appropriation: None.

Fiscal Note: Available.

Effective Date: 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 bill aligns the PSERS total disability benefit with that in the LEOFF 2. The Select Committee on Pension Policy studied the issue extensively. Any time you lump public employees into five categories, not all employees in those categories face the same risks. The PSERS members demonstrated that they should be treated more like the LEOFF members. This bill is a great investment in staff who have paid a high price for their service. Please explore how this could be expanded to apply to prior members injured in service. The actuarial reduction of 3 percent per year for current disability benefits doesn't leave much to support a family.

(Opposed) None.

Persons Testifying: Representative Drew Stokesbary, prime sponsor; Brenda Wiest, Teamsters Local 117; and Matt Zuvich, Washington Federation of State Employees.

Persons Signed In To Testify But Not Testifying: None.