

HOUSE BILL REPORT

HB 2896

As Reported by House Committee On:
Appropriations

Title: An act relating to retirement benefits for emergency medical technicians.

Brief Description: Allowing certain emergency medical technicians to transfer service credit.

Sponsors: Representatives Cooper, Delvin, Conway, Campbell, Kirby, Hurst, Jackley, Sullivan, Chase, Darneille, Santos, Ogden, Quall, Morell, Simpson, Schual-Berke, Fromhold, McDermott and Romero.

Brief History:

Committee Activity:

Appropriations: 2/7/02, 2/12/02 [DPS].

Brief Summary of Substitute Bill

- Allows emergency medical technicians who become certified firefighters and are employed by a fire department in a full-time, fully compensated position to: 1) opt to transfer to the Law Enforcement Officers' and Fire Fighters' retirement system Plan 2 (LEOFF 2) prospectively; 2) remain in the Public Employees' Retirement System (PERS); or 3) become members of LEOFF 2 and transfer previous service credit earned in PERS to LEOFF 2.
- Under option 3, the employee must pay the amount attributable to the difference in employee contributions; the employer must pay the remaining cost of the transfer.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Cox, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, Mastin, McIntire, Pearson, Ruderman, Schual-Berke and Talcott.

Minority Report: Without recommendation. Signed by 1 member: Representative Lisk.

Staff: Andrea Hardy (786-7349).

Background:

Emergency Medical Technician Paramedics (EMTPs) employed by local governments in health departments or other similar divisions of local governments are members of the Public Employees' Retirement System (PERS).

Some EMTPs have had their jobs moved from various organizations in local government to fire departments. Upon meeting all the requirements to become firefighters, such as training and passing applicable examinations, these EMTPs employed at fire departments become members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2).

Members with service in both PERS 2 and LEOFF 2 may use the portability provisions of the state retirement law to combine years of service and average salary for purposes of retirement eligibility, but the retirement ages of each plan still apply to the benefit receivable from each plan.

At least one local government employer has moved EMTPs from a department such as a health department to a fire department, and those EMTPs have become firefighters and members of LEOFF 2 for service performed after the move. Several other local government employers are in various stages of considering a similar movement of EMTPs to fire departments.

Summary of Substitute Bill:

The EMTPs who were previously members of PERS but become certified fire fighters and so will become eligible for LEOFF 2 may choose to: 1) Transfer to LEOFF 2 prospectively; 2) remain in PERS; or 3) become members of LEOFF 2 and transfer previous service credit earned as an EMTP in PERS 2 to LEOFF 2.

A member transferring eligible service credit from PERS 2 to LEOFF 2 must pay the retirement systems the difference in contributions, plus interest, that would have been paid by the employee if the employee's entire service been rendered in LEOFF 2. The employee must complete this payment no later than five years from the date of their transfer application or retirement, whichever comes first. The difference between employer contributions made to PERS 2 and the employer and state contributions that would have been made in LEOFF 2 will be paid by the new employer of the transferring member, covering all remaining liabilities created by the transfer.

Substitute Bill Compared to Original Bill:

Under the original bill, the difference between employer contributions paid to PERS 2 and those employer and state contributions that would have been paid to LEOFF 2, inclusive of interest, were incorporated into the LEOFF 2 system liabilities. Under the substitute bill, the employer must pay the remaining cost of the service credit transfer to the retirement system, such that no increase in contribution rates to the system will be increased.

Appropriation: None.

Fiscal Note: Requested on February 6, 2002.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: HB 2896 resolves an issue with emergency medical technician paramedics who are transferring to fire departments and becoming fire fighters because the bill gives them the opportunity to make their pension benefits whole and consistent. The three options listed in the bill presentation offer these members options they would not otherwise have. The first option, transferring to LEOFF 2 prospectively and leaving prior service credit in PERS, is the option under current law and is an incomplete benefit for our members. The second option, to remain in PERS regardless of qualification for LEOFF 2, is not a benefit for either the employee or the employer. The third option, the best option created by this bill, provides members the option to transfer prior service credit earned as an emergency medical technician from PERS to LEOFF so that the member gets a whole benefit.

The whole benefit would allow members to retire at 53 instead of waiting until age 65. If current law is retained and applied to these members, they will have a fractured pension benefit.

Testimony Against: None.

Testified: Kelly Fox, Washington State Council of Fire Fighters; Mike Wilson, Medic 7; and Don Fulthorpe, Camas Fire Department.