

SENATE BILL REPORT

HB 2537

As Reported By Senate Committee On:
Ways & Means, March 1, 2004

Title: An act relating to establishing a public safety employees' retirement system plan 2.

Brief Description: Establishing a public safety employees' retirement system plan 2.

Sponsors: Representatives Alexander, Fromhold, Conway, G. Simpson, Moeller and Chase; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 3/1/04 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Pflug, Prentice, Rasmussen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Erik Sund (786-7454)

Background: Public safety workers who are not eligible for enrollment in the Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF), such as correctional officers and park rangers, are enrolled in the Public Employees' Retirement System (PERS). Members of PERS 1 are eligible to retire at age 60 with at least five years of service, at age 55 with 25 or more years of service, or at any age with 30 or more years of service. Members of PERS 2 and PERS 3 may retire with an unreduced benefit at age 65 with five or more years of service and are eligible for early retirement beginning at age 55, provided that they have at least 20 years of service in PERS 2 or 10 years of service in PERS 3.

Summary of Bill: A new retirement system called the Public Safety Employees' Retirement System (PSERS) is created. A new plan is created within PSERS called the Public Safety Employees' Retirement System Plan 2 (PSERS 2). Full-time employees within the following job classes are eligible for enrollment in PSERS 2: state and local corrections officers, state park rangers, enforcement officers of the Gambling Commission and the Liquor Control Board, and commercial vehicle officers not belonging to the Washington State Patrol Retirement System.

Under PSERS 2, members with five or more years of service are eligible for normal retirement at age 65. Members may instead choose unreduced retirement beginning at age 60, provided that they have at least ten years of service credit in PSERS. Early retirement is an option beginning at 53 years of age for those who have 20 or more years of service. The retirement allowance of members who choose early retirement is reduced by 3 percent per

year of difference between their age at retirement and age 60. All other provisions of the plan are equivalent to the provisions of PERS 2.

New eligible employees are automatically enrolled in the new plan. Current members of PERS 2 and PERS 3 are given the option of transferring to PSERS 2 for the purposes of future service credit only. This election must be made by September 30, 2006. Members choosing to transfer become dual members of PERS and PSERS. Eligible members of PERS 1 remain in PERS 1.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2006.

Testimony For: (From companion SB 6246) This bill is important for the safety of corrections and other public safety employees, jail inmates, and the public at large. It is simply too difficult physically to do these kinds of jobs at age 65, so employees need to be able to retire earlier. This bill is also needed as a recruitment and retention tool, as many of the affected employers must compete for qualified employees with law enforcement employers who can offer membership in the more generous Law Enforcement Officers' and Fire Fighters' Retirement System. In addition to all of the other reasons, this bill is important for reasons of fairness.

Testimony Against: (From companion SB 6246) This bill is simply too difficult for counties and cities to afford at this time.

Testified: (From companion SB 6246) Sherry Appleton, Amalgamated Transit Union Legislative Council (pro); Eileen W. Bisson, Pierce County Sheriff's Department (pro); Don Briscoe, International Federation of Professional and Technical Engineers Local 17 (pro); Terry Cousins, Washington State Jail Association (pro); Karen Daniels, Thurston County Jail (pro); Edwin R. Frazier, Chelan County Regional Justice Center (pro); Bev Hermanson, Washington Federation of State Employees (pro); Kenneth L. Ivey, Snohomish County Corrections (pro); Jim Justin, Association of Washington Cities (con); Bruce Karr, Washington State Jail Association (pro); Martha Karr, Washington State Jail Association (pro); Jim King, Citizens for Parks and Recreation (pro); Broda Logan, Washington State Council of County and City Employees (pro); Lynn Maier, Washington Public Employees Association (pro); Tim Mills, Thurston County Jail (pro); Leonard Orth, King County Corrections Guild (pro); Paul Pastor, Pierce County Sheriff (pro); Roxane Payne, Washington State Jail Association and Kitsap County Jail (pro); Linda Peters, Benton County Sheriff's Office (pro); Mike Ryherd, International Brotherhood of Teamsters (pro); Gabe Smith, Chelan County Regional Justice Center (pro); Preston Smith, Pierce County Sheriff's Office and Washington State Council of County and City Employees Local 3752 (pro); Hal Stewart, Pierce County Sheriff's Office and Washington State Council of County and City Employees Local 3752 (pro); J. Pat Thompson, Washington State Council of County and City Employees (pro); Eldon Vail, Washington State Department of Corrections (pro); Bill Vogler, Washington State Association of Counties (con); Bill Whitten, Benton County (pro).