

HOUSE BILL REPORT

SHB 1266

As Amended by the Senate

Title: An act relating to death benefits for public employees.

Brief Description: Addressing death benefits for public employees.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Conway, Fromhold, B. Sullivan, Kenney, Ericks, Simpson and Moeller; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board).

Brief History:

Committee Activity:

Appropriations: 1/23/07, 1/29/07 [DPS].

Floor Activity:

Passed House: 3/7/07, 95-0.

Senate Amended.

Passed Senate: 4/4/07, 47-0.

Brief Summary of Substitute Bill

- Provides a \$150,000 death benefit to survivors of state, school district and higher education employees who die as a result of an occupational illness that arises in the course of employment.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 33 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Dunn, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist and Walsh.

Staff: David Pringle (786-7310).

Background:

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 survivors of employees covered by many of the plans of the Washington retirement systems, as well as other state agency employees, are eligible for a \$150,000 lump-sum benefit in the event that the member dies as a result of injuries sustained in the course of employment. If the member belongs to the Public Employees' Retirement System (PERS), the Law Enforcement Officers and Firefighters Retirement System (LEOFF), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), the Public Safety Employees Retirement System (PSERS), the Washington State Patrol Retirement System (WSPRS), or the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System (VFFRORPS), then the benefit is paid from the plan. If the individual was a state, school district, or higher education employee that was not a member of one of the retirement systems listed above, then the benefit is paid as a sundry claim.

Additional death benefits are available to survivors of state retirement system members. The spouse or dependents of an individual covered by Social Security may be eligible for a death benefit if they meet age, income, or other restrictions. The age eligibility for the Social Security death benefit is based on an age 65 eligibility for full benefits, and reduced benefits are available beginning at age 60. The size of the Social Security death benefit is dependent on the contributions the deceased made to Social Security during the member's career. Members of WSPRS and the majority of LEOFF members do not participate in Social Security.

A Workers' Compensation death benefit may also be payable from the Department of Labor and Industries for death resulting from injury sustained in the course of employment. A lump sum benefit may be payable from the Department of Labor and Industries for burial expenses, as well as a monthly benefit of 60 percent of gross wages up to 120 percent of the state's average wage.

Employees who meet the federal definition of "public safety officers," including some members of LEOFF, WSPRS, PERS, and PSERS, are also eligible under the federal Public Safety Officers Benefit Act of 1976 for an inflation indexed lump-sum death benefit of approximately \$295,00 in 2007.

Beginning in 1987, the Legislature enacted presumptions that when certain diseases were contracted by fire fighters they were caused by job-related exposure. For these "occupational diseases," the work-related cause is established for Workers' Compensation benefits purposes. Initially, the occupational disease presumption applied only to respiratory disease, but in 2002 the Legislature expanded the list of occupational diseases for fire fighters to include more conditions, including other exposures to smoke or toxic substances, certain types of cancer, and infectious diseases. Employees other than fire fighters do not benefit from the presumption of cause, and must establish that a workplace condition was the most likely cause of a disease.

The 2006 Legislature enacted a recommendation of the LEOFF 2 Board that extended the \$150,000 death benefit to instances where a member of LEOFF 2 died as a result of an occupational disease that arose from employment. The LEOFF 2 Board also recommended

that the LEOFF 2 \$150,000 death benefit be indexed by inflation up to 3 percent per year, but the indexing part of the recommendation was not enacted.

Summary of Substitute Bill:

The \$150,000 death benefit for members of the Washington retirement systems, as well as state agency, school district, and higher education employees, is payable upon death due to an occupational disease or infection that arises in the course of employment, as well as from injuries sustained in the course of employment.

Benefits for deceased members of PERS, LEOFF 1, TRS, SERS, PSERS, and VFFRORPS are paid from the member's plan. For deceased employees of state, school district, or higher education institutions who did not belong to these state retirement systems when they died, the benefit is payable as a sundry claim.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment provides the survivor of a PERS Plan 2 member that left the employment of a PERS employer to enter the uniformed services of the United States and that died while honorably serving in Operation Enduring Freedom or Operation Iraqi Freedom after January 1, 2007 may receive an amount equal to two hundred percent of the member' accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a divorce-related court order filed with the Department of Retirement System.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Please support this bill. Federal benefits include similar inflation features. There is nothing that protects general employees that are exposed to hazardous chemicals on the jobs, jobs that are serving the people of Washington. State employees work hard and deserve security in their pensions earned serving the people of Washington. Both the LEOFF 2 Board and the Select Committee considered ad-hoc increases, higher indexes, etc., but both settled on recommending an inflation index that was the same as for the Plan 2/3 benefits.

(Opposed) None.

Persons Testifying: Doreen Vandervort, Washington Federation of State Employees; and Steve Nelson, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board.

Persons Signed In To Testify But Not Testifying: None.