

HOUSE BILL REPORT

HB 2492

As Reported by House Committee On: Ways & Means

Title: An act relating to shared leave for members of the law enforcement officers' and firefighters' retirement system, plan 2.

Brief Description: Addressing shared leave for members of the law enforcement officers' and firefighters' retirement system, plan 2.

Sponsors: Representatives Simpson, Green, White, Conway, Ericks and Morrell; by request of LEOFF Plan 2 Retirement Board.

Brief History:

Committee Activity:

Ways & Means: 2/3/10, 2/6/10 [DP].

Brief Summary of Bill

- Permits employer-authorized shared leave received by members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 employed by local governments and districts to be included in calculating service credit and final average salary in the same manner as annual leave and sick leave.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick and Seaquist.

Staff: David Pringle (786-7310).

Background:

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) provides retirement benefits to full-time general authority law enforcement officers and firefighters

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throughout Washington. All employees first employed in the LEOFF-eligible positions since 1977 have been enrolled in the LEOFF Plan 2, which allows for an unreduced retirement allowance at age 53. The LEOFF Plan 2 permits early retirement beginning at age 50 for members with 20 years of service with a 3 percent per year reduction of their retirement allowance.

Most members of the LEOFF Plan 2 work for local government employers such as police departments, sheriff's offices, fire departments, or fire districts. A small number of the LEOFF Plan 2 members work for state agencies such as higher education institutions with full-time fire departments, or as enforcement officers with the Department of Fish and Wildlife. Of the approximately 16,600 active members of the LEOFF Plan 2, about 15,900 work for counties, cities, ports, or fire districts.

Like other Plans 2 and 3 of the Washington retirement systems, lump sum payments of deferred annual leave, sick leave, or vacation leave cannot be included in pension calculations in the LEOFF Plan 2. However, salary received through the regular use of accrued leave is includible in pension calculations such as calculating final average salary.

Many public employers have shared leave programs that permit employees to donate leave to other employees that have exhausted his or her annual and sick leave balances under specific circumstances, for example due to a prolonged or chronic illness. For purposes of calculating Washington pension benefits, shared leave received from another employee is not generally considered "compensation earnable" by the Department of Retirement Systems, therefore the leave cannot be used for service credit or for computing final average salary (FAS).

However, when the state leave sharing program was created, the statute expressly provided that shared leave for state agency employees and employees of institutions of higher education be treated the same for pension purposes as the employee's own sick leave or annual leave. This allows those employees who work for employers covered by the state leave sharing program to have their shared leave used in the calculation of FAS and service credit. Shared leave received from another employee is not considered "compensation earnable" for local government employees; therefore, the leave cannot be used for service credit or for computing FAS in the LEOFF Plan 2.

Summary of Bill:

Employer-authorized shared leave received by a LEOFF Plan 2 member from a non-state employer shall receive the same treatment in respect to service credit and final average salary that the member would normally receive if using accrued annual leave or sick leave. This applies to direct and indirectly transferred leave, such as through a shared leave pool, and includes leave transferred prior to the effective date of the act providing that retirement contributions were made on the shared leave.

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 was a LEOFF Plan 2 Retirement Board proposal. These shared leave pools are created by the local employers, usually in a bargained environment. Members should not be adversely affected if they need to use shared leave towards the end of their careers – that is why this change should be made.

(Opposed) None.

Persons Testifying: Shawn Merchant, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board; and Kelly Fox, Washington State Council of Fire Fighters.

Persons Signed In To Testify But Not Testifying: None.