

SENATE BILL REPORT

SB 6407

As of February 4, 2010

Title: An act relating to duty-related death benefits for public safety employees.

Brief Description: Addressing duty-related death benefits for public safety employees.

Sponsors: Senators Eide, Brandland, Hobbs, Kline, Shin, Kilmer, Parlette and Marr; by request of LEOFF Plan 2 Retirement Board.

Brief History:

Committee Activity: Ways & Means: 2/03/10.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: State Retirement System Death and Disability Benefits. 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 Fire Fighters 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.

If a member of LEOFF Plan 2 or WSPRS Plan 2 dies prior to retirement and has either earned ten or more years of service or is eligible to retire, the member's designated survivor may choose a monthly benefit actuarially reduced by a joint and 100 percent reduction. This is the same optional joint and 100 percent reduction that is one of the options available to members upon normal retirement. If a LEOFF Plan 2 or WSPRS Plan 2 member has completed fewer than ten years of service, the member's survivor will receive a benefit equivalent to the member's accumulated contributions.

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.

State Workers' Compensation Benefits. Workers injured in the course of employment receive various industrial insurance benefits. If death results from the injury, the surviving spouse receives a monthly benefit ranging from 60 to 70 percent of the wages of the deceased worker. If a surviving spouse remarries, benefits are discontinued at the end of the month in which remarriage occurs. A surviving spouse who remarries may choose to receive a lump sum of 24 times the monthly rate, with some adjustments. If the surviving spouse does not choose to receive the lump sum and the remarriage ends in death, annulment, or dissolution, monthly benefits may be reinstated. Most members of the Washington State Retirement Systems are covered by the same industrial insurance benefits as other workers; however, in the LEOFF system, only members of LEOFF Plan 2 are eligible for industrial insurance.

State Tuition and Education Benefits. State institutions of higher education may waive all or a portion of tuition and fees for eligible students within certain limits. Categories of eligible students include the children of law enforcement officers or firefighters that died or became disabled in the line of duty. For these waivers, known as state-supported waivers, institutions receive general fund support to offset the tuition not collected from students as a result of granting the waivers. This authority to grant state-supported waivers is capped for each institution at a certain percentage of the total tuition revenue the institution collects. Institutions also have authority to waive tuition on a space available basis for certain other persons. Student attendance under space-available waivers is not counted for budgetary purposes.

Federal Public Safety Officer Death, Disability, and Education Benefits and Social Security Death Benefits. 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 (PSOB) for an inflation indexed lump-sum death or catastrophic injury benefit of approximately \$312,000 in 2010. The PSOB also provides support for higher education to eligible spouses and children of qualified public safety officers that died or were disabled in the line of duty since 1996. The PSOB educational assistance (PSOEA) defrays tuition, fees, room and board, books, supplies, and other education-related costs. The maximum award for a full-time student is \$925 per month of class attendance for 2009. All PSOEA awards must, by law, be reduced by the amount of other governmental assistance that a student is eligible to receive.

Additional federal death benefits are available to survivors of state retirement system members covered by Social Security. The survivors of covered members 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.

Summary of Bill: State Retirement Systems Death and Disability Benefits. The lump-sum death benefit for members of LEOFF Plan 2 and WSPRS Plan 2 is increased to \$214,000 and automatically adjusted each year by an amount equal to the Consumer Price Index for urban wage earners and clerical workers for the Seattle/Tacoma/Bremerton area up to a maximum

of 3 percent per year. This applies to all members of LEOFF Plan 2 and WSPRS Plan 2 killed in the course of employment since January 1, 2009.

The ten year service requirement for a survivor annuity and the joint and 100 percent survivor reduction are removed for survivors of LEOFF Plan 2 and WSPRS Plan 2 members that died in the line of duty. A minimum duty-related death survivor annuity of 10 percent of average final salary is established for LEOFF Plan 2 and WSPRS Plan 2. This applies to all future payments of benefits for LEOFF Plan 2 members that were killed in the course of employment since October 1, 1977, and WSPRS Plan 2 members killed in the course of employment since January 1, 2003.

State Workers' Compensation Benefits. Workers' compensation benefits for surviving spouses of LEOFF Plan 2 and WSPRS Plan 2 members that died from duty-related causes continue after the remarriage of the survivors, and workers' compensation benefits for the survivors that were previously stopped due to remarriage resume.

State Tuition and Education Benefits. State institutions of higher education must waive all tuition, service fees and activity fees for children and spouses of law enforcement officers, firefighters, and Washington State Patrol Officers, that die or become totally disabled in the line of duty while employed by any public law enforcement agency or full-time or volunteer fire department in Washington.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill is not a haphazard response to a tragedy, but a comprehensive, carefully considered proposal to close some of the gaps in the benefits provided to the families of law enforcement officers and fire fighters who are killed in the line of duty. Many of the elements of this bill have been worked on for years. Law enforcement officers and fire fighters shouldn't have to worry about whether or not their families will be taken care of while they are performing the dangerous duties required by their jobs. From August through December of last year, seven law enforcement officers were killed, leaving 15 children without a parent. Surviving spouses shouldn't have to choose between remarrying and being financial secure and being able to provide for their children. This bill is about taking care of children and making sure that they are given every opportunity in life. Individual members' years of service credit doesn't change the level of risk they face on the job, and shouldn't determine whether or not their families are looked after if they are killed.

Persons Testifying: PRO: Senator Eide, prime sponsor; Jamie Daniels, Washington Council of Police and Sheriffs; Bill Hanson, Washington Fraternal Order of Police; Rick Jensen, Tom Pillow, Washington State Patrol Troopers Association; Renee Maher, Council of Metropolitan Police & Sheriffs; Skeeter Manos, Brian Wurts, Lakewood Police

Independent Guild; Steve Nelsen, LEOFF Plan 2 Retirement Board; Billie Saunders, Jolin Lowry, citizens.