

# HOUSE BILL REPORT

## SB 6134

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### As Reported by House Committee On: Ways & Means

**Title:** An act relating to allowing department of fish and wildlife enforcement officers to transfer service credit.

**Brief Description:** Allowing department of fish and wildlife enforcement officers to transfer service credit.

**Sponsors:** Senators Delvin, Conway, Sheldon and Hewitt.

#### Brief History:

##### Committee Activity:

Ways & Means: 2/25/12, 2/27/12 [DPA].

#### Brief Summary of Bill (As Amended by Committee)

- Moves the date that the Department of Retirement Systems will credit a Department of Fish and Wildlife Enforcement Officers' transferred Public Employees' Retirement System service credit to a member's Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 account from no earlier than June 30, 2014, to no earlier than June 30, 2012.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended. Signed by 25 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Haigh, Haler, Hinkle, Hudgins, Hunt, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Dickerson and Kagi.

**Staff:** David Pringle (786-7310).

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*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.*

**Background:**

The Public Employees' Retirement System (PERS) provides benefits for all regularly compensated public employees and appointed officials unless they fall under a specific exemption from membership, such as qualification for another of the state retirement systems. Covered employees include all state agencies and subdivisions, and most local government employees not employed by the cities of Seattle, Tacoma, or Spokane. All members of PERS first employed in eligible positions since 1977 are members of PERS Plan 2 or PERS Plan 3. The PERS Plan 2 is a defined benefit plan that provides a retirement allowance based on 2 percent of an employee's final average salary for each year of service, and a normal retirement age of 65. Early retirement benefits are available beginning at age 55, with reductions depending on the member's age and years of service. The PERS Plan 3 is a hybrid defined benefit and defined contribution retirement plan. The PERS Plan 3 members contribute to an individually defined contribution account. Employer contributions support 1 percent of an employee's final average salary benefit for each year of service, with a normal retirement age of 65. Early retirement benefits are similar to those offered in PERS Plan 2.

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) provides retirement benefits to full-time general authority law enforcement officers and firefighters throughout Washington. To be eligible for LEOFF as a law enforcement officer, an employee must: (1) work for a governmental entity that meets the definition of a general authority law enforcement agency; (2) be a general authority law enforcement officer; and (3) meet the training or other job requirements. All employees first employed in LEOFF-eligible positions since 1977 have been enrolled in LEOFF Plan 2, which allows for an unreduced retirement allowance at age 53. The LEOFF Plan 2 allows early retirement beginning at age 50 for members with 20 years of service with a 3 percent benefit reduction for each year that a member retires early.

The Department of Fish and Wildlife (DFW) was changed from a limited authority law enforcement agency to a general authority law enforcement agency under legislation enacted in 2002. This permits the agency to commission officers to enforce all the traffic and criminal laws of the state, much like Washington State Patrol troopers, in addition to the special enforcement powers granted to the DFW enforcement officers in the state Wildlife Code.

While the DFW enforcement officers met all the requirements of LEOFF membership when the DFW was reclassified as a general authority law enforcement agency, they were specifically excluded from LEOFF membership until legislation enacted in 2003 made new DFW enforcement officers eligible for enrollment in LEOFF Plan 2. In 2003 the Legislature also authorized the transfer of current DFW enforcement officers belonging to PERS Plans 2 or 3 to LEOFF Plan 2 for the purpose of future service only. Enforcement officers who transferred from PERS to LEOFF became dual members of PERS Plan 2 or 3 and LEOFF Plan 2. Dual members are eligible to receive a retirement benefit from both of the plans that they belong to and may combine service credit earned in all portability covered systems for the purpose of qualifying for benefits. The highest base salary may also be used to calculate the benefits from both systems for a member of both plans.

In 2009 the Legislature authorized the transfer of prior service credit earned by the DFW enforcement officers in PERS Plan 2 or 3 to LEOFF Plan 2. Members of LEOFF Plan 2 who wished to transfer prior service credit from PERS Plans 2 or 3 were required to apply for the transfer by December 31, 2009. Any member who elected to transfer service credit from PERS Plan 2 to LEOFF Plan 2 must pay an amount equal to the difference between the retirement system contributions that the member made in PERS Plan 2 and the contributions that the member would have paid in LEOFF Plan 2, plus interest, by June 30, 2014. A member choosing to transfer service credit from PERS Plan 3 to LEOFF Plan 2 must pay an amount equal to the greater of: (1) the full balance of the member's defined contribution account; or (2) the amount of contributions that the member would have paid had the service been rendered in LEOFF Plan 2, plus interest. On June 30, 2014, the Department of Retirement Systems (DRS) must transfer from PERS Plans 2 or 3 to LEOFF Plan 2 the service credit of any member who has met the transfer requirements, along with the associated member and employer contributions and interest.

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**Summary of Amended Bill:**

The date that the DRS will credit a DFW Enforcement Officers' transferred PERS service credit to a member's LEOFF Plan 2 account is moved from no earlier than June 30, 2014, to no earlier than June 30, 2012.

**Amended Bill Compared to Original Bill:**

The amended bill removed provisions changing the date by which a member must complete payments to transfer service credit from PERS to LEOFF Plan 2 from June 30, 2014, to June 30, 2012.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) A 26-year DFW enforcement officer has transferred 18 years of service from PERS Plan 2 to LEOFF Plan 2 at a personal cost of about \$70,000. At close to 57 years of age, by 2014, this individual will be close to age 60 before he can retire – years that are well beyond the LEOFF Plan 2 normal retirement age of 53. As a senior DFW enforcement officer with combined PERS and LEOFF service of 30 years as of 2009, this individual should be able to retire upon completing payment of the member contributions required to transfer service.

The DFW currently has about 150 officers, and 66 of them are dual PERS-LEOFF members. About 10 officers would be eligible to retire earlier if their LEOFF service credit was moved sooner, and this could provide the DFW with some savings, as they could be replaced with entry-level enforcement officers.

(Opposed) None.

**Persons Testifying:** Bruce Bjork, Department of Fish and Wildlife; and Duane Makoviney and Ted Holden, Teamsters and Department of Fish and Wildlife.

**Persons Signed In To Testify But Not Testifying:** None.