

SENATE BILL REPORT

SB 6397

As Reported by Senate Committee On:
Ways & Means, February 11, 2014

Title: An act relating to retired law enforcement officers and firefighters employed in certain public positions.

Brief Description: Placing restrictions on retired law enforcement officers and firefighters employed in certain public positions.

Sponsors: Senators Liias, Honeyford and Conway; by request of LEOFF Plan 2 Retirement Board.

Brief History:

Committee Activity: Ways & Means: 2/03/14, 2/11/14 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Baumgartner, Vice Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Bailey, Billig, Braun, Conway, Dammeier, Hatfield, Hewitt, Kohl-Welles, Padden, Parlette, Rivers, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Becker.

Staff: Pete Cutler (786-7474)

Background: The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) provides retirement benefits to full-time and fully compensated law enforcement officers and firefighters who first entered membership-eligible employment on or after October 1, 1977. Members of LEOFF 2 are eligible for full retirement benefits beginning at age 53.

Prior to 2005, LEOFF 2 retirees who became employed in LEOFF-covered positions, or positions covered by the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), or the Public Safety Employees' Retirement System (PSERS) could not continue to receive their LEOFF

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retirement benefits. LEOFF 2 members with at least 15 years of service credit were also generally prohibited from joining a second state retirement system plan if they were receiving or eligible to receive LEOFF 2 retirement benefits. Therefore, prior to 2005 LEOFF 2 retirees could neither collect their pensions, nor earn service credit if they became employed in a PERS, TRS, SERS, or PSERS-covered position.

The LEOFF 2 Board proposed changes to the LEOFF 2 post-retirement employment rules to make it easier for LEOFF 2 members to make career changes after retirement. Changes were enacted in 2005 that allow LEOFF 2 retirees who becomes employed in a non-LEOFF eligible position that is covered by PERS, TRS, SERS, or PSERS to choose to either: (1) receive LEOFF 2 retirement benefits while employed in the non-LEOFF position and be prohibited from entering a new retirement plan; or (2) enter into the membership of the retiree's new position's retirement plan, make contributions and accrue service credit, and have their LEOFF 2 retirement benefit suspended until the employment covered by the other retirement plan ends. LEOFF 2 retiree benefits are suspended when the retiree becomes employed in a LEOFF-eligible position.

Persons who retire from PERS, TRS, SERS, and PSERS Plans 2 and 3 may work in a retirement-eligible position for up to 867 hours each calendar year without suspension of retirement benefits.

Summary of Bill: LEOFF 2 retirees and members are not eligible to receive LEOFF 2 retirement benefits if they become employed in positions that would otherwise be LEOFF-eligible positions except that the positions are less than fulltime, less than fully compensated, not fully commissioned, or include additional duties that make the position not eligible for inclusion in LEOFF.

LEOFF 2 retirees and members are also not eligible to receive retirement benefits if they become employed in positions that would otherwise be covered in LEOFF except that the retiree or member is designated as an independent contractor.

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: The LEOFF 2 Board wants to address the negative public perception that occurs when persons collect a LEOFF 2 retirement allowance at the same time they work as a law enforcement officer or firefighter. This bill closes some creative loopholes that have been used by some local agencies. The public expects when a public employee retires they can collect their retirement, but they should not be able to collect retirement benefits if they keep working in the same profession, that is not retirement. The public wants retirees to be retired and if they return to work in the same profession for a government entity they should not be able to collect both a retirement allowance and a salary. Using the LEOFF retirement allowance to subsidize compensation for persons hired into law

enforcement and firefighter positions is not consistent with the purpose of the LEOFF system and undermines public confidence. The bill is a good start but it should also be extended to LEOFF 1 and the Washington State Patrol Retirement System.

CON: The town of Eatonville cannot afford a full-time experienced fire chief. This bill needs more work to address the needs of small cities, towns, and fire districts. It should be sent back to the LEOFF 2 Board.

OTHER: I support the spirit of the bill, but it goes too far because it does not allow a LEOFF 2 retiree to fill an interim, part-time position for a small city. A limit on post-retirement employment such as in PERS or TRS, 867 hours per year, would be a more reasonable approach. There is a strong public perception against double dipping but there is not necessarily a material impact on the pension system. Not everybody who goes back to work in a chief position is doing it to game the system and double dip. This is a talent pool that is of value to our smaller jurisdictions. This should be looked at more closely.

Persons Testifying: PRO: Senator Liias, prime sponsor; Steve Nelsen, LEOFF Plan 2 Retirement Board; Renee Maher, Council of Metropolitan Police and Sheriffs.

CON: Robert Hudspeth, part-time fire chief, Eatonville, WA.

OTHER: Candice Bock, Assn. of WA Cities; Mark Langford, Milton Police Dept.