

HOUSE BILL REPORT

HB 1709

As Reported by House Committee On: Appropriations

Title: An act relating to transferring public employees' retirement system service credit to the public safety employees' retirement system due to differing definitions of full-time.

Brief Description: Authorizing the transfer of public employees' retirement system service credit to the public safety employees' retirement system due to differing definitions of full-time.

Sponsors: Representatives Chandler, Ormsby and Stanford; by request of Select Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 2/8/17, 2/15/17 [DP].

Brief Summary of Bill

- Allows certain employees that thought they were eligible for the Public Safety Employees' Retirement System (PSERS) to transfer credit earned in the Public Employees' Retirement System (PERS) to the PSERS.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 32 members: Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Condotta, Fitzgibbon, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Nealey, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan, Taylor, Tharinger, Vick, Volz and Wilcox.

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 Public Safety Employees' Retirement System (PSERS) was established July 1, 2006. Certain job classes employed by specified employers that were covered by the Public Employees' Retirement System (PERS) and that had been identified as having law enforcement responsibilities and powers were moved to the PSERS. The PSERS has a normal retirement age of 60 with 10 years of service as compared to the PERS Plans 2 and 3 with normal retirement ages of 65.

The specific job classes that were moved to the PSERS include: city corrections officers; jailers; police support officers; custody officers and bailiffs; county corrections officers; probation officers and probation counselors; state correctional officers; correctional sergeants and community corrections officers; liquor enforcement officers; park rangers; commercial vehicle enforcement officers; and gambling special agents. The PSERS employers are defined as the Department of Corrections, the Department of Natural Resources, the State Parks and Recreation Commission, the Gambling Commission, the Washington State Patrol, the Liquor and Cannabis Board, county corrections departments, and the corrections departments of municipalities not classified as first class cities.

In addition to being one of the listed positions with a listed employer, to be eligible for PSERS membership an employee must work full time.

In 2016 the Department of Retirement Systems (DRS) identified that some employees that had been reported by their employers as members of the PSERS did not meet the full-time requirement. This was due to differences in the definition used by the DRS of at least 160 hours per month, while some local contracts defined full time at a lower threshold.

Summary of Bill:

Employees that met the requirements of membership in the PSERS with the exception of the full time requirement between July 1, 2006, and January 1, 2017, may transfer their PERS service credit to the PSERS if they worked under an employment contract that defined full-time employment as at least 140 hours per month. In order to be eligible, the employee must also have been incorrectly reported by their employer in the PSERS.

Both the employee transferring service and the employer must respectively pay the difference in the contributions that would have been paid between the PERS and the PSERS. An employee transferring credit must continue to have their service reported in the PSERS as long as they stay with their current employer and continue to work under an employment contract that defines full time as at least 140 hours per month.

The provision applies retroactively to July 1, 2006.

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) The original intent of the PSERS was to include full-time employees, but what that meant was never defined. The criterion was added to the PSERS plan to ensure that mixed-duty employees were excluded. Without this change, a significant hardship is caused for a small group of employees that reasonably believed they should be in the PSERS until very recently. There has been a disruption in moving from the PERS to the PSERS. By increasing the retirement age from 60 to 65, people have to work longer. Deferred compensation has been lost. Retirement benefits have also been reduced by over \$500 per month, which has affected families.

(Opposed) None.

Persons Testifying: Pat Thompson, Washington State Council of County and City Employees; Elizabeth Hickman; JoAnna Moore; and Tiffany Speir, Pierce County.

Persons Signed In To Testify But Not Testifying: None.