

HOUSE BILL REPORT

HB 2709

As Passed Legislature

Title: An act relating to the authority of the law enforcement officers' and firefighters' plan 2 retirement board to set the salary of the executive director.

Brief Description: Concerning the authority of the law enforcement officers' and firefighters' plan 2 retirement board to set the salary of the executive director.

Sponsors: Representatives Holy and Bergquist.

Brief History:

Committee Activity:

Appropriations: 1/22/18, 1/24/18 [DP].

Floor Activity:

Passed House: 2/8/18, 85-13.

Senate Amended.

Passed Senate: 3/2/18, 47-1.

Passed House: 3/5/18, 86-12.

Passed Legislature.

Brief Summary of Bill

- Authorizes the Law Enforcement Officers' and Firefighters' Plan 2 Retirement Board (Board) to fix the salary of the Executive Director.
- Directs the Board to consult with the Director of the Office of Financial Management when fixing the Executive Director's salary, and notify the Legislature.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 27 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Caldier, Cody, Condotta, Fitzgibbon, Graves, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Pettigrew, Pollet, Senn, Springer, Stanford, Sullivan, Tharinger, Volz and Wilcox.

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.

Minority Report: Do not pass. Signed by 5 members: Representatives Buys, Manweller, Schmick, Taylor and Vick.

Staff: David Pringle (786-7310).

Background:

The Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF 2 Board) was created in 2003 by the passage of Initiative 790 in 2002. The LEOFF 2 Board is a state agency that serves as the board of trustees for the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) and has the authority to administer the LEOFF 2. The LEOFF 2 Board has the authority to set the economic assumptions and the contribution rates for LEOFF 2 employees, employers, and the state, subject to revision by the Legislature; employ staff that are state employees; and adopt an annual budget.

The LEOFF 2 Board is composed of 11 members, including three members representing law enforcement officers, three members representing fire fighters, three members representing employers, one member of the Senate, and one member of the House of Representatives.

The State Human Resources division of the Office of Financial Management (OFM) manages statewide human resource policy functions, including classification, compensation, workforce data, civil service rules, recruitment, and other policy functions. Like most agency directors, the position of Executive Director of the LEOFF 2 Board is exempt from civil service rules and serves at the pleasure of the LEOFF 2 Board. The OFM requires agencies to establish an initial salary range or "band" for their exempt positions, and the OFM must approve salary or salary range changes outside of the previously approved range prior to adjustments. Agencies are permitted to adjust salaries of exempt employees within the approved bands for specified reasons, but not adjust them above the approved band.

Summary of Bill:

The LEOFF 2 Board is authorized to fix the salary of the Executive Director, and the authority of the OFM to limit the salary of the Executive Director fixed by the LEOFF 2 Board is removed; however, the LEOFF 2 Board must consult with the Director of the Office of Financial Management and provide notice to the chairs of the House and Senate fiscal committees of changes to the salary.

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 LEOFF 2 Board has become the best-funded retirement plan in the United States over 14 years of operation. The Executive Director that has served for the duration of

the LEOFF 2 Board's existence has become nationally known for his knowledge and leadership. Many of the key executives in the state agencies that administer Washington's retirement systems have been departing, including the Director of the Department of Retirement Systems recently. When the OFM is banding agency directors according to simple definitions like agency size, it has placed the Executive Director of the LEOFF 2 Board—a small agency—in a band below what is needed to retain him against recruitment pressure. The skill sets and experience that some employees have are rare. This is a bipartisan approach. Alternate ways to resolve this compensation issue have been tried without success. The LEOFF 2 Board has looked around in recent years and seen that the Executive Director is not competitively paid.

(Opposed) None.

Persons Testifying: Representative Holy, prime sponsor; Representative Bergquist; and Dennis Lawson, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board.

Persons Signed In To Testify But Not Testifying: None.