

# HOUSE BILL REPORT

## SB 5274

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### As Reported by House Committee On: Appropriations

**Title:** An act relating to defining salary for purposes of the Washington state patrol retirement system.

**Brief Description:** Defining salary for purposes of the Washington state patrol retirement system.

**Sponsors:** Senators Conway, Bailey, Schoesler and Hobbs; by request of Select Committee on Pension Policy.

**Brief History:**

**Committee Activity:**

Appropriations: 3/13/17, 3/23/17 [DPA].

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

- Permits members of the Washington State Patrol Retirement System (WSPRS) to include up to 70 hours per year of overtime attributable to Department of Transportation projects, or other volunteer overtime, in average final salary for pension calculation purposes.
- Increases the maximum member contribution rate in WSPRS from 7.34 to 8.44 percent.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass as amended. Signed by 29 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Fitzgibbon, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Tharinger, Vick, Volz and Wilcox.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Condotta, Nealey and Taylor.

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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.*

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

**Background:**

The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of the Washington State Patrol (WSP). Members of the WSPRS may retire at age 55 or after 25 years of service at any age. There are two tiers of benefits in the WSPRS: Plan 1, which was closed on December 31, 2002, and Plan 2, which has covered all fully commissioned officers of the WSP that received their commissions after that date.

In 1999 the Joint Legislative Audit and Review Committee conducted a performance audit of the Washington State Patrol. Included within it was a review of overtime worked by WSP officers, and the impact of that overtime on WSPRS pensions. The study found that during fiscal years 1997 and 1998, the average current trooper and sergeant worked 121 hours of overtime per year. Twenty-three commissioned retirees who retired between July 1, 1996, and March 30, 1998, worked an estimated average of 172 hours of overtime per year during the last 24 months of employment prior to retirement, or 42 percent higher than the average.

In 2001 the Legislature adopted Engrossed Senate Bill 5143, which both created the WSPRS Plan 2 and made the following changes to members of the WSPRS Plan 1: (1) increased the annual cost-of-living adjustment (COLA) benefits of retirees and survivors from a 2 percent per year simple increase to a 3 percent per year compounded Consumer Price Index-based increase; (2) changed the employee contribution rate from a fixed 7 percent of pay to the greater of 2 percent or one-half of the total contribution rate required by the plan (with the state paying the other half); and (3) excluded voluntary overtime or overtime worked for the Department of Transportation from the definition of salary.

Wage-related matters, including the distribution of overtime hours, are determined for WSPRS members in collective bargaining. The current collective bargaining agreement contains provisions detailing the distribution of voluntary overtime.

Among the changes made to Plan 2 was an increase in the period over which average final salary was calculated from the highest two consecutive years of service to the highest five consecutive years.

In 2007 the Legislature limited the WSPRS member contribution rate to the lesser of one-half the required rate or 7 percent, plus 50 percent of the contribution rate caused by any benefit improvements effective on or after July 1, 2007. Currently, the maximum WSPRS member contribution rate is 7.34 percent of pay.

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**Summary of Amended Bill:**

Members of the WSPRS are permitted to include a total of up to 70 hours per year of voluntary overtime and overtime worked on Department of Transportation projects in average final salary for the calculation of pension benefits. Only overtime hours earned after

July 1, 2017, may be included in the 70 hours of overtime. The maximum member contribution rate is increased by 1.10 percent.

**Amended Bill Compared to Original Bill:**

The amended bill limits the hours of voluntary overtime and overtime worked on Department of Transportation projects includible in average final salary to 70 hours per year, and increases the maximum member contribution rate by 1.10 percent.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 24, 2017.

**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) This bill is a recommendation of the Select Committee on Pension Policy (SCPP). The SCPP was directed by the Legislature to study pension issues related to the recruitment and retention of Washington State Patrol Troopers. This type of overtime is included in the salaries of members of the Law Enforcement Officers' and Firefighters' Retirement System when calculating pensions, so it should be included for members of the Washington State Patrol as well. This is the only group of employees that cannot count this type of overtime in their pensions. Voluntary overtime was removed in the wake of abuse by a few bad actors. Administrative safeguards have been put in place since that time, including an electronic list. This bill was unanimously supported in the Senate. The legislatively initiated retention measures have helped. Some of the types of work covered by this include special events and transportation projects.

(Opposed) None.

**Persons Testifying:** Senator Conway, prime sponsor; Davor Gjurasic, Washington State Patrol Troopers Association; and Jason Linn, Washington State Patrol Lieutenants Association.

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