

# Select Committee on Pension Policy

## Regular Executive Committee Meeting

December 18, 2007  
9:00 a.m. -10:00 a.m.  
Senate Conference Rooms A/B/C  
Olympia

### AGENDA

**9:00 a.m. - 10:00 a.m.**

- 9:00 a.m.      **(A)    Approval of Minutes**
- 9:05 a.m.      **(B)    Constituent Correspondence/Updated Issues Inventory**
- 9:10 a.m.      **(C)    Today's Full Committee Agenda**
- 9:20 a.m.      **(D)    PERS 1 Window under SHB 1067**
- 9:30 a.m.      **(E)    Post-retirement Employment under EHB 2391**
- 9:40 a.m.      **(F)    2008 Meeting Dates**
- 9:50 a.m.      **(G)    State Actuary Evaluation - Final**
- 10:00 a.m.     **(H)    Adjourn**

**\*Elaine M. Banks**  
*TRS Retirees*

**Representative Barbara Bailey**

**Lois Clement**  
*PERS Retirees*

**\*Representative Steve Conway,**  
**Chair**

**Representative Larry Crouse**

**Charles E. Cuzzetto**  
*TRS and SERS Employers*

**\*Randy Davis**  
*TRS Actives*

**Representative Bill Fromhold**

**Senator Janea Holmquist**

**Robert Keller**  
*PERS Actives*

**\*Sandra J. Matheson,** Director  
*Department of Retirement Systems*

**Corky Mattingly**  
*PERS Employers*

**Doug Miller**  
*PERS Employers*

**Victor Moore,** Director  
*Office of Financial Management*

**Senator Ed Murray**

**\*Glenn Olson**  
*PERS Employers*

**Senator Craig Pridemore**

**\*Senator Mark Schoesler,**  
**Vice Chair**

**J. Pat Thompson**  
*PERS Actives*

**David Westberg**  
*SERS Actives*

**\* Executive Committee**

(360) 786-6140  
Fax: (360) 586-8135  
TDD: 1-800-635-9993

## A. Approval of Minutes

# Select Committee on Pension Policy

P.O. Box 40914  
Olympia, WA 98504-0914  
actuary.state@leg.wa.gov

## REGULAR EXECUTIVE COMMITTEE MEETING DRAFT MINUTES

November 13, 2007

The Select Committee on Pension Policy met in Senate Conference Rooms A/B/C, Olympia, Washington on November 13, 2007.

### Morning Session

9:00 a.m. - 10:00 p.m.

#### Committee members attending:

Representative Conway, Chair  
Senator Schoesler, Vice-Chair  
Elaine Banks  
Randy Davis  
Sandra Matheson  
Glenn Olson

#### Other members attending:

Charles Cuzzetto  
Robert Keller  
Doug Miller

Representative Conway, Chair, called the meeting to order at 9:00 a.m.

#### (A) Approval of Minutes

*It was moved to approve the October 16, 2007, Executive Committee Draft Minutes. Seconded.*

**MOTION CARRIED**

#### (B) Constituent Correspondence

Matthew M. Smith, State Actuary, reported on "Constituent Correspondence." *Discussion followed.*

*It was moved to place "FRP (Pre-LEOFF) Survivor Benefits" on the December 18, 2007, Full Committee agenda. Seconded.*

**MOTION CARRIED**

*It was moved to place "Department of Corrections Public Safety Employees Retirement System (PSERS) Request Legislation" on the 2008 Interim Issues agenda. Seconded.*

**MOTION CARRIED**

\*Elaine M. Banks  
TRS Retirees

Representative Barbara Bailey

Lois Clement  
PERS Retirees

\*Representative Steve Conway,  
Chair

Representative Larry Crouse

Charles E. Cuzzetto  
TRS and SERS Employers

\*Randy Davis  
TRS Actives

Representative Bill Fromhold

Senator Janea Holmquist

Robert Keller  
PERS Actives

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PERS Employers

Doug Miller  
PERS Employers

Victor Moore, Director  
Office of Financial Management

Senator Ed Murray

\*Glenn Olson  
PERS Employers

Senator Craig Pridemore

\*Senator Mark Schoesler,  
Vice Chair

J. Pat Thompson  
PERS Actives

David Westberg  
SERS Actives

\* Executive Committee

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**(C) Today's Full Committee Agenda**

Staff briefed committee members on "Today's Full Committee Agenda."

*The following person testified:*

Randy Plain, Retired firefighter

The meeting adjourned at 9:28 a.m. to attend the Full Committee meeting.

**Afternoon Session**

12:50 p.m. - 3:05 p.m.

**Committee members attending:**

Representative Conway, Chair  
Senator Schoesler, Vice-Chair  
Elaine Banks  
Randy Davis  
Sandra Matheson  
Glenn Olson

**Other members attending:**

Representative Bailey  
Representative Crouse  
Charles Cuzzetto  
Representative Fromhold  
Robert Keller  
Doug Miller  
Senator Pridemore

Representative Conway, Chair, called the meeting to order at 12:50 p.m.

**(F) PERS to SERS Auto-Transfer**

*It was moved to place "PERS to SERS Auto-Transfer" on the December 18, 2007, Full Committee agenda. Seconded.*

**MOTION CARRIED**

**(G) PERS 1 Window under SHB 1067**

*It was moved to place "PERS 1 Window under SHB 1067" on the December 18, 2007, Executive Committee agenda. Seconded.*

**MOTION CARRIED**

**(H) Post-retirement Employment under EHB 2391**

Charles Cuzzetto, SCPP member and John Kvamme, Washington Association of School Administrators and Association of Washington School Principals reported on "Post-retirement Employment under EHB 2391." *Discussion followed.*

"Post-retirement Employment under EHB 2391" will be placed on the December 18, 2007, Executive Committee agenda.

**(I) December Meeting Agenda**

The following issues will be placed on the December 18, 2007, Full Committee agenda:

- 2008 Meeting Dates
- LEOFF 1 Medical Study
- Military Death Benefits
- Interruptive Military Service Credit
- FRP (Pre-LEOFF) Survivor Benefits
- Retiree Access to PEBB - Stakeholder Proposal
- Post-retirement Employment under EHB 2391
- PERS 1 Window under SHB 1067

**POSSIBLE EXECUTIVER SESSION**

- Military Death Benefits
- Interruptive Military Service Credit
- FRP (Pre-LEOFF) Survivor Benefits
- Retiree Access to PEBB
- Post-retirement Employment under EHB 2391
- PERS 1 Window under SHB 1067
- PERS to SERS Auto Transfer
- Salary Bonuses in TRS
- Fish and Wildlife Service Credit Transfer
- HECB Proposal

**(J) 2008 Meeting Dates**

"2008 Meeting Dates" will be discussed at the December 18, 2007, morning Executive Committee meeting and also placed on the December 18, 2007, Full Committee agenda.

**(K) 2008 Interim Planning**

Matthew M. Smith, State Actuary, reported on "2008 Interim Planning."

Regular Executive Committee Meeting

Draft Minutes

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**(L) State Actuary Evaluation**

The "State Actuary Evaluation - Final" will be placed on the December 18, 2007, Executive Committee agenda.

The meeting adjourned at 3:05 p.m.

## B. Constituent Correspondence

## SELECT COMMITTEE ON PENSION POLICY

## EXECUTIVE COMMITTEE

Constituent Correspondence as of December 6, 2007

December 18, 2007

Received by OSA	From	To	Subject
1/4/2007	Amalgamated Transit Union Legislative Council	Joint (sic) Committee on Pension Policy	Actuarial reduction of PERS 2/3 disability pensions
1/16/2007	Barbara Wagner et al	Rep. Fromhold (with copy of 11/29/06 letter to DRS)	PERS 1 benefit cap
1/16/2007	Kim Webster	OSA, SCPP	PERS 1 benefit cap
1/18/2007	Mike Cunningham	OSA	Plan 3 retirement for teachers
1/21/2007	Sen. Karen Fraser	Matt Smith	Pension Protection Act of 2006
2/7/2007	Maria Nardella	SCPP, SCPP Staff	Out-of-state service credit
2/16/2007	Mike Hudson	Rep. Bob Hasegawa (copy provided)	Rule of 85, service credit for two jobs, converting PERS 2 service to PERS 1
3/12/2007	Thad Lindquist	Matt Smith	LEOFF 1 disability retirement
4/10/2007	Sen. Jim Honeyford	Matt Smith, Sen. Pridemore, SCPP	Past service credit for term-vested judges
5/2/2007	Elizabeth Knox	OSA, SCPP	Revocation of gain-sharing (Plan 3)
5/7/2007	John Kvamme (for WASA & AWSP)	Matt Smith	Plan 3 vesting Survivor benefits Plan 3 improvement Plan 1, 2 & 3 military service Plan 2 & 3 final year contract
5/17/2007	Tom Pillow (for WSPTA)	Senator Pridemore	WSPRS demographics Benefit changes paralleling LEOFF Plan 2 Death benefit changes WSPRS governance
5/21/2007	Dave Nelsen (DRS)	Matt Smith	Expanding Plan 1 Post-30-year contribution program Death while retirement eligible Veteran's benefits Endorsement of inactive, non-vested members

Constituent Correspondence as of December 6, 2007

December 18, 2007

Received by OSA	From	To	Subject
5/22/2007	Wendy Rader-Konofalski (for WEA)	SCPP, SCPP Staff	TRS Out-of-State Service Credit PERS, SERS, & TRS 3 Vesting Rule of 85 Salary bonuses included in pension calculations Pre-tax health care benefits for retirees
5/22/2007	John Kvamme (for WASA & AWSP)	Matt Smith	Plan 3 vesting Survivor benefits Plan 3 improvement Plan 1, 2 & 3 military service Plan 2 & 3 final year contract Out-of-state service credit Plan 2 Access to PEBB
5/22/2007	Larry Scholl  Leslie Main (for WSSRA)	SCPP, SCPP Staff	TRS/PERS 1 uniform COLA adjustments TRS/SERS/PERS 2/3 Early retirement, Gain-sharing, and Vesting eligibility
5/24/2007	Dennis Eagle (for WFSE)	Senator Pridemore	Military Service Credit F&W Officers service credit transfer
5/29/2007	Ted Danielson	OSA	Military Service Credit
6/5/2007	Kelly Fox (LEOFF 2)	SCPP, SCPP Staff	Deferred Compensation Purchase of Annuity \$150,000 Death Benefit Military Service Death Benefit F&W Officers service credit transfer
6/6/2007	Sen. Derek Kilmer	SCPP, SCPP Staff	TRS half-time service-credit requirement
6/6/2007	Various Constituents	OSA	Gain-sharing
6/14/2007	Richard Warbrouck RFFW	Sen. Pridemore, Rep. Fromhold, Matt Smith	Survivor benefits

Constituent Correspondence as of December 6, 2007

December 18, 2007

Received by OSA	From	To	Subject
6/19/2007	WSSRA	At SCPP Meeting	TRS/PERS 1 uniform COLA adjustments
6/27/2007	Leslie Main (for WSSRA)	OSA	Amendment to PEBB enrollment 2nd chance request
7/5/2007	Various Constituents	OSA	Gain-sharing
6/29/2007	Ed Junbolm	SCPP	Questions regarding the legal status of the trust funds
7/16/2007	Don Bennett	SCPP	HECB staff option to participate in Higher Ed Retirement Plan
7/17/2007	Tom Pillow (for WSPTA)	SCPP	WSP survivor benefits
7/20/2007	Mike Paul	OSA	PERS 2 early retirement factors
7/25/2007	Tom Pillow (for WSPTA)	Rep. Conway	Economic assumptions
8/10/2007	Steve Davis (IBEW, Local 77)	SCPP	PERS 3
8/21/2007	Andrew Renggli	DRS/cc: SCPP	Appeal of DRS Corrective Action Dated Aug. 2, 2007
9/6/2007	John Kvamme	SCPP	Plans 2/3 Post-retirement employment
9/18/2007	Rep. Kevin Van De Wege	At SCPP Meeting	Placing Port of Walla Walla ARFF employees into LEOFF
9/22/2007	Richard Warbrouck RFFW	Rep. Conway	Survivor benefits
9/23/2007	Lorna Ovena, HR, DOC	Stakeholders	PSERS amendments
11/7/2007	Larry G. Williams	Rep. Conway	Military Srv. Credit disparity in PERS 1 & TRS 1
11/13/2007	Richard Warbrouck RFFW	Rep. Conway	WA State Firemen's Pension Fund
11/19/2007	Jim Kuntz Port of Walla Walla	Rep. Conway	Port ARFF/Security Officers
11/29/2007	Eric Johnson WPPA	Rep. Conway	ARFF Requirements at WA's Airports
12/4/2007	Cathy Davis	SCPP	TRS, Gain-sharing, EHB 2381
12/6/2007	Margaret Johnson	SCPP	TRS, Gain-sharing, NBC Bonus

Representative Steve Conway  
Chair, Select Committee on Pension Policy  
P.O. Box 40914  
Olympia, WA 98504-0914

11/6/07 - Mr Smith -  
**RECEIVED** your CC

NOV 7 - 2007

Office of  
The State Actuary

*Harry Williams*

November 6, 2007

Dear Representative Conway,

I have been referred to you by Jim Justin, Personnel and Labor Relations Contact for the Association of Washington Cities and Matt Smith, State Actuary.

I'm writing concerning a little known but significant administrative disparity in how military service credit is determined in the PERS1 and TRS1 retirement systems. I believe correcting this disparity could reduce the liability to the State retirement fund. Fixing the problem would also provide equity in efforts to recognize and honor veterans who have served our country.

In calculating service credit for active military duty, PERS1 allows both "uninterrupted" and "interrupted" time. "Uninterrupted" service means you went to war first, then got a job. "Interrupted" service means you had a job - went to war - then returned to your job. Again, PERS1 allows credit for both types of active military duty as long as a retiree has a minimum of 25 years State employment service credit.

Like PERS1, TRS1 also allows service credit for active military duty served once a beneficiary accumulates 25 years in the TRS1 system. However, the disparity is that TRS1 only allows credit for active military duty which interrupted a teaching job. It does not allow for "uninterrupted" service. Thus, teachers in the TRS1 plan who served our country prior to entering teaching in the TRS1 system do not qualify for the additional service credits when calculating their retirement benefits.

In the case of dual membership in both plans, the Department of Retirement Systems applies the more restrictive rule when calculating benefits. In other words, the TRS1 rule trumps and overrides the PERS1 rule when it comes to the requirements for receiving service credit for active military duty. While a veteran may have 25 combined years of State service between the PERS1 and TRS1, the retiree will only receive credit for active military duty if State employment service was interrupted.

I use my own situation as a case in point. I served 4.5 years active military duty during the Viet Nam Era, one of the qualifying service credit periods. I went to work in a PERS1 system position for a brief period while I attended college after my honorable discharge from the military. I completed my degree, entered the teaching profession under the TRS1 system, and 4.5 years later returned to the PERS1 system working in the energy conservation sector for a local utility. I restored my TRS1 funds to the system under the limited portability act in the early 1980's, and have been in and out of the PERS1 system several times.

Once I accumulate 25 years PERS1 credit, I can receive service credit for my active duty. However, if I were to try and combine both my PERS1 and TRS1 credit and retire as a Dual Member, I would be denied any active military service credit due to the TRS1 rules since my duty period is considered uninterrupted service.

Restated another way, if veteran has 5 years military time, 5 years TRS1 time, and 20 years PERS1 time, the veteran will receive a 25 year Dual Member retirement benefit for "uninterrupted" service, and a 30 year benefit for "interrupted" service...a disparity in recognizing our wartime vets which is unfortunate.

In my case, and I don't think I'm alone in my thinking or my way of contending with this discrepancy, I could have retired 3 years ago had both PERS1 and TRS1 allowed military credit for "uninterrupted" service...I would have left the system at that point. I began to inquire about benefits in 2001 when I discovered my military time would not be counted as a Dual Member. In my case, I am in a PERS1 position now, and will reach my 25 year mark at the end of 2008. I can continue another 6 months for 25.5 years and will then receive credit for my 4.5 years uninterrupted military service. This will give me a 30 year (60%) benefit package. At that point I can either draw my 4.5 years TRS1 funds out, or seek a teaching position to accumulate another 6 months in the system to vest at 5 years and another 10%

benefit. If I enter teaching full time, I could remain in the system and retire at 6.5 years in the system (13% benefit) and will qualify for retirement benefits under the 2011 salary scale instead of the 1979 salary scale.

I had not planned on being a "double dipper" when I began working in a position that was qualified under the state retirement plan. However, I'm flexible enough, and determined (stubborn) enough, to do what it will take to receive service benefits for my active military service credit.

I suspect some members are retired as Dual Members with 25 years service. Some could likely receive additional benefits if the "uninterrupted" rule for Dual Members is changed. I don't know how a change in the TRS1 for TRS only members would impact the system, other than to increase some benefits for some current retirees, and possibly encourage others targeting a 30 year full benefit package to leave the system as much as 5 years earlier than they planned by claiming their "uninterrupted" active duty time.

In the case of Dual Members, I think a "hit" - if any - on the retirement system will be minor. I even suspect there may be an offset when the actuary investigates how many members may have active duty military credit under the "uninterrupted" service rules - and are remaining in the system due to the current Dual Member restriction. If the discrepancy is corrected between the systems, Dual Members would have little incentive to accumulate more than the 30 combined years of service and military active duty.

Let me be very clear about my purpose - I'm calling your attention to this discrepancy because I'm concerned about the long term viability of the State retirement system, and because I believe we need to correct an administrative inconsistency which does not treat our veterans equally. Any change that takes place will not impact me or my plans - such a change would have had to take place 3 years ago. I'm near enough to the "double dipper" goal that I'm not going to "bail out" of the system prematurely at this point.

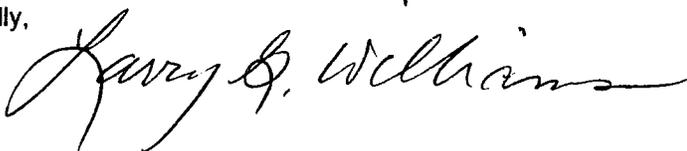
However, there may be others in the Plan I systems who are "uninterrupted" military service qualified that would leave the system under dual membership retirement if they had the opportunity. Many of them took advantage of the limited portability law in the early 1980's. If they remain in the system, they will likely become "double dippers" or will retire at a higher salary scale.

I suspect there is a considerable savings potential in correcting the current inequity. On the flip side, if we discover there is an additional expense to the system, I believe the equity a correction will provide it will be minor in cost compared to the recognition veterans deserve for service they have provided our State and our Nation during times of need.

For your information, I tried to call this problem to the attention of Representatives Kessler and Buck when I first learned about it in late 2001 at a time when a change could have benefitted my specific situation. As you'll recall, other matters took priority - we had just suffered "9/11", I-601 had passed, and the control of the house was evenly split 49 to 49. Both legislators felt they had bigger problems to address than this. Perhaps the political and fiscal changes that have transpired make this a good time to examine this retirement system administrative anomaly to see if savings can be gleaned from a change.

Please feel free to contact me if you need additional information or have any questions about the details of this situation. I've also included copies of e-mail exchanges which prompted this letter.

Cordially,



Larry G. Williams (Deputy Mayor, Port Angeles)  
P.O. Box 1491  
Port Angeles, Wa 98362

360-460-2821

CC: Jim Justin  
Matt Smith

## Larry Williams

**From:** Larry Williams [larrynpa@olypen.com]  
**Sent:** Tuesday, November 06, 2007 10:20 AM  
**To:** 'Jim Justin'  
**Subject:** RE: State Retirement question

Dear Jim –

Thanks for the call and the e-mail response below.

And – yes - I'm aware benefits from dual membership are based on the highest two years salary regardless which of the two plan one system it falls in....which is EXACTLY my point with the difference between PERS – 1 and TRS -1 rules when it comes to getting military credit for uninterrupted service.

I will have 24 years PERS – 1 at the end of this year (2007). I also have 4.5 years qualified uninterrupted military service, and 4.5 TRS -1 service.

If the TRS – 1 and PERS -1 rules were the same when it comes to uninterrupted military service, I could have retired 3 years ago with a combined total of 30 years. However, since the TRS-1 rules trump the PERS-1 rules, they won't credit my military time unless I have a minimum 25 years PERS -1 service.

If I had elected to retire under Dual Membership, I would have lost my 4.5 years of military credit because the TRS -1 rules only allow interrupted service credit. I'm in a PERS -1 qualified position at the moment...and will remain in it until at least mid 2008 when I hit 25.5 years. At that point I'll be eligible to retire with my 25.5 PERS -1 plus my 4.5 military time for a total benefit base of 30 years (60%). I can then decide if I'll take a lump sum withdrawal from TRS -1 since I'm 6 months short of vesting, or if I will seek a teaching position.

My teaching skills are in demand (older male figure qualified to teach primary grades) so if I return to teaching, I will then consider whether it will be as a substitute to accumulate enough service credit to vest, or as a full time teacher. If full time, I'll then consider whether or not to remain in the system for a full 2 years to boost my salary base for retirement benefit calculation purposes. If I wait to draw my PERS -1 until I hit that 2 years goal in TRS -1, I can retire from service, draw 30 years (60%) from PERS -1, and 6.5 years (13%) of the current salary scale (instead of 1979 salary scale). This just adds more to my pockets for retirement --- but it also places an additional 13% burden on the State for the rest of my life and that of my beneficiary survivor. If the PERS -1 and TRS -1 systems had both allowed credit for uninterrupted military service, I could have been purged from active service earlier at a substantial savings to the overall retirement system.

I know the legislature is worried that a change to allow credit for uninterrupted service for Dual Membership would cost the state. Yes, there are probably Dual Members who retired with 25 years that would receive additional benefits for uninterrupted service credits if the rules were changed. However, there are also others – my case being a good example – who are still in the system - who could have already left with 30 years, and who are remaining in the systems because we are stubborn vets who thought we'd done everything right, were ready for retirement – and discovered that our military credit was being denied due to the TRS-1 uninterrupted service credit rule.

I don't think I'm alone in my determination to obtain the credit for my military service.

Thanks again Jim – I'll put this all on paper and mail it to the people below with CC's as recommended.

Sincerely,

Larry

**From:** Jim Justin [mailto:jimj@awcnet.org]  
**Sent:** Friday, November 02, 2007 9:10 AM  
**To:** larrynpa@olypen.com  
**Cc:** Deanna Krell; Luann Daniels

11/6/2007

6

**Subject:** FW: State Retirement question

Hi Larry

FYI, Matt's comments below. Matt is the State Actuary.

A letter to the Committee should be addressed to Rep Steve Conway, Chair, Select Committee on Pension Policy. The address is PO Box 40914 Olympia WA 98504-0914. You should provide a cc to Matt at the same address. I'd also like a copy of the letter at 1076 S Franklin St Oly WA 98501. I'd simply take the email and put it in a letter.

The full Select Com will see the letter for they review correspondence during every meeting.

I hope this helps. I'll continue to track the issue.

Jim

**From:** Smith, Matt [mailto:Smith.Matt@leg.wa.gov]

**Sent:** Thursday, November 01, 2007 12:00 PM

**To:** Jim Justin

**Cc:** Deanna Krell; Luann Daniels

**Subject:** RE: State Retirement question

Jim,

The issue of prior military service in TRS 1 was reviewed this interim (and not recommended for further study). The issue of combining service credit under the dual membership provisions to qualify for PERS 1 prior military was not discussed.

It's probably too late this interim, but I recommend your constituent write the committee with the request so it can be added to the list of issues for next interim.

One point of clarification concerning the original e-mail: If he had 30 years combined he could get a benefit out of both systems, based upon his current PERS salary, without having to return to teaching to vest in TRS 1. He may want to contact DRS for additional information about dual membership in this area.

Matt

**From:** Jim Justin [mailto:jimj@awcnet.org]

**Sent:** Thursday, November 01, 2007 11:01 AM

**To:** Smith, Matt

**Cc:** Deanna Krell; Luann Daniels

**Subject:** FW: State Retirement question

Matt

Is this something you have reviewed?? Is it too late to add to the agenda for this interim??

Jim

**From:** Larry Williams [mailto:larrynpa@olympen.com]

**Sent:** Monday, October 29, 2007 4:59 PM

**To:** Jim Justin

**Subject:** State Retirement question

Dear Jim –

I see you are the legislative contact for Personnel & Labor Relations. I have a question.

11/6/2007

I'm a dual member of both PERS-1 and TRS-1. Some time ago I discovered they have slightly different rules when it comes to receiving service credits for active military service.

PERS-1 allows both interrupted and uninterrupted service credits for qualified military time. "Interrupted service" means you had a job – went to war – then returned to your job. "Uninterrupted service" means you went to war first, then got a job. Again, PERS-1 allows both.

On the other hand, TRS-1 only allows service credit when military time interrupted a teaching job. It does not allow for Uninterrupted service....so any teachers in the TRS-1 plan, who did their military service before going into teaching, do not qualify for the additional service credits when calculating their retirement benefits.

In the case of Dual membership in both plans, the more strict rule applies – meaning, the TRS-1 rule overrides the PERS-1 rule when it comes to the basic requirements for receiving service credit.

That has caused a problem. You need 25 years PERS-1 credit to qualify for military service time. If you accumulated 25 years in PERS, and 2 years military time, you could retire with 27 years credit without regard to having served during or before entering a PERS-1 job. If you served 25 years in TRS-1, and had 2 years of military, the military time would have had to created a break in your teaching service in order to qualify.

If you have 20 years of PERS-1 service, and 5 years of TRS-1 credit, and 2 years military time as a dual member, you could receive your 2 years military credit if it was interrupted service, but not if you served prior to going into teaching.

Back when Jim Buck was in office, I asked about this issue and hoped the legislature could make a change to allow TRS-1 people to also received credit for their uninterrupted service in the military. I thought it was just the right thing to do. I have no idea of how much extra that would add to the budget. As an alternative, I also thought it would be nice if the TRS-1 rule could be subordinate to the PRS-1 rule when it came to military service for dual members.....allowing an individual to maximize their benefit and retire out of state employment earlier at a lower pay rate.

As it is, I'll have my 25+ years of PERS-1 in about 2 years and will qualify for my 4+ years of military credit...giving me my full 30 years service credit. I can then also qualify for my TRS-1 benefits by going back into teaching another 6 months to vest in the system...I currently have 4½ years and the school systems are looking for older men who taught primary grades. If I stay 2 years in teaching, I'll also begin to receive my service credit benefits based on current salaries instead of the pay scale I had 30 years ago. I'll be a double dipper at that point costing the system much more than I would have dinged them had I been able to retire with my military credit for my uninterrupted time as a dual member. If there are others out there in the same boat, it shouldn't be a large number and it shouldn't be a big hit on the system.

How does one go about getting the legislature to investigate and possibly act on honoring our military service personnel in a manner that is equitable between the systems and gives them the recognition they are due?

Thanks-

Larry Williams 360-460-2821 (cell)  
(Deputy Mayor - Port Angeles)



Retired Firefighters of Washington

15310 163rd Ct. SE  
Renton, WA 98058-8122  
425-226-3793  
rffow@attbi.com

RECEIVED

NOV 13 2007

Richard Warbrouck  
President

Office of  
The State Actuary

Bob Burch  
Secretary

November 9, 2007

Representative Steve Conway  
C/o Office of the State Actuary  
PO Box 40914  
Olympia, WA 98504-0914

Mr. Matthew Smith, State Actuary  
Office of the State Actuary  
PO Box 40914  
Olympia, WA 98504-0914

Dear Representative Conway and Mr. Smith,

I regret that I will not be able to be in attendance at the regular scheduled meeting of the Select Committee on Pension Policy on November 13, 2007 as I am on jury duty. I hope the Committee will have the opportunity to consider our request to amend RCW 41.18 the Washington State Firemen's Pension Fund which we outlined in our letters dated June 13, 2007 and October 19, 2007.

I will have a representative present to answer any questions pertaining to our request. I am enclosing a portion of a report prepared by Tim Valencia Senior Research and Policy Manager to the Law Enforcement Officers and Firefighters Plan 2 Retirement Board. The partial report explains the funding for the Washington State Firemen's Pension Fund often referred to as the Prior Act. I believe it is safe to point out that there are sufficient funds generated to cover the minimal cost of our request. There would be no cost to the State General Fund. For example: the City of Seattle collected approximately \$16,000,000.00 in 2006 and paid out \$8,000,000.00 in benefits which included LEOFF I medical expenses.

If you are in need of any additional information please feel free to contact me.

Sincerely,

Richard. C. Warbrouck

## **Washington State Firemen's Pension Fund**

The Washington State Firemen's Pension Fund pre-dated the current LEOFF System. Although commonly referred to as if a single pension fund, the Firemen's Pension Fund is actually many separate pension funds that were created in the treasury of each eligible municipality. A municipality for this purpose was defined as a city or a town that established a regularly organized full time, paid, fire department employing firemen prior to March 1, 1970 (Establishment of LEOFF). Fire districts were added to the Firemen's Pension Fund chapter in 1955 and provided the same rights as municipalities.

Over the lifetime of the fund, benefits have been funded by five sources: (1) gifts & bequests, (2) contributions, (3) investment earnings, (4) fire insurance premium taxes, and (5) property tax levies. The following sections discuss the fire insurance premium tax and the property tax revenue resources in more detail.

## **Washington State Insurance Premium Tax**

Insurance premiums are exempt from the Business & Occupation tax and are subject to an insurance premium tax instead. As authorized under RCW 48.14.020, the state collects a two percent tax on the premiums of almost all insurance policies written. The insurance premiums tax is estimated to generate \$495.9 million in the 2005-07 biennium and comprises 1.9% of general fund revenues. Except for a portion of the premium tax on fire insurance policies, all of the insurance premium taxes go into the state general fund.<sup>1</sup>

### **Fire Insurance Premium Tax**

A portion of the insurance premium tax collected on fire insurance related policies are distributed to cities/towns and fire districts that have obligations under the Firemen's Pension Fund. This distribution includes premium taxes from fire insurance policies, the fire portion of homeowner's policies, and the fire portion of commercial multiple peril policies.

Beginning in 1947, the pension fund received 45% of the fire insurance premium tax. In 1999, the amount received by the fund was reduced to 25%. The other 20% was reallocated to the fire service training account. The total allocation of the fire insurance premium tax is discussed in a later section.

### **How is the fire insurance premium tax calculated and how much is collected?**

The following shows the computation for the 2006 Fire Insurance Premium Tax distribution. The Fire Insurance Premium Tax distribution is derived by the Office of the Insurance Commissioner (OIC) using the premiums collected from the previous calendar year.

The first part of the distribution is calculated from fire insurance policies:

<b>Policy Type</b>	<b>Premiums</b>	<b>x</b>	<b>Rate</b>	<b>=</b>	<b>Distribution</b>
Fire Insurance	\$106,831,500	x	2%	=	\$2,136,630

The distributable amount from Homeowners and Commercial Multiple Peril insurance premiums is then calculated. Only premium taxes attributable to fire losses are included. Premium taxes attributed to losses from such things as burglaries, tornadoes, floods, etc., are not shared. OIC arrive at the percentages attributable to fire losses for Homeowner and Commercial Multiple Peril policies using the loss ratios for fire losses obtained from various insurance statistical service organizations.

<b>POLICY TYPE</b>	<b>FIRE LOSS RATIO</b>
Homeowners	41.04%
Commercial Multiple Peril	18.50%

The premium tax for homeowner and commercial multiple peril policies are multiplied by the loss ratio to determine the distributable amount.

<b>Policy Type</b>	<b>Premiums</b>	<b>×</b>	<b>Rate</b>	<b>=</b>	<b>Premium Tax</b>	<b>×</b>	<b>Loss Ratio</b>	<b>=</b>	<b>Distribution</b>
Homeowners	\$1,022,911,700	×	2%	=	\$20,458,234	×	41.04%	=	\$8,396,059
Com. Multi. Peril	\$657,154,800	×	2%	=	\$13,143,096	×	18.50%	=	\$2,431,473

The total amount of the fire insurance premium tax to be distributed is then calculated by adding all three distribution amounts together.

<b>Fire Insurance Premium Tax Distribution</b>	
2% of Fire Insurance Premiums	\$2,136,630
Homeowners Fire Loss	\$8,396,059
Commercial Multiple Peril Fire Loss	\$2,431,473
<b>Total 2006 Distribution</b>	<b>\$12,964,162</b>

#### **How is it allocated?**

The State Treasurer distributes the Fire Insurance Premium Tax to four entities as follows:

- 40% - Volunteer Firefighters' Relief and Pension Plan (RCW 41.24.030)
- 25% - Firemen's Pension Fund Cities (RCW 41.16.050)
- 20% - Fire Service Training Account (RCW 43.43.944)
- 15% - State General Fund

Appendix C lists the eligible municipalities and districts with the amounts to be received from the 2006 distribution (25% of total) to the Firemen's Pension Fund cities.

#### **Volunteer Firefighters' Relief and Pension Fund**

The Washington State Volunteer Firefighters' Relief and Pension Plan receives 40% of the Fire Insurance Premiums Tax. According to the 2004 Volunteer Firefighter's Pension and Relief Fund Actuarial Valuation, the entire fire insurance premium tax is deposited into the benefit fund, in addition to revenues from investment earnings, member contributions, and employer contributions. Administration and expenses are then paid out of the fund.

During 2004, the administration and expenses (\$385,000) were 8.1% of the \$4,726,000 received from the fire insurance premium tax. If compared to their total 2004 revenue (\$18,242,000), administration and expenses was 2.1% of total revenue.

### **Automobile, Property and Casualty Insurance Premium Tax**

According to information received from the Office of the Insurance Commissioner, the following insurance premium taxes were collected for the tax year 2005:

<b>Policy Type</b>	<b>Premiums</b>	<b>Premium Taxes</b>
Property & Casualty	\$3,795,415,338	\$72,764,309.62
Automobile	\$3,982,672,560	\$79,845,633.70

### **Property Tax Levy ("Millage Tax")**

In addition to the Fire Insurance Premium Tax, the Firemen's Pension Fund can also receive tax based revenues from a property tax. At its inception, the Firemen's Pension Fund's only tax based revenue source was a property tax that was assed in "mills". Hence, this property tax was called the "millage tax". Although the property tax today is levied in dollars rather than mills, the property tax is still often referred to as the "millage tax".

The amount of the property tax has been modified several times as follows:

<b>Year</b>	<b>Amount</b>
1909	½ of one mill until the municipalities fund reached \$25,000
1917	½ of one mill on each dollar of assessed value
1947	1 mill on all taxable property and an additional mill could be levied if necessary to meet the needs of the fund
1970	½ of one mill on all taxable property and an additional ½ of one mill could be levied if necessary to meet the needs of the fund.
1973	\$0.225 per thousand of assessed value and an additional \$0.225 per thousand of assessed value can be levied if necessary to meet the needs of the fund.

Currently, the property tax authorized for the Firemen's Pension Fund contemplates a total tax levy up to \$0.45 per thousand of assessed property value.

The law states that a city, town, or district which has an obligation under the Firemen's Pension Fund is required to assess a property tax of \$0.225 per thousand dollars of assessed value as part of the municipality's regular property tax levy. This part of the tax is often referred to as a "mandatory tax". However, there is a condition that if a report by a qualified actuary on the condition of the fund establishes that the whole or any part of the levy is not necessary to maintain the actuarial soundness of the fund, the levy may be omitted, or the whole or any part of said dollar rate may be levied and used for any other municipal purpose.

An additional property tax of \$0.225 can be levied if necessary to meet the needs of the fund. This is often referred to as the "additional tax". The additional tax, like the mandatory tax, may also be omitted or used for other municipal purposes if it's established that the additional levy is not needed by the fund. As authorized by statute and supported in Attorney

General Opinions, it appears that that additional \$0.225 tax levy can be in excess of the \$3.60 maximum levy.

### **Maximum Property Tax Levy**

The maximum levy for most cities and towns is \$3.60 (\$3.375 general purposes + 0.225 Firemen's Pension Fund) per thousand dollars of Assessed Valuation (subject to the referendums and initiatives that have passed which directly - indirectly impact property tax rates and how they are calculated). For cities and towns that belong to a fire district and/or library district the rules for assessing property taxes are a little more complicated. Nominally they have a maximum regular rate of \$3.60 per thousand dollars of assessed value. But they may not be able to collect that much because the levy of special districts (e.g., Fire & library) must be subtracted from the maximum regular levy of \$3.60.

The library district regular levy has a maximum rate of \$.50 per thousand dollars assessed value and the fire district regular levy can be \$1.50. If a city or town belongs to a fire district and a library district, and if these districts are currently levying their maximum regular amount, then the local regular levy can be no higher than \$1.60 (\$3.60 - \$1.50 - \$.50). If, for some reason, one of the special districts is not currently levying the maximum amount, the city's current regular levy could be higher but the combined taxing authorities can be no more than \$3.60 per thousand of AV.

### **Property Tax Levy Use**

There are several questions surrounding the property tax levy and its use. The questions have largely been addressed by Attorney General Opinions (AGO). Collectively, there are at least sixteen opinions that address the property tax for Firemen's Pension Fund under RCW 41.16.060. While there are numerous AGO on this topic, it must be noted that most of these opinions were issued in the 1950's, 1960's, and 1970's. While the answers contained within these AGO still appear to be good and valid, subsequent changes in the statutes could affect their validity. The following addresses the aforementioned questions with reference to the AG responses.

#### **Who can issue the levy?**

Various Attorney General Opinions (AGO) appear to support that a city, town, or district that did not have an established fire department with a Firemen's Pension Fund prior to March 1, 1970 does not have the taxing authority to issue the \$0.225 property tax levy or the addition \$0.225 additional property tax levy.

The Attorney General (AG) issued letter opinion in 1973, that a city or town which does not have a regularly organized full time, paid, fire department is not authorized to levy the property tax provided for by RCW 41.16.060 (AGLO 1973 NO. 93). The AG issued an opinion in 1977 which states a municipality that first created a full-time, paid fire department after March 1, 1970, may not levy the tax (AGO 1977 No. 7).

As established in 1947, the municipal Firemen's Pension Fund had no applicability to fire protection districts (AGO 1949-51 No 402, AGO 1961-62 No 023). In 1955, the Legislature

amended the pension fund with the intent of allowing paid firemen of a fire protection district to come under the 1947 pension fund law. However, the 1955 legislation did not contain any indication of how that was to be practically accomplished in terms of mechanics and funding. This was later rectified in 1961 making it clear, prospectively, that those fire protection districts which maintained full-time, paid, fire departments employing firemen were eligible to establish a Firemen's Pension Fund, and thereby gained pertinent taxing authority (AGO 1961-62 No. 023).

#### **Does the property tax have to be levied?**

In the case of both the mandatory tax and the additional tax, both levies are actually considered mandatory when necessary to maintain the actuarial soundness of the fund (AGO 1955-57 No. 119). However, if the tax is not necessary for the fund the statute provides that the tax may be omitted or used for other municipal purposes. The AG did caution in a 1951 opinion that while an actuarial report and examination were not required in order to levy the tax, such an examination and report would be necessary before deciding not to levy the property tax (AGO 1951-53 No. 34).

#### **Can the levy be used for other purposes?**

At least six Attorney General Opinions (AGO) discuss the use of the property tax for other municipal purposes. The earliest and perhaps the most direct discussion on the point of other uses for the property tax is found in AGO 1961-62 No. 40 which states on page 4:

"Assuming then that a determination is in fact made that either or both the "mandatory" mill or the "additional" mill is unnecessary for pension fund purposes for a particular year how should the question of whether this millage may nevertheless be levied for other municipal purposes be answered? On this point we believe that the statute here under consideration is plain, clear, and unambiguous. In essence it provides that if either or both the "mandatory" mill or the "additional" mill is determined to be unnecessary for pension fund purposes for a particular year, then, ". . . the levy of the mandatory or additional one mill may be omitted, or the whole or any part of such millage may be levied and used for any other municipal purpose."

In other words, upon a determination that if the tax is unnecessary for pension fund purposes for a particular year, the municipality has the alternative of omitting the levy in whole or part, or of levying the tax in whole or part to be used for other municipal purposes.

Echoing this, AGO 1977 No. 007 provides that in the "absence of a necessity to levy the additional millage (now dollar) rate authorized by the statute to meet the needs of the pension fund...RCW 41.16.060 still authorizes the levying of that tax for other municipal purposes."

Three AGO address the lawful use of funds once they have been placed in a Firemen's Pension Fund. The opinions provide that the lawful use of monies in a Firemen's Pension Fund include paying service retirement or disability benefits to eligible members under said fund and the medical expenses incurred by LEOFF Plan 1 fire fighters as authorized by RCW 41.26.150. As part of this specific discussion, the AG identifies a distinction between the use of monies already

placed in a fund and the use of the property tax levy before the monies are placed in the fund. AGO 1977 No. 007 states on page 6:

"It is most certainly true that the revenues of this tax, once placed in a municipal Firemen's Pension Fund, are not to be used for any purpose other than that of paying the pension benefits provided by chapters 41.16 and 41.18 RCW or for medical services as provided by RCW 41.26.150, supra. However there is nothing in any of those statutes which suggests that RCW 41.16.060 is in any way modified insofar as it allows the additional tax, under certain specified circumstances, also to be levied and used for other municipal purposes in which case (we assume) the revenues derived therefrom would not be placed in the pension funds in the first instance; instead, they would then immediately be placed in some other municipal fund as is appropriate in view of the other municipal purpose involved."

Lastly, the AG issued an opinion about the use of excess monies in a Firemen's Pension Fund once the municipality no longer had an obligation under the fund or could show that the funding level was in an excess of the estimated needs of the program. The opinion argued that under current law excess monies in a pension fund could not be transferred out of the fund to the city, town, or district; however, they did recognize that the Legislature could amend the law to authorize such transfers (AGO 1981 No. 007).

#### **Who is levying the tax and how much is being collected?**

It is unknown which municipalities may be charging the millage tax and how much is being collected. The Department of Revenue only tracks the total property tax assessed in each municipality and does not track the \$0.225 as a separate part of municipality property taxes.

However, potential scope of the tax can be projected by looking at the property taxes for the forty-five cities that are eligible for the fire insurance premium tax. If all of the eligible cities had charged the \$0.225 tax in 2006, the revenue generated based on 2006 assessed property values (\$284,807,760,168) would have been approximately \$64,081,746.04.

**Appendix C: Distribution of Fire Insurance Premium Tax – RCW 41.16**

Each city/district is receiving approximately \$741 per active fire fighter. This amount will change year to year depending on the change in total fire fighters and variation in the fire tax premium total. There are 45 cities and 3 districts eligible for the fire tax distribution.

<b>City/District</b>	<b>Number of Paid Firefighters as of January 1, 2006</b>	<b>Amount</b>
Aberdeen	35	\$25,940.18
Anacortes	18	13,340.67
Auburn	76	56,327.25
Bellevue	190	147,488.47
Bellingham	130	96,349.25
Bothell	49	36,316.26
Bremerton	56	41,504.29
Camas	36	26,681.33
Centralia	20	14,822.96
Chehalis	13	9,634.92
Edmonds	52	38,539.70
Ellensburg	21	15,564.11
Everett	179	132,665.50
Hoquiam	23	17,046.41
Kelso	12	8,893.78
Kennewick	75	55,586.11
Kent	149	110,431.06
Kirkland	75	55,586.11
Longview	42	31,128.22
Lynnwood	55	40,763.14
Mercer Island	29	21,493.29
Moses Lake	21	15,561.11
Mount Vernon	35	25,940.18
Olympia	79	58,550.70
Pasco	47	34,833.96
Port Angeles	23	17,046.41
Port Townsend	10	7,411.48
Pullman	31	22,975.59
Puyallup	55	40,463.14
Raymond	13	9,634.92
Redmond	133	98,572.69
Renton	105	77,820.55
Richland	56	41,504.29
Seattle	998	739,665.77

<b>City/District</b>	<b>Number of Paid Firefighters as of January 1, 2006</b>	<b>Amount</b>
Shelton	7	5,188.04
Spokane	277	205,298.01
Sumner	20	14,822.96
Sunnyside	13	9,634.92
Tacoma	398	297,976.93
Toppenish	5	3,705.74
Tukwila	62	45,951.18
Vancouver	179	132,665.50
Walla Walla	46	34,092.81
Wenatchee	34	25,199.03
Yakima	80	59,291.85
King County #2	37	27,422.48
King County #10	120	88,937.77
Spokane County #1	145	107,466.47
<b>Totals</b>	<b>4,373</b>	<b>\$3,241,040.49</b>

Source: Municipal Research and Services Center of Washington



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November 5, 2007

RECEIVED

NOV 19 2007

Office of  
The State Actuary

Representative Steve Conway, Chair  
Select Committee on Pension Policy  
307 John L. O'Brien Building  
PO Box 40600  
Olympia, WA 98504-0600

RE: Port of Walla Walla Air Crash Rescue Fire Fighters/Security Officers

Dear Representative Conway:

I am writing to provide background on the Port of Walla Walla's Air Crash Rescue Fire Fighter (ARFF)/Security Officers. I appreciate the Committee's interest in this issue and will be providing background information to your staff regarding FAA requirements for certification to operate a commercial airport. I am writing to you directly to address some mistaken information that inaccurately describes the Port's activities.

In his August 27, 2007, letter, Representative Van De Wege stated:

After 50+ years with a job title of "fire fighter" and membership in LEOFF since its inception, the Port of Walla Walla chose to manipulate both the job title and description only after the fire fighters elected to organize. An employer should not be able to shift fire fighters out of LEOFF by simply adding ancillary duties when those fire fighters are necessary for commercial air travel.

With all due respect, I believe Representative Van De Wege has been misinformed.

**Job Titles**

Prior to 1989 the Walla Walla airport was run by a joint City/County board. The board had reported the ARFF/Security employees in LEOFF. When the Port assumed operations, it continued that practice. It inherited the existing job descriptions for the ARFF/Security officers, including their job titles. The job title inherited by the Port, and used consistently since is "ARFF/Security" officer, lieutenant, or captain. See exhibit 1, original job descriptions.

The Port has continued to use that title when referring to the positions. See exhibit 2, 2000 job announcement for ARFF/Security Officer. The current job descriptions

Fred R. Bennett, Commissioner  
Michael Fredrickson, Commissioner  
Paul H. Schneidmiller, Commissioner  
James M. Kuntz, Executive Director

continued using the title “ARFF/Security officer.” Those descriptions have been unchanged since 2000. *See* exhibit 3, current job descriptions.

These positions have always been identified as “ARFF/Security” positions. The Port has not changed that designation in response to the employee’s efforts to organize nor for any other reason.

### **Job Duties**

A Port must obtain certification from the FAA before it can operate a commercial airport. This requires meeting a number of FAA requirements, commonly referred to as FAR part 139 and part 107 requirements. The Port’s ARFF/Security officers have always been responsible for meeting those requirements.

FAR part 139 requirements include:

- Aircraft rescue and Firefighting;
- Handling and storage of hazardous substances and materials;
- Self-inspection program, which involves ensuring that the runways are clear and open for aircraft landings and take-off;
- Managing pedestrian and ground vehicle traffic on the runway areas; this includes operating a regular training program for persons who regularly use those areas, and providing transportation and escort for persons who do not have the training;
- Wildlife hazard management; and
- Airport condition reporting, which involves providing reports of local airport conditions for use by pilots.

FAR part 107 covers federal security requirements that an airport operator must meet in order to operate a commercial airport.

Both the original and current job descriptions (exhibits 1 and 3) assign ARFF/Security officers responsibility for part 139 and part 107 duties within the runway area. The ARFF/Security officers also provide security services for the Port’s commercial property.

The Port did not change the job descriptions or duties in response to the employee’s efforts to organize. While the job descriptions have grown more detailed over time, the basic duties are essentially the same. The most recent changes occurred as part of the 2000 hiring, well before the ARFF/Security officers exercised their right to organize.

In sworn testimony at the administrative hearing, ARFF/Security Captain Ken Clayton confirmed that the title and duties in the job description were accurate and had applied throughout his 18-year employment with the Port. *See* exhibit 4.

### **Committee Deliberations**

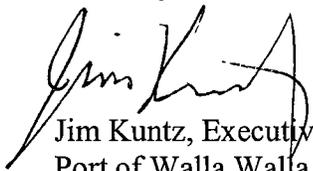
The Port has not manipulated the facts to achieve a particular outcome. It has raised a legitimate question about these employee’s qualifications for LEOFF under the Court of Appeals holding in Fire Fighters v. Retirement Systems, 97 Wn.App. 715, 987 P.2d 115

(1999) (Bellingham case). The legitimacy of the issue is underscored by the fact that DRS's petition decision found, after a full review of the facts and law, that the employees did not qualify for LEOFF. We are still awaiting the final order from DRS's ALJ.

It is certainly within the purview of the Committee to consider policy issues about the scope of LEOFF membership. As it is clearly the situation at the Port of Walla Walla that has raised the issue, I wanted to be sure that the Committee had accurate information regarding that situation.

If you have any questions or comments, please do not hesitate to contact me at (509) 525-3100.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Kuntz", written over a printed name and title.

Jim Kuntz, Executive Director  
Port of Walla Walla

cc: Port of Walla Walla Commissioners  
Matt Smith, State Actuary  
Pat Jones, WPPA

Michael L. Graves  
Brent L. Partlow  
Jake W. Riggs

WALLA WALLA REGIONAL AIRPORT

JOB DESCRIPTION

POSITION:

ARFF/Security Lieutenant DEPARTMENT; ARFF/Security

NORMAL WORK SCHEDULE; Rotating Shift

NORMAL WORK HOURS:

Fire Station: Shift 1--08:00 to 16:00 Shift 2--16:00 to 08:00  
Maintenance: 08:00 to 17:00

OVERTIME: As Required

=====

REQUIREMENTS: The person filling the above position must obtain and maintain the following:

1. Washington State Driver's License
2. Qualify annually with department issued handgun, or may use personally owned weapon subject to chief's approval.
3. A minimum of First Responder First Aid Certification.
4. Washington Fire Service Training Emergency Vehicle Accident Certification.

=====

MAJOR RESPONSIBILITIES:

FIRE DEPARTMENT:

The employee occupying this position is responsible to remain alert and ready to respond to any and all aircraft emergencies and engage in firefighting and rescue procedures to help protect the lives and property of those involved, according to Federal Aviation Regulation Part 139.

The employee will summon mutual aid agencies, as deemed necessary.

The employee will act as Incident Commander of the incident until properly relieved by a higher ranking airport authority.

The employee will remain alert and ready to respond to any and all incidents involving fire, vehicular accidents, industrial accidents and medical aid calls within the airport boundaries and act as Incident Commander until relieved by a higher ranking authority.

SECURITY:

The employee will respond to and return to normal any condition that is contradictory to the Airport Security requirements according to FAA Part 107, the approved Airport Security Program and any other Airport Security Rules and Regulations.

The employee will conduct Fire and Security patrols of the airport as prescribed.

The employee is not authorized to apprehend or detain persons for violations of airport, local, state or federal laws, rules and regulations. Local law enforcement agencies are to be summoned.

The employee is expected to be familiar with the following:

- \*Airport Operations Manual
- \*Airport Emergency Plan
- \*Airport Security Program
- \*All Mutual Aid Agreements
- \*All applicable FAR's and AC's
- \*Airport Certification Manual
- \*Airport Rules and Regulations

The employee shall be prepared to implement the above procedural documents in part or in whole, as deemed necessary in regard to the situation.

It shall be noted that firefighting and security work may involve strenuous physical exertion and elements of personal danger and psychological stress.

=====

TRAINING REQUIREMENTS:

1. Participate in training as prescribed by the training officer. Training will meet or exceed the standards as set forth in parts 107 and 139.
2. Attend aircraft rescue and firefighting at Big Bend Community College's four day course.
3. Attend ARFF annual live fire refresher course at Big Bend Community College.
4. Other in house or out of house training as may be prescribed.

=====

REPRESENTATIVE EXAMPLES OF WORK:

1. Maintain the station and equipment in a clean and orderly manner.
2. Assure that firefighting vehicles and equipment are in a constant state of readiness and are clean and neat in appearance.
3. Maintain a daily journal of his/her activities during their shift.
4. Complete all incident reports such as: fire and security incident reports, notam worksheets, runway reports, etc.

5. Perform air operations area inspections prior to the first commercial passenger flight each day. Also during the absence of the airport maintenance foreman.

- a. Initiate corrective action pertaining to any deficiencies noted.
- b. Issue notams as required.
- c. Conduct inspections upon request.

6. During winter months the employee shall:

- a. Monitor weather conditions.
- b. Conduct braking action tests as necessary and upon request.
- c. Alert maintenance personnel as required.

7. Insure that:

- a. The terminal building is secured when not in use.

8. Other details as may be assigned.

=====

MAINTENANCE RESPONSIBILITIES:

1. Report for maintenance on assigned days.

2. Perform general maintenance duties as assigned.

=====

REPRESENTATIVE DUTIES:

1. To include, but not limited to, the following:

- a. Lawn care, landscaping.
- b. Snow removal.
- c. Litter control.
- d. Janitorial.
- e. Painting, carpentry, etc.

**PORT OF WALLA WALLA  
WALLA WALLA REGIONAL AIRPORT  
FIREFIGHTER/SECURITY OFFICER**

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The Port of Walla Walla, owner and operator of the Walla Walla Regional Airport has a full-time firefighter/security officer position opening. The Port is seeking candidates experienced in firefighting and airport operations security. Excellent communication skills and ability to work with others is important. Candidates must reside within 30 minutes from the airport and have a valid drivers license.

Starting salary is \$21,000 annually, plus a benefit package. Detailed job description may be obtained at Port Administrative offices, 310 A Street, Walla Walla Regional Airport, Walla Walla, Washington, (509)525-3100. To be considered for employment the candidate must complete a Port provided employment application and provide three letters of reference two of which must be from previous employers. A security background investigation will be conducted prior to a formal job offer. Incomplete applications will not be accepted. Responses must arrive in Port offices no later than November 21, 2000 at 5:00 p.m. The Port is an equal opportunity employer.

## PORT OF WALLA WALLA POSITION DESCRIPTION

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**Position Title:**

Aircraft Rescue & Firefighting (ARFF) / Security Officer

**Reports To:**

Assistant Airport Manager

**Position Summary:**

The ARFF/Security Officer is responsible for aircraft rescue and firefighting (ARFF), security, general airport operations, and maintenance.

**Normal Work Days/Hours:**

Work Days – Shift basis, 212 hours in a 28-day period

Work Hours – 8:00 a.m. to 8:00 a.m.

**Special Qualifications:**

The ARFF/Security Officer must maintain the following:

- Valid drivers license
- Qualify annually with a duty firearm/standard law enforcement course
- Maintain E.M.T. first responder or first aid medical qualification. Initial training and refresher training/re-certification.
- Successfully complete off-site Aircraft Rescue and Firefighting (ARFF) courses (basic and advanced) when scheduled for attendance.
- Reside within 30 minutes from the airport.

**Requirements:**

In accordance with standing operating procedures and instructions from the assistant airport manager, the ARFF/Security Officer is responsible, during a shift of duty for:

- ARFF responses to situations and incidents/accidents, airport emergency plan procedures and security.
- ARFF operational and readiness requirements and procedures, and aeronautical area security.
- Commercial/industrial area security and fire protection requirements and procedures.
- Performance of general airport operational requirements during non business hours, weekends and holidays.
- The preparation, filing and proper utilization of required reports, journals and forms.
- Station housekeeping.
- Maintenance activities.
- Other duties as assigned.

Exhibit 3

## Duties & Responsibilities:

**Security functions:** The ARFF/Security Officer is responsible for the performance of airport security functions and procedures during his/her shift. For the detection, prevention, response to and return to normal conditions of the aeronautical area (first priority) and the commercial/industrial area (second priority), in support of airport security requirements of F.A.R. Part 107, and airport rules and regulations. The ARFF/Security Officer is not authorized to apprehend or detain persons for the violation of airport, local, state or federal rules, regulations or laws. This shall be the responsibility of the county sheriff's office. The ARFF /Security Officer shall be prepared to assume operational responsibilities of the assistant airport manager for a short duration or periodic basis, during the absence of the assistant airport manager from the airport.

**ARFF Function:** The ARFF/Security Officer is responsible for the performance of aircraft rescue and firefighting functions and procedures during his/her shift, in accordance with F.A.R. Part 139, for the detection, prevention, response to and the return to normal of the aeronautical area. The ARFF/Security Officer shall be prepared to assume operational control of the aeronautical area A.R.F.F. situations as the incident commander, until properly relieved by the assistant airport manager or the airport manager.

**Airport Emergency Plan Procedures:** The ARFF/Security Officer shall be knowledgeable of the prepared to perform airport emergency plan procedures, and shall be prepared to assume operational control of situation response measures as the incident commander, until properly relieved by the assistant airport manager, airport manager, senior representative of a law enforcement agency, or the FAA, depending on the type of incident and the appropriate response agency.

**Aeronautical Area Security Requirements and Procedures:** Responsible for the performance of patrols and enforcement of provisions of federal aviation regulation Part 107 (airport security) upon and within the aviation area and critical air operations area when implemented and investigation and reporting of incidents to proper authority.

**Aeronautical Area A.R.F.F. Operational and Readiness Requirements and Procedures:** The ARFF/Security Officer is responsible to the assistant airport manager for personal and designated ARFF equipment, the ability to comply with federal aviation regulation Parts 139.319 h, i, and j, vehicle readiness, response requirements and personnel.

**General Airport Operational Requirements During Non Business Hours, Weekends and Holidays:** Performs F.A.R. Part 139 operations and safety inspections of the movement areas as directed by the assistant airport manager. The notification of appropriate agencies, tenants and off duty airport personnel as directed. The general monitoring of buildings and activities within the airport complex during non business hours.

**Aeronautical Area:** Performs one or more of the following functions as directed by the assistant airport manager.

- Responds to telephonic and personal contacts concerning the airport, provides information, directs inquiries to appropriate agency, or notifies proper authority.

- Inspects movement areas prior to first commercial air carrier operation daily. Initiates corrective action as required, to include runway bulb replacement, initiates NOTAMS as required and notifies proper agencies and tenants. Conducts other movement area inspections as required or as requested by the ACTC.

During winter operation periods, monitors weather and in the event of snowfall, measures snow type (wet or dry) and depth, and notifies maintenance personnel to initiate plowing operations. Conducts runway braking action tests as necessary, and as requested and maintains required logs.

Monitors weather conditions, and in the event of high winds, heavy rain, etc., responds to emergency situations and notifies proper agencies, tenants, maintenance personnel as necessary.

Insures terminal building is opened and secured at specified times, heating/air conditioning equipment is operating, initially responds to building emergencies or situations requiring action, such as broken pipes and valves. Parking lot patrols and vehicle inventories for abandoned or vandalized vehicles are conducted as prescribed.

✓ After each flight, walk through terminal building and pickup all newspapers and trash to insure terminal building is clean.

✓ After each flight walk the terminal building looped road and short and long term parking lots to insure facilities are clean.

✓ Assist with setting up and taking down conference room furniture in the community meeting rooms in the terminal building. Assist with opening and locking the meeting rooms as needed.

Monitors water tower level, performs security patrols of industrial areas, record nonfunctioning streetlights, damaged street and tenant signs, and other general safety and security conditions for review by the assistant airport manager.

Shows storage buildings/rooms to prospective tenants and assists with movement/relocation of vehicles or trailers within joint use storage buildings when required. Performs security inspections of storage buildings to determine whether tenants have vacated without notice.

Participates in station training and inspections as directed by the assistant airport manager.

Preparation, filing and proper utilization of required reports, journals and forms. The ARFF/Security Officer is responsible for the legible, complete and accurate preparation of required journals and forms relating to situations and incidents occurring during the shift of duty, as well as the written or verbal communication to, and coordination with the assistant airport manager.

Station housekeeping: In addition to the security and ARFF operational and readiness requirements of equipment and facilities, the ARFF/Security Officer is responsible for the cleanliness and appearance of the crew quarters, kitchen, and operations desk area in accordance with procedures established by the assistant airport manager.

Assist in general maintenance activities of the airport and industrial park as assigned by the assistant airport manager.

All other duties as assigned.

**Exhibit 4:** Excerpt from July 16, 2007, hearing testimony of Port of Walla Walla ARFF/Security Captain Ken Clayton.

*Initial questions are by Alex Skalbania, counsel for Port of Walla Walla ARFF/Security employees; answers are by ARFF/Security Captain Ken Clayton*

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- 15 BY MR. SKALBANIA:  
16 Q Mr. Clayton, could you state your name for the record and  
17 spell your last name for us?  
18 A Kenneth Clayton, C-L-A-Y-T-O-N.  
19 Q Who is your employer?  
20 A Walla Walla Regional Airport.  
21 Q And is that also part of the Port of Walla Walla?  
22 A Yes.  
23 Q And what's your current job title?  
24 A Captain of the ARFF Department.  
25 Q And when did you start working for the airport?

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- 1 A August of 1989.

*Following questions are by Paul Neal, counsel for the Port of Walla Walla; answers are by ARFF/Security Captain Ken Clayton.*

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- 20 Q Can you identify that for the record, please?  
21 A It's Port of Walla Walla position description.  
22 Q And what's the position title?  
23 A Aircraft Rescue and Firefighting or ARFF Security –  
24 Captain.  
25 Q And I think when you were talking to Mr. Skalbania, he

135

- 1 mentioned the fact that you had been deposed earlier in  
2 this matter; is that correct?  
3 A That's correct.  
4 Q Do you remember as part of that deposition reviewing this  
5 description and concluding that it was an accurate  
6 description of your duties?  
7 A Yes.  
8 Q And is that still your opinion today?  
9 A Yes.  
10 Q Okay. What I wanted to start with is the position title.  
11 Now, I think earlier when you were testifying, you said

Exhibit 4

12 that your position title was firefighter. Isn't, in fact,  
13 your position title Aircraft Rescue and Firefighting,  
14 slash, Security Captain?  
15 A Yes.  
16 Q And just turning back a minute to Exhibit 12, which just  
17 for the sake of brevity, I'll identify it if that's okay.  
18 It's a position description, and this is for the ARFF,  
19 slash, Security Officer rather than Captain. So isn't it  
20 true that when you first hired, you were hired as an ARFF,  
21 slash, Security Officer? Wasn't that your title?  
22 A To the best of my recollection, yes.  
23 Q Turning back to Exhibit 13, can you read for the record the  
24 text underneath the heading Position Summary? There's a  
25 sentence there.

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1 A "The ARFF/Security Officer is responsible for aircraft  
2 rescue and firefighting, or ARFF, security, training  
3 officer, general airport operations, and maintenance."  
4 Q So, in fact, aren't there -- let me count this up -- one,  
5 two, three, four, five different categories of duties in  
6 that job description?  
7 A Yes.

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Office of  
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**MEMORANDUM**

**TO:** Representative Steve Conway  
**FROM:** Eric Johnson, WPPA Deputy Director  
**DATE:** November 28, 2007  
**SUBJECT:** ARFF Requirements at Washington's Airports

At the November meeting of the Pension Policy Committee you asked for a list of the airports in our state with commercial passenger service, and I promised to research this issue for you.

About 20 of our state's 140 airports receive scheduled commercial passenger air service. Only a fraction of those, however, must provide Aircraft Rescue and Firefighter (ARFF) services in accordance with Federal Aviation Administration (FAA) regulations. Part 139 of FAA rules (14 CFR Part 139) requires ARFF services for airports that:

- Serve scheduled passenger service aircraft with more than 9 seats;
- Serve unscheduled passenger service aircraft with more than 30 seats; or
- Have been designated by the FAA as otherwise applicable

As of June of this year, nine airports in the state (listed below) met one or more of the above criteria and were required to comply with FAA regulations mandating ARFF services.

<b>Name</b>	<b>Ownership</b>
Bellingham International Airport	Port of Bellingham
Grant County International Airport	Port of Moses Lake
Pangborn Memorial Airport	Port of Chelan County/Port of Douglas County
Pullman-Moscow Regional Airport	WSU/UI/Pullman/Moscow/Whitman/Latah
Seattle-Tacoma International Airport	Port of Seattle
Spokane International Airport	City of Spokane/Spokane County
Tri-Cities Airport	Port of Pasco
Walla Walla Regional Airport	Port of Walla Walla
Yakima Air Terminal	City of Yakima/Yakima County

Rep. Conway  
November 28, 2007  
Page two

Please note that this list tends to fluctuate from year to year as commercial carriers change destinations. For example, the Olympia Regional Airport (operated by the Port of Olympia) recently lost commercial passenger service. A few regional airports with low-level commercial passenger service, such as Fairchild International in Port Angeles (operated by the Port of Port Angeles), continue to actively recruit major air carriers. In addition, many airports without commercial service choose to train some staff in ARFF services, as a safety measure.

Finally, demand for commercial passenger service is expected to increase as the state population grows. The state's Long-Term Air Transportation Study (LATS) forecasts an 85 percent increase in enplanements over the next 25 years. This growth is likely to contribute to an expanded list of airports needing to meet ARFF requirements.

More information on Washington's airports is available at [www.wsdot.wa.gov/aviation/](http://www.wsdot.wa.gov/aviation/) or on our website at [www.washingtonports.org](http://www.washingtonports.org). If you have any specific questions, please do not hesitate to contact me at 360-943-0760 or at [ericj@washingtonports.org](mailto:ericj@washingtonports.org).

c: Rep Van de Wege  
Dave Nelsen, Office of the State Actuary

**Hyde, Elizabeth**

---

**From:** Cathy Davis [shortsprinter@yahoo.com]  
**Sent:** Monday, December 03, 2007 8:08 PM  
**To:** Office State Actuary, WA  
**Subject:** Please Start Supporting Educators

Dear Select Committee,

I am a Plan 3 educator who is very concerned about the way teachers are being treated by Washington State Leaders. First, taking away gain-sharing benefits without adequate improvement in age relief or any other form of compensation is absolutely unfair. Can we go back to Plan 2? Secondly, to place restraints on retired teachers ability to work in the public domain as EHB 2391 does, is insulting. The state of Washington has cut my pension benefits, frozen my COLA, increased my class size, and ignores my years of service. Why does this state choose to disrespect its teachers? Please restore and improve my pension benefits.

Sincerely,

Cathy Davis

351 Alta Via Drive

Camano Island, Washington 98282

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DEC 6 - 2007

Office of  
The State Actuary

4 December 2007

To: Select Committee on Pension Policy

Please consider and encourage the inclusion the following items in the Governor's budget for the good of educators in Washington State. With the ever increasing cost of living and personal longevity, those who serve our state's students deserve fair and equitable treatment.

1. Approve lowering the number of years for vesting in Plan 3 from 10 years to 5 years.
2. Allow TRS members to work in public schools after retirement, if they choose to, without penalty, before age 65. This only affects Plan 2 and 3 members under EHB2391. The law, which becomes effective 7/1/2008, will not allow retirees to work as substitutes, or take retire-rehire positions without negative pension impact.
3. Make the annual \$5000 bonus for National Board Certification pensionable.
4. Let the Pension Policy Committee know that taking away gainsharing was unfair, and broke a commitment to TRS Plan 3 members who switched from Plan 2. Ask that they reinstate gainsharing.

Thank you,



Margaret Johnson, English Dept Chair  
Marysville-Pilchuck High School  
Marysville, WA

Home: 27731 73<sup>rd</sup> Ave NW  
Stanwood, WA 98292

## 2007 Interim Issues

### Inventory as of December 11, 2007

Referred from 2006 SCPP	Status
<p><b>Disability Retirement</b> – Continue review of disability benefits and policies under the Washington State retirement systems, including reduction of actuarial penalties associated with early retirement for medical reasons (Sen. Eide).</p>	Briefing June 19, 2007; options/pricing Aug. 14, 2007
Significant Amendments to SCPP Legislative Proposals	Status
<p><b>Index \$150,000 Death Benefit</b> – The SCPP's 2007 recommendation concerning the \$150,000 death benefit included indexing for this benefit, and the indexing provision was removed by the legislature.</p>	Briefing July 17, 2007; SCPP hearing Aug. 14, 2007; pricing to Exec. Cmte. Oct. 16, 2007; legislation recommended Nov. 13, 2007
<p><b>Washington State Patrol Cost-Sharing</b> – The SCPP recommended that members pay one-third of the difference between the total cost of the system and the “Truman liability” or 7 percent, whichever is less. The bill was amended to specify that members would pay the lesser of one-half of the adjusted total contribution rate or 7 percent, plus one-half of any benefit improvements effective on or after July 1, 2007.</p>	
SCPP Member Requests	Status
<p><b>Pension Protection Act (Fraser)</b> – Study implications of recent federal legislation for Washington State retirement systems.</p>	Briefing May 22, 2007
<p><b>Benefits History (Olson)</b> – Review cost of Plans 2/3 from creation to present.</p>	
<p><b>Plan 3 Vesting (Davis)</b> – Recommend 5-year vesting for all members of Plan 3.</p>	Exec. Cmte. Update Oct. 16, 2007; legislation recommended Nov. 13, 2007

SCPP Executive Committee Requests	Status
<b>Contribution Rates</b> – Identify impacts of 2007 legislation on contribution rates.	Briefing June 19, 2007
<b>Rules of Procedure</b> – Update current SCPP rules.	Initial briefing May 22, 2007; changes approved June 19, 2007
<b>Interruptive Military Service Credit</b> – Consider free service credit.	Pricing to Exec. Cmte. Oct. 16, 2007; SCPP briefing and possible Exec. Session Dec. 18, 2007

Legislator Requests	Status
<b>Former Judges (Sen. Honeyford)</b> – Allow inactive vested judges, or judges who have separated from service but not yet retired, to apply to increase their benefit multiplier and pay the full actuarial cost.	
<b>Service Credit (Sen. Kilmer)</b> – Allow TRS and SERS 2/3 members “with half-year contracts” to receive a half-credit per month of employment.	Briefing July 17, 2007; Exec. Cmte. Follow-up, Aug. 14, 2007; Proposal forwarded from Exec. Cmte. Sept. 18, 2007; SCPP briefing and legislation recommended Nov. 13, 2007
<b>Port of Walla Walla (Rep. Van De Wege)</b> – Review policy regarding LEOFF membership for employees performing fire-fighting duties.	SCPP briefing Nov. 13, 2007
<b>PERS 1 Window under SHB 1067 (Rep. Conway)</b> – Allow certain employees of the Public School Employees of Washington (PSE) to obtain service credit as PERS 1 members.	Exec. Cmte. Briefing Nov. 13, 2007; Exec Cmte. Follow-up, possible SCPP briefing and Exec. Session Dec. 18, 2007

Coordination with LEOFF 2 Board	Status
<b>Deferred compensation</b> – Treat employer contributions to deferred compensation plans as “salary.”	

**Annuities** – Authorize the purchase of actuarially equivalent annuities (like Plan 3).

**Military Service Death Benefit** – Extend application of new (2007) PERS 2 survivor benefit authorizing a refund of 200 percent of member contributions.

Briefing July 17, 2007; pricing to Exec. Cmte. Oct. 16, 2007; SCPP briefing and possible Exec. Session Dec. 18, 2007

**Fish and Wildlife Officer Service Credit Transfer** – Allow eligible members to transfer prior PERS 2 service to LEOFF 2.

Briefing July 17, 2007; Exec. Cmte. Briefing Aug. 14, 2007; SCPP briefing Oct. 16, 2007; possible Exec. Session Dec. 18, 2007

**\$150,000 Death Benefit** – Index the benefit to changes in the CPI-W for Seattle-Tacoma-Bremerton, with a maximum change of 3 percent per year.

Briefings July 17, 2007 and Aug. 14, 2007; pricing to Exec. Cmte. Oct. 16, 2007; legislation recommended Nov. 13, 2007

### Constituent/Stakeholder Requests

### Status

**Disability Retirement (ATULC)** – Eliminate actuarial reductions for disability pensions.

Briefing June 19, 2007; options/pricing Aug. 14, 2007

**PERS 1 Benefit Cap (Wagner, Von Moos, Fortune, Madden, Esparza, Webster)** – Remove or increase the 60 percent cap on retirement pensions for PERS 1.

**TRS 3 Benefits (Cunningham)** – Improve benefits by creating a rule of 85 and/or increasing the benefit multiplier.

**Out-of-State Service Credit (Nardella)** – Authorize service credit purchases for all time served as a public employee in another state.

Initial briefing July 17, 2007; SCPP briefing Oct. 16, 2007

**PERS Benefits (Hudson)** – Create a rule of 85, allow service credit for two jobs, authorize service credit for prior employment in an ineligible position, and authorize the conversion of service credit from Plan 2 to Plan 1.

Briefing on multiple jobs, July 17, 2007

**LEOFF 1 Surplus (Lindquist)** – Use any surplus to improve pension payments to disabled police officers and firefighters (before using for medical benefits).

**Plan 3 Vesting (tentative, WASA & AWSP; WEA; WSRA, Johnson)** – Allow vesting after five years regardless of age.

Update to Exec. Cmte. Oct. 16, 2007; legislation recommended Nov. 13, 2007

**Survivor Benefits (tentative, WASA & AWSP)** – Improve survivor benefits for members of Plans 1, 2, and 3 of TRS, SERS, and PERS.

Briefing July 17, 2007

**Plan 3 Benefits (tentative, WASA & AWSP)** – Provide additional benefits to Plan 3 members to improve the gain-sharing trade-off.

**Military Service (tentative, WASA & AWSP)** – Review 2007 legislative proposals to improve Plan 1 military service credit provisions and make a recommendation for 2008.

Briefing July 17, 2007

**“Plans 2/3 Final Year Contract” (tentative, WASA & AWSP)** – Allow TRS 2/3 members to receive a full year (12 months) of service credit for their final year’s work when retiring on July 1.

Briefing July 17, 2007; Proposal withdrawn, Sept. 18, 2007 Exec. Cmte.

**Gain-Sharing (numerous requests on file with OSA)** – Restore gain-sharing or improve trade-off options.

Exec. Cmte. Discussion Sept. 18, 2007

**Public Safety Subcommittee (WSP Troopers’ Association)** – Convene a subcommittee to address WSPRS demographics, benefit changes paralleling LEOFF Plan 2, death benefit changes for troopers killed while serving on active military duty, and formation of a WSPRS board.

Briefing on death benefits July 17, 2007; Briefing and possible Exec. Session on death benefits Dec. 18, 2007

**Out-of-State Service (WASA, AWSP, WEA)** – Allow TRS 2/3 members to purchase out-of-state service credit after serving two years instead of five.

Briefing July 17, 2007; hearing August 14, 2007; legislation recommended Sept. 18, 2007

**Plan 2 Access to PEBB (WASA, AWSP)** – Allow Plan 2 members to access PEBB health care plans upon separation from service at age 55 with at least ten years of service.

Briefing July 17, 2007; stakeholder reports to SCPP on Sept. 18, 2007 and Exec. Cmte. On Oct. 16, 2007; stakeholder proposals to SCPP Nov. 13, 2007; possible Exec. Session Dec. 18, 2007

**Rule of 85 (WEA)**

**Salary Bonuses (WEA, Johnson)** – Include certain salary bonuses in pension calculations.

SCPP briefings Oct. 16, 2007 and Nov. 13, 2007; possible Exec Session Dec. 18, 2007

**Health Care Premiums (WEA)** – Seek authority for retirees to pay for health care benefits on a pre-tax basis.

Memo to SCPP May 30, 2007; informal Exec. Cmte. Discussion June 19, 2007

**Service Credit (WEA)** – Allow TRS and SERS 2/3 members with “half-year contracts” to receive a half credit per month of employment.

Briefing July 17, 2007; update to Exec. Cmte. Aug. 14, 2007; proposal forwarded from Exec. Cmte. Sept. 18, 2007; SCPP hearing and legislation recommended Nov. 13, 2007

**ESA’s Back to Plan 2 (WEA)** – Allow TRS 3 Educational Staff Associates to return to PERS.

**Plan 1 Purchasing Power (WSRA)** – Change COLA eligibility to one-year after retirement and establish a COLA based on the Consumer Price Index.

Exec. Cmte. Discussion Sept. 18, 2007

**Plan 2/3 Benefits (WSRA)** – Provide for normal retirement eligibility below age 62; improve Plan 3 retiree and SERS 3 member benefits to compensate for loss of gain-sharing.

**Service Credit (WFSE)** – Improve provisions granting military service credit and allow Department of Fish & Wildlife Enforcement Officers to transfer service credit.

Briefing on both topics July 17, 2007; Exec. Cmte. briefing on F&W transfer on Aug. 14, 2007; SCPP briefing Oct. 16, 2007; Exec. Cmte. briefing on free interruptive military service credit Oct. 16; SCPP briefing and possible Exec. Session on both topics Dec. 18, 2007

**Military Service Credit (Danielson)** – Allow members of other plans to have the same service credit provisions as in PERS 1 and WSPRS 1.

Briefing July 17, 2007

**Surviving Spouses (RFW)** – Amend “pre-LEOFF 1” law to remove remarriage penalty for surviving spouses and create an option for a surviving spouse benefit for retired firefighters who were married less than five years before retirement or who married after retirement.

Briefing July 17, 2007; Briefing and possible Exec. Session Dec. 18, 2007

**PEBB Access (WSRA)** – Allow a “2<sup>nd</sup> chance” PEBB enrollment window for those who missed their one-time enrollment opportunity.

Briefing July 17, 2007; stakeholder reports to SCPP on Sept. 18, 2007 and Exec. Cmte. Oct. 16, 2007; stakeholder proposals to SCPP Nov. 13, 2007

**TIAA-CREF for HECB (HECB)** - Amend higher education statutes to authorize the Higher Education Board (HECB) to offer its employees a retirement annuity through TIAA-CREF instead of PERS.

Exec. Cmte. briefing Oct. 16, 2007; SCPP briefing Nov. 13, 2007; possible Exec. Session Dec 18, 2007

**PERS and TRS 1 “Trust” Issues (WPR, Inc.)** – Answer questions regarding history and practices related to Plan 1 governance, fiduciary responsibilities and unfunded liabilities.

Exec. Cmte. briefing from AAG on “trust” cases, Aug. 14, 2007

**Survivor Benefits for WSPRS** – 1) Provide “the in-service death benefit” for troopers who die while on military leave in Iraq or Afghanistan; and 2) modify retirement Option B to create several changes: a) allow retirees who remarry after retirement to select Option B; b) allow a “pop-up” option in the event of divorce; and c) allow persons who were retired before the effective date of the option an opportunity to select it.

Briefing on military death benefits July 17, 2007; Exec. Cmte. briefing Oct. 16, 2007; SCPP Briefing and possible Exec. Session on death benefits Dec. 18, 2007

**PERS 2 Early Retirement Reduction Factors (Paul)** – Improve ERRF’s for members with 20-29 years of service.

**Plan 3 Members to Plan 2 (Two requests on file with OSA)**  
- Allow Plan 3 members the opportunity to return to Plan 2.

Exec. Cmte. discussion Sept. 18, 2007

**Post-Retirement Employment (WASA, AWSP, Davis, Johnson)** – Restore retire-rehire for Plan 2/3 members who retire under improved ERRF’s passed in 2007.

Exec. Cmte. discussion Sept. 18, 2007; Exec. Cmte. briefing Nov. 13, 2007; Exec Cmte. follow-up, SCPP briefing and possible Exec. Session Dec 18, 2007

**PSERS Amendments (Orvena)** – Amend PSERS to broaden eligibility, provide more plan choice and lower the normal retirement age.

Exec. Cmte. discussion Nov. 13, 2007; Forwarded to 2008 interim.

**Dual-Member Prior Military Service (Williams)** – Allow Dual-Members to combine service from all plans to qualify for prior military service credit

Requests from Members to DRS	Status
------------------------------	--------

**SERS Auto-Transfer of Prior Plan Service Credit** – Adapt plan provisions to current conditions.

Briefing July 17, 2007; SCPP briefing Sept. 18, 2007; Exec. Cmte. briefing Nov. 13, 2007; possible Exec. Session Dec. 18, 2007

**Expand Plan 1 Post-30 Year Contribution Program** – Include an annual window for opting in prospectively.

**PERS 1 Death While Retirement Eligible** – Allow survivors to get a monthly benefit instead of just member contributions.

Briefing July 17, 2007 and Sept. 18, 2007; legislation recommended Nov. 13, 2007

**Veterans' Benefits** – Allow twice the contributions to surviving spouses of members killed while on military duty in other Plans besides PERS 2.

Briefing July 17, 2007; Exec. Cmte. briefing Oct. 16, 2007

**DRS Request for Endorsement**

**Status**

**DRS plans to bring a proposal to the SCPP regarding how to address contributions for approximately 50,000 inactive non-vested members.**

Proposal expected for 2008 interim

**SCPP Statutory Obligations**

**Status**

None for 2007.

**Actuarial Work**

**Status**

**2008 Gain-Sharing Distributions** – Calculate required distribution amounts and notify plan administrator.

Completed.

**LEOFF 1 Medical Study** – (Required in OSA budget) Identify local government employer liability for LEOFF 1 medical benefits.

Report to SCPP Dec. 18, 2007

**OPEB Actuarial Valuation** – Using new governmental accounting standards, identify (and facilitate others in identifying) public employer obligations for “other post-employment benefits” (OPEB), the most significant of which is health care.

Initial briefing May 22, 2007

**Review of Economic Assumptions** – Make recommendations to Pension Funding Council regarding long-term economic assumptions.

Briefing August 14, 2007; WSIB Return Simulations for Exec. Cmte. Sept. 18, 2007

**Experience Study Preparation** – Much of the work for the 2008 Experience Study will be done in 2007. OSA can provide the SCPP with “previews” of the data that will be reviewed, the study methodology, the standards of practice involved, and the assumptions that will be examined (e.g. retirement rates, mortality, etc).

Overview presented to SCPP Sept. 18, 2007

**2006 Actuarial Valuation**

Report presented to  
SCPP Oct. 16, 2007

SCPP Staff	Status
<b>State Actuary</b> – Annual Evaluation.	Coordinated by Glenn Olson

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## C. Today's Full Committee Agenda

# Select Committee on Pension Policy

## Regular Committee Meeting

December 18, 2007

10:00 a.m. - 1:00 p.m.

Senate Hearing Room 4  
Olympia

### AGENDA

- 10:00 a.m. (1) Approval of Minutes
- 10:05 a.m. (2) 2008 Meeting Dates
- 10:10 a.m. (3) LEOFF 1 Medical Study, Troy Dempsey, Actuarial Assistant
- 10:40 a.m. (4) Military Death Benefits, Dave Nelsen, Senior Policy Analyst
- 10:55 a.m. (5) Interruptive Military Service Credit, Laura Harper, Policy and Research Services Manager
- 11:10 a.m. (6) FRP (Pre-LEOFF) Survivor Benefits, Darren Painter, Policy Analyst
- 11:25 a.m. (7) Retiree Access to PEBB - Stakeholder Proposal  
• Separated Plan 2 Members
- 11:40 a.m. (8) Post-retirement Employment under EHB 2391, Laura Harper
- 11:55 p.m. (9) PERS 1 Window under SHB 1067, Laura Harper

#### POSSIBLE EXECUTIVE SESSION

- 12:10 p.m. (10) Military Death Benefits, Dave Nelsen
- 12:15 p.m. (11) Interruptive Military Service Credit, Laura Harper
- 12:20 p.m. (12) FRP (Pre-LEOFF) Survivor Benefits, Darren Painter
- 12:25 p.m. (13) Retiree Access to PEBB - Stakeholder Proposal  
• Separated Plan 2 Members
- 12:30 p.m. (14) Post-retirement Employment under EHB 2391, Laura Harper
- 12:35 p.m. (15) PERS 1 Window under SHB 1067, Laura Harper
- 12:40 p.m. (16) PERS to SERS Auto Transfer, Dave Nelsen
- 12:45 p.m. (17) Salary Bonuses in TRS, Dave Nelsen
- 12:50 p.m. (18) Fish and Wildlife Service Credit Transfer, Dave Nelsen
- 12:55 p.m. (19) HECB Proposal, Laura Harper
- 1:00 p.m. (20) Adjourn

\*Elaine M. Banks  
*TRS Retirees*

Representative Barbara Bailey

Lois Clement  
*PERS Retirees*

\*Representative Steve Conway,  
Chair

Representative Larry Crouse

Charles E. Cuzzetto  
*TRS and SERS Employers*

\*Randy Davis  
*TRS Actives*

Representative Bill Fromhold

Senator Janea Holmquist

Robert Keller  
*PERS Actives*

\*Sandra J. Matheson, Director  
*Department of Retirement Systems*

Corky Mattingly  
*PERS Employers*

Doug Miller  
*PERS Employers*

Victor Moore, Director  
*Office of Financial Management*

Senator Ed Murray

\*Glenn Olson  
*PERS Employers*

Senator Craig Pridemore

\*Senator Mark Schoesler,  
Vice Chair

J. Pat Thompson  
*PERS Actives*

David Westberg  
*SERS Actives*

\* Executive Committee

(360) 786-6140

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## D. PERS 1 Window Under SHB 1067

See full committee agenda item 9 meeting materials.

## E. Post-Retirement Employment Under EHB 2391

See full committee agenda item 8 meeting materials.

## F. 2008 Meeting Dates

# 2008 Potential SCPP Dates

JANUARY							FEBRUARY						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	
MARCH							APRIL						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1			1	2	3	4	5
2	3	4	5	6	7	8	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28	29	30			
30	31												
MAY							JUNE						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30					
JULY							AUGUST						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30
							31						
SEPTEMBER							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6				1	2	3	4
7	8	9	10	11	12	13	5	6	7	8	9	10	11
14	15	16	17	18	19	20	12	13	14	15	16	17	18
21	22	23	24	25	26	27	19	20	21	22	23	24	25
28	29	30					26	27	28	29	30	31	
NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1		1	2	3	4	5	6
2	3	4	5	6	7	8	7	8	9	10	11	12	13
9	10	11	12	13	14	15	14	15	16	17	18	19	20
16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30	31			
30													

# Legend

x	2008 Session - January 14 - March 13
x	<b>2008 Holidays</b>
x	<b>SCPP suggested meeting dates*</b>
x	<b>SCPP suggested subgroup reserved**</b>
x	<b>NCSL Conference, New Orleans - July 22 - 26</b>
x	<b>Tentative Legislative Assembly Days</b>
x	<b>SIB - tentative meeting dates - third Thursday</b>
x	<b>LEOFF 2 Board - tentative dates - fourth Wednesday</b>
x	<b>LEAP - Jan. set - no recurring meetings</b>
x	<b>JLARC - Jan. set - others tentative - third Wednesday</b>
x	<b>Election Dates</b>

## SCPP Potential Full and Exec. Dates\*

January 15, 2008  
February 12, 2008  
March 18, 2008  
April 15, 2008  
May 13, 2008  
June 17, 2008  
July 15, 2008  
August 12, 2008  
September 16, 2008  
October 21, 2008  
November 18, 2008  
December 16, 2008

## SCPP Potential Sub-group Dates\*\*

*None scheduled*  
*None scheduled*  
*None scheduled*  
April 14, 2008  
May 12, 2008  
June 16, 2008  
July 14, 2008  
August 11, 2008  
September 15, 2008  
October 20, 2008  
November 17, 2008  
December 15, 2008

# G. State Actuary Evaluation - Final

# Select Committee on Pension Policy

## **Actuary Performance Evaluation**

*(November 12, 2003)*

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The State Actuary Appointment Committee has the statutory authority to review the performance and make adjustments to the pay of the State Actuary. The State Actuary Appointment Committee consists of:

- Chairs and ranking minority members of the Senate Ways and Means Committee and the House Appropriations Committee; plus
- Four members of the Select Committee on Pension Policy (SCPP) appointed jointly by the Chair and Vice Chair of the SCPP.

The SCPP Executive Committee will conduct a review of the State Actuary's performance and relay it to the State Actuary Appointment Committee with recommendations for pay adjustments, as deemed appropriate. The review will take place at least once every two employment anniversaries of the State Actuary or as requested by the Chair of the SCPP.

In conducting the review, the Executive Committee of the SCPP or their designee will:

- Review the statutory responsibilities of the Office of the State Actuary (OSA).
- Request a self-performance evaluation, including future goals and development activities from the State Actuary.
- Develop a list of feedback sources which may include OSA staff, SCPP members, Directors of the Department of Retirement Systems and Office of Financial Management, Chairs and/or staff of the legislative fiscal committees and the Executive Director of the LEOFF 2 Board.
- Solicit written feedback from feedback sources.
- Meet with the State Actuary to share feedback and overall performance evaluation.
- Relay the results of the performance evaluation and any recommendations regarding performance and/or pay adjustments to the members of the State Actuary Appointment Committee.