

# Select Committee on Pension Policy

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

## Regular Executive Committee Meeting

October 21, 2008  
12:30 p.m. – 1:30 p.m.\*  
Senate Conference Rooms A/B/C  
Olympia

### AGENDA

- 12:30 p.m. (A) Approval of Minutes
- 12:35 p.m. (B) Assistant Attorney General
- 12:45 p.m. (C) Correspondence
- 1:00 p.m. (D) Review of Today's Meeting
- 1:10 p.m. (E) Draft November Meeting Agenda
- 1:25 p.m. (F) State Actuary's Evaluation
- 1:30 p.m. (G) Adjourn

*\*These times are estimates and subject to change depending on the needs of the Committee.*

O:\SCPP\2008\Oct\_Exec\_Agenda .doc

**Representative Barbara Bailey**

**\*Don Carlson**  
*TRS Retirees*

**Lois Clement**  
*PERS Retirees*

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

**Representative Larry Crouse**

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

**Randy Davis**  
*TRS Actives*

**Representative Bill Fromhold**

**Senator Steve Hobbs**

**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 Mark Schoesler,**  
**Chair**

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

**\*David Westberg**  
*SERS Actives*

**\*Executive Committee**

(360) 786-6140  
Fax: (360) 586-8135  
TDD: 1-800-635-9993  
<http://www1.leg.wa.gov/SCPP.htm>

## 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  
September 16, 2008  
REVISED DRAFT MINUTES

The Select Committee on Pension Policy's Executive Committee met in Conference Rooms A/B/C, Olympia, Washington on September 16, 2008.

**Executive Committee members attending:**

Senator Schoesler, Chair  
Representative Conway, Vice-Chair  
Don Carlson  
Sandra Matheson  
Corky Mattingly  
David Westberg

**Other SCPP members attending:**

Representative Bailey  
Randy Davis  
Senator Hobbs  
Robert Keller  
Glenn Olson

Senator Schoesler, Chair, called the meeting to order at 12:35 p.m.

**(A) APPROVAL OF MINUTES**

*Moved, seconded and carried: to approve the July 15, 2008, Executive Committee Draft Minutes.*

**(B) INTRODUCTION, ASSISTANT ATTORNEY GENERAL**

Chair Schoesler welcomed and thanked Senior Assistant Attorney General, Mary Ellen Combo, assigned to the Select Committee on Pension Policy. In turn, Ms. Combo stated she is looking forward to this opportunity.

**(C) CORRESPONDENCE**

Chair Schoesler reviewed the current correspondence received. Member Carlson asked that Representative Maralyn Chase's issue be put on the Executive Committee's October or November agenda.

**Correspondence Handed out at the Meeting**

1. Royce Moe, Court Commissioners' Pension Bill
2. Matt Zuvich, PEPR, Plan 2/3 Post-Retirement Employment

*Moved, seconded and carried to: put the Plan/2/3 Post-Retirement issue on the November 18, 2008, Full Committee agenda pending legal advice from the SCPP AAG.*

**Representative Barbara Bailey**

**\*Don Carlson**  
*TRS Retirees*

**Lois Clement**  
*PERS Retirees*

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

**Representative Larry Crouse**

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

**Randy Davis**  
*TRS Actives*

**Representative Bill Fromhold**

**Senator Steve Hobbs**

**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 Mark Schoesler,**  
**Chair**

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

**\*David Westberg**  
*SERS Actives*

**\*Executive Committee**

**(D) DIRECTION ON TODAY'S MEETING**

**(2) Election of Retiree Representative to Executive Committee**

*(See Full Committee agenda minutes for a description of the action.)*

**(3) Proposed 2009-II OSA Budget**

*(See Full Committee agenda minutes for a description of the action.)*

Member Matheson reported on the LEOFF 1 Medical Benefits Fact Book.

**(4) Fish and Wildlife Service Credit Transfer**

*Moved, seconded and carried to: include Plan 3 option and place Fish and Wildlife Service Credit Transfer issue on the October 21, 2008, Full Committee agenda.*

**(5) Interruptive Military Service Credit**

*Interruptive Military Service Credit will be placed on the November 18, 2008, Full Committee agenda.*

**(6) Plan 1 COLA Proposals**

*Plan 1 COLA will be placed on the November 18, 2009, Full Committee agenda.*

**(7) SCPP Recommended Legislation to Lower General Salary Increase Assumption**

*(See Full Committee agenda minutes for a description of the action)*

**(E) DRAFT OCTOBER MEETING AGENDA**

1. Approval of Minutes
2. 2009 SCPP Meeting Dates
3. September 2008 Economic and Revenue Forecast

**Work Session**

4. Disability Benefits
5. SERS Past Part-Time Service Credit
6. OSA Request Legislation
7. \$150,000 Death Benefit

**Public Hearing with Possible Executive Session**

8. Fish & Wildlife Service Credit Transfer

The meeting adjourned at 2:05 p.m.

*Recorded audio of Select Committee on Pension Policy meetings is often available free of charge at [www.tow.org](http://www.tow.org). Additionally, you may request a CD-ROM copy of the audio. Please contact the Office of the State Actuary for further information.* O:\SCPP\2008Exec\Draft\_Sept\_Exec\_Minutes.doc

## B. Assistant Attorney General

**RCW 42.52.180****Use of public resources for political campaigns.**

(1) No state officer or state employee may use or authorize the use of facilities of an agency, directly or indirectly, for the purpose of assisting a campaign for election of a person to an office or for the promotion of or opposition to a ballot proposition. Knowing acquiescence by a person with authority to direct, control, or influence the actions of the state officer or state employee using public resources in violation of this section constitutes a violation of this section. Facilities of an agency include, but are not limited to, use of stationery, postage, machines, and equipment, use of state employees of the agency during working hours, vehicles, office space, publications of the agency, and clientele lists of persons served by the agency.

(2) This section shall not apply to the following activities:

(a) Action taken at an open public meeting by members of an elected legislative body to express a collective decision, or to actually vote upon a motion, proposal, resolution, order, or ordinance, or to support or oppose a ballot proposition as long as (i) required notice of the meeting includes the title and number of the ballot proposition, and (ii) members of the legislative body or members of the public are afforded an approximately equal opportunity for the expression of an opposing view;

(b) A statement by an elected official in support of or in opposition to any ballot proposition at an open press conference or in response to a specific inquiry. For the purposes of this subsection, it is not a violation of this section for an elected official to respond to an inquiry regarding a ballot proposition, to make incidental remarks concerning a ballot proposition in an official communication, or otherwise comment on a ballot proposition without an actual, measurable expenditure of public funds. The ethics boards shall adopt by rule a definition of measurable expenditure;

(c) Activities that are part of the normal and regular conduct of the office or agency; and

(d) De minimis use of public facilities by statewide elected officials and legislators incidental to the preparation or delivery of permissible communications, including written and verbal communications initiated by them of their views on ballot propositions that foreseeably may affect a matter that falls within their constitutional or statutory responsibilities.

(3) As to state officers and employees, this section operates to the exclusion of RCW 42.17.130.

[1995 c 397 § 30; 1994 c 154 § 118.]

**Notes:**

**Effective date – Captions – Severability – 1995 c 397:** See RCW 42.17.960 through 42.17.962.

## C. Correspondence

## SELECT COMMITTEE ON PENSION POLICY

## EXECUTIVE COMMITTEE

Constituent Correspondence as of October 7, 2008

October 21, 2008

Received by OSA	From	To	Subject
12/17/2007	Williams, Eryl	SCPP	PERS 1 Retirement
12/19/2007	Dargis, Trishka	SCPP	TRS Vesting, Board Cert., Post-ret. Employment, Gain-sharing
12/24/2007	Elkington, Cathy	SCPP	TRS 3 Post-ret. Employment
1/14/2008	Renggli, Andy	DRS, cc SCPP	FW: Appeal of Decision ( <i>attachments available upon request</i> )
1/15/2008	Davis, Cathy	SCPP	TRS 3 post-ret. Employment, Board Cert., Vesting, Gain-sharing
1/21/2008	Scriven, Rick	SCPP	TRS 3 Post-ret. Employment, gain-sharing
1/29/2008	McGuire, John	OSA via Sen. Marilyn Rasmussen	Disability Retirement
1/30/2008	Renggli, Andy	DRS, cc SCPP	Re: Petition for review
1/30/2008	Ensign, Carey	OSA via David Westberg	HB 3182
2/5/2008	Moscoso, Luis	Rep. Conway, cc OSA	PERS 1 Post-ret. Employment
2/6/2008	Paulson, Steve	SCPP	TRS 2/3 benefits
2/6/2008	Dressel, Dave	SCPP	Prior Military Service Credit in PERS 2/3
2/25/2008	Hodge, Tami	SCPP via Sen. Paul Shin	TRS-SERS contribution flexibility
2/26/2008	Merkner, James	SCPP via OSA	Working past age 65
3/3/2008	Green, Andrew P. for Mann, Johnson, Wooster, & McLaughlin, P.S.	SCPP	CC of administrative appeal re: PSERS membership for PSNs & PSAs ( <i>attachments available upon request</i> )
3/4/2008	Webster, Mr. Kim M.	SCPP	SB 6093
3/18/2008	Sen. Holmquist	SCPP	Federal "Windfall Elimination Program" ( <i>attachments available upon request</i> )
3/21/2008	WSSRA - Ester Wilfong, Leslie Main, Don Carlson	SCPP	WSSRA Priorities for 2008-09
3/28/2008	Phillips, Dick	SCPP via Sen. Harriet Spanel	PERS 1 Survivor Benefits
3/26/2008	Green, Andrew P. for Mann, Johnson, Wooster, & McLaughlin, P.S.	SCPP	Request to place Psychiatric Custody Personnel into PSERS & copy of appeal document ( <i>attachments available upon request</i> )

## SELECT COMMITTEE ON PENSION POLICY

## EXECUTIVE COMMITTEE

Constituent Correspondence as of October 7, 2008

October 21, 2008

Received by OSA	From	To	Subject
4/15/2008	Brittell, Tim; Northshore Education Association	SCPP	TRS 2/3 Post-ret. employment
4/15/2008	Kvamme, John - for WASA & AWSP	SCPP received at mtg.	WASA & AWSP legislative priorities for 2008-2009
4/15/2008	Parr, Randy - WEA	SCPP received at mtg.	TRS 2/3 Post-ret. Employment, Plan 3 5-yr. Vesting, Plan 2 member access to PEBB, Disability Benefits, Compulsory Plan 3 Membership, Edu. Staff Assoc w/Multi. Employers
4/15/2008	Public Employees for Pension Reform	SCPP received at mtg.	Prioritization of Pension Benefit Improvements
4/15/2008	Main, Leslie - PEPR	SCPP received at mtg.	Disability Ret. Benefits, Plan 1 Purchasing Power, Plan 2/3 Post-ret. Employment
4/30/2008	Rep. Maralyn Chase	SCPP, cc Matt Smith	Plan 3 Pension Provisions RE: HB 3258, HB 3257
5/1/2008	Beazizo, Ray	SCPP	"Windfall Elimination Program" clarification
5/9/2008	McGuire, John	SCPP via Sen. Schoesler	Disability Retirement - renewed request
5/12/2008	Fox, Kelly - LEOFF 2	SCPP, cc Matt Smith	Interruptive Mil. Srv. Credit, Inflationary Adj. for 150k Death Ben., Mil. Srv. Death Ben., F&W Officer Srv. Credit Transfer
5/15/2008	O'Brien/de la Rosa	SCPP, via Sen. Schoesler	Plan 2 Access to PEBB & second chance PEBB enrollment, PEBB access for retirees from political subdivisions, Plan 1 COLA
5/28/2008	McBride, Angie	SCPP	Retirement Age, YOS + Age
6/9/2008	Fox, Kelly - LEOFF 2	SCPP	Purchase of Annuity
6/5/2008	Zuvich, Matthew D - WFSE, PEPR	SCPP	Disability Retirement Benefits
6/10/2008	Jarboe, Lindajo	OSA	PERS 1 COLA
6/16/2008	Williams, Eryl	SCPP via OSA	PERS 1 retirement - renewed request
6/17/2008	Public Employees for Pension Reform	SCCP received at mtg.	Options for Plan 1 COLA Improvement
6/30/2008	Fox, Kelly - LEOFF 2	SCPP	LEOFF 2 Prioritized Issues for Coordination
7/14/2008	Allred, Donna	OSA	SERS Gain-sharing
7/15/2008	PEPR	SCPP received at mtg.	PEPR requests for September Agenda
8/11/2008	Donny, Mary	SCPP via Sen. Schoesler	Visiting International Faculty
8/17/2008	Loken, Bill	SCPP Members	Plan 1 Purchasing Power
9/3/2008	Vail, Eldon	SCPP via Sen. Schoesler	DOC proposals to amend PSERS
9/4/2008	PEPR-Zuvich	OSA	Disability Benefits

Constituent Correspondence as of October 7, 2008

October 21, 2008

Received by OSA	From	To	Subject
9/4/2008	Jarboe, Lindajo	OSA	Retiree college course benefits
9/15/2008	Nardella, Maria	SCPP Staff	Out-of-state service credit
9/10/2008	Divers, Bill	SCPP Members	Compulsory enrollment in TRS 3
9/16/2008	PEPR-Zuvich	SCPP	Plan 2/3 Post-Retirement Employment
9/23/2008	VIF-Donny, Mary	SCPP	Exemption for interntional exchange teachers
9/10/2008	PEPR-Zuvich	OSA	Disability benefits
10/1/2008	Warbrouck, Richard	SCPP	Fireman's Pension Act Survivor Benefits (Pre-LEOFF)
9/29/2008	Moe, Royce	Senator Schoesler	Court Commissioners' Pension Bill
10/1/2008	Jarboe, Lindajo	OSA	PERS 1 COLA
10/7/2008	PEPR	SCPP	Revised Proposals for Plan 1 COLA Improvement

## Burkhart, Kelly

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**From:** Jarboe, Lindajo (DOR) [LindajoJ@DOR.WA.GOV]  
**Sent:** Thursday, September 04, 2008 4:09 PM  
**To:** Office State Actuary, WA  
**Subject:** Suggestion

I am not sure that this idea is being directed to the proper authority, however, I would like to suggest that the ability for retirees to attend college courses without charge, on an availability basis, be put forward.

Studies have shown that continued learning increase the ability of an aging population to function at a higher degree for a longer period of time. I would suggest that this could contribute to an overall healthier and thus less expensive retiree group.

Thank you for your consideration.

Linda Jarboe

RECEIVED

SEP 15 2008

Office of  
The State Actuary

September 10, 2008

Select Committee on Pension Policy  
PO Box 40914  
Olympia, Washington 98504-0914

Dear SCPP Staff:

Since I began my employment with the Department of Health in 1992, I have been making inquiries to the Select Committee on Pension Policy (SCPP) regarding the possibility of purchasing service credit for time spent in other public employment. I was previously employed with another public retirement plan, the Arizona State Retirement System. If I were to move back to Arizona and again work as a state employee there, I would be able to "buy service credit" for my years of service in Washington. Unfortunately, the reverse is still not an option for Washington State employees.

I have made this inquiry to SCPP before and have been told that it would take legislative action to make this option available to public employees in Washington. I would like to again suggest that my issue be considered by your committee members.

Please let me know if there is anything that I can do to impact this process. My day time phone number is 360-236-3573 and email, [maria.nardella@doh.wa.gov](mailto:maria.nardella@doh.wa.gov).

Thank you for your assistance.

Sincerely,



Maria Nardella  
Manager  
Children with Special Health Care Needs Program

RECEIVED

SEP 10 2008

Office of  
The State Actuary

407 East Second Avenue  
Ellensburg, WA 98926

September 4, 2008

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

Dear Members of the Select Committee on Pension Policy:

I worked for DSHS/DDD as a speech-language pathologist for eight and a half years. In Washington State public schools, this position is known as an Educational Staff Associate-Communication Disorders Specialist (ESA-CDS).

During my tenure with DSHS/DDD, I was vested in the PERS 2 system. I did not cash out. Later, when I left state service and went to work for the Yakima School District, again working as a speech-language pathologist, I was told I had no option to continue in the PERS 2 system, and was subsequently forced to enroll in the TRS 3 system.

Compulsory enrollment in the TRS 3 system will cause a significant reduction in my pension when I retire four years from now. Last week, I began my twelfth year of service in the Yakima School District.

I have been in contact with Mr. Randy Parr, Washington Education Association, regarding this whipsaw situation. He has had discussions with the union that represents DSHS/DDD workers; while there may be only a hand full of employees who are affected, they now share our concern regarding the significant reduction in individuals' pensions when they switch employment between the two employment settings (state and school district).

Mr. Parr has also presented this issue to your committee in a letter dated April 15, 2008.

Mr. Parr tells me there was once a law on the books regarding Educational Staff Associates-Communication Disorders Specialists (ESA-CDS), of whom I am one, which allowed for continuation in the PERS 2 system. The statute is RCW 41.32.032.

Mr. Parr has also been in contact with Senator Janéa Holmquist, one of your colleagues on the Select Committee on Pension Policy. In response to Mr. Parr's inquiry on my behalf, the Senator asked Mr. Parr to personally brief her on my situation.

Senator Holmquist recently wrote to me to say she has asked your committee to study the matter. She continued in her letter to explain that your committee cancelled its August meeting, and consequently she has not heard if this matter has been added to your study list.

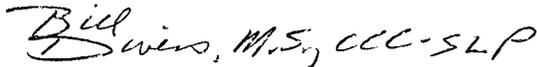
I understand from Senator Holmquist's letter that if your committee includes this matter on its study list, the committee may recommend legislation.

Ladies and gentlemen of the Select Committee on Pension Policy, please honor the request of your colleague, Senator Janéa Holmquist, and include this matter on your study list.

I am hopeful you will see the depth of this unfair situation and offer legislation to correct it. An effective remedy would enable conversion of TRS 3 credit to the PERS 2 system without penalty to employees.

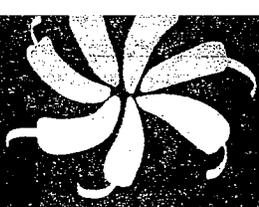
I look forward to hearing from you soon regarding this important matter.

Sincerely,

Handwritten signature of Bill Divers, M.S., CCC-SLP in cursive.

Bill Divers, M. S., CCC-SLP  
Speech-Language Pathologist  
407 East Second Avenue  
Ellensburg, WA 98926  
(509)962-2942

cc: Senator Janéa Holmquist  
R. Parr, Washington Education Association



# Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

TO: The Honorable Senator, Mark Schoesler, Chair  
Select Committee on Pension Policy (SCPP)

FROM: Public Employees for Pension Reform (PEPR)

DATE: August 17, 2008

RE: Plan 2/3 Post-Retirement Employment – Repeal of Penalty on Improved ERRF

PEPR members again respectfully request that the issue of "Plan 2/3 Post-Retirement Employment – Repeal of Penalty on Improved ERRF" be placed on the SCPP Executive Committee agenda for review and action at the September Executive Committee meeting. Last year's Executive and full Select Committee studied this issue; therefore it is not a new issue for research by the State Actuary Office.

Plan 2 and 3 retirees have never been able to participate in Retire/Rehire. Retire/Rehire has been limited to Plan 1 members. Plan 2 and 3 members have been limited to no more than 867 hours a year of postretirement public employment since the inception of those plans, however beginning this year members taking advantage of the new alternate early retirement are forbidden working any hours until reaching the age of 65.

This added negative provision could impact the availability of substitute teachers and part time help within various public employment sectors.

Even though this added negative provision became part of EHB 2391 just before the bill's final passage, we do not believe its reversal should have any impact on the legal action pending on gain-sharing.

Your consideration of this request is appreciated.

Respectfully,

Matthew D. Zuvich,

**From:** Mary Donny  
**To:** Office State Actuary, WA;  
**cc:** Jessica Gray;  
**Subject:** Exemption Request  
**Date:** Tuesday, September 23, 2008 4:35:42 AM  
**Attachments:** SCPP Washington letter final.doc

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Dear Sir or Madam, if you would be so kind as to ensure the members and staff of the Executive Committee of the Selection Committee on Pension Plans receives the attached request?

Many thanks,  
Mary Donny

Director of Government Relations  
VIF Program  
224 Mooregate Court  
Chesapeake, VA 23322  
757-277-9832-Office  
757-377-4713-Cell  
757-609-3061-Fax  
[www.vifprogram.com](http://www.vifprogram.com)

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September 22, 2008

The Honorable Mark Schoesler  
Chair  
The Honorable Steve Conway  
Select Committee on Pension Policy  
The Office of the State Actuary  
P.O. Box 40914  
Olympia, WA 98504-0914

Dear Mr. Chair, Mr. Vice Chair and Members of the SCPP,

I am writing on behalf of the Visiting International Faculty Program (VIF) d/b/a the Center for International Education, Inc. currently, the VIF Program is the largest J-1 international teacher exchange program in the United States and is a sponsoring agency as designated by the US Department of State (Exchange Visitor Program P-4-10082).

Since 1989, VIF teachers have transformed the educational experience of American students, invigorating their schools and communities with meaningful encounters. Participating teachers have been highly successful, succeeding at a rate of around 96%. Many have won school-wide, district-wide and statewide awards. The result has been both excellent instruction and daily intercultural interaction for tens of thousands of U.S. students. Last year we hosted over 1650 teachers from 50 different countries and placed them in 7 states including Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida and California.

Before we begin to bring our teachers to a specific state, we work to make sure that there are no regulatory or statutory barriers that would prevent exchange teachers from working in the state. Over the past few years, we have been approached by several school districts requesting VIF to bring our international exchange teachers to Washington. We believe international teachers would find the state of Washington an attractive location to serve as highly qualified educators and cultural ambassadors.

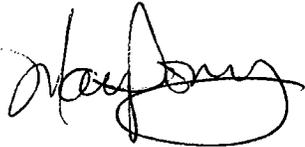
As you may be aware, under the federal J-1 teacher regulations as written in 22 CFR 62.24, there is a subdivision that notes that while the teachers may take a full-time position, they are here on a temporary (non-immigrant) basis. Specifically, the regulations outline the following in 22 CFR 62.24 2 (e) *Teaching position*. ...*The exchange visitor's appointment to a position at a primary or secondary accredited educational institution shall be temporary, even if the teaching position is permanent.* Our government prefers that the teachers not garner assets while they are here in the US. In fact, some of our exchange teachers are granted leave from their home countries and continue to receive pension credits (civil servant status) while they are in the US on our exchange program. At this time, all the states in which we work, except Maryland, exclude exchange teachers

from participation in their retirement systems. (We have not yet asked to be excluded from Maryland's system at this time for non-related reasons).

I am therefore writing to request an exemption from the TRS Plans 2 and 3 on behalf of J-1 exchange teachers. We have been touch with the Washington Teachers' Retirement System (Jeff Wickman and Sandra J. Matheson) regarding this issue. They have indicated that while there is an exception to TRS 1 for "alien" teachers, there is no such exemption to TRS Plans 2 and 3 and that a legislative remedy is required. The TRS Plan 1 language in RCW 41.32.240 states....(1) *All teachers employed full time in the public schools shall be members of the system except alien teachers who have been granted a temporary permit to teach as exchange teachers.* Given that there is precedence for an exemption, we ask your consideration of extending that exemption to TRS Plans 2 and 3.

Thank you for your review of our request. I am happy to address any questions you may have or provide any additional information you may require.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Donny", written in a cursive style.

Mary Donny  
Director of Government Relations

Cc Members of the Committee  
Ms. Sandy Matheson  
Mr. Jeff Wickman  
Mr. Matt Smith

-----Original Message-----

From: Matt Zuvich [mailto:MattZ@wfse.org]

Sent: Wednesday, September 10, 2008 3:12 PM

To: Nelsen, Dave; Smith, Matt Cc: Bernal Baca; Bev Hermanson; Pam Crone; Thompson, J. Pat; Ehren Flygare; Carlson, Don; Tom Lopp; Cassandra De La Rosa; Adair Dammann; Mike Ryherd; Randy Parr; Luis Moscoso; Sean Gallegos; Ed Gonion; Leslie Main; John Kvamme

Subject: PEPR Disability retirement proposal

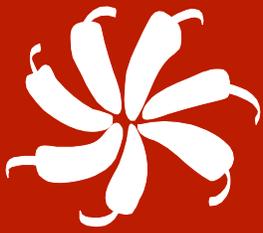
Greetings to all,

Attached you will find the requested draft of our coalitions proposal for Disability Retirement. This draft reflects changes suggested in our meeting with OSA staff and Senate Staff. I hope that this will allow for inclusion to the SCPP agenda as discussed.

Please note one change in the draft that followed our conversation with Senate staff that suggests study by WSIPP or appropriate body. This change accommodates a suggestion by senate staff that the insurance commissioners office may be able to perform the study of opt-in retirement insurance and provide recommendations with less cost than WSIPP. Our coalition has no opinion on this suggestion but wanted to make everyone aware of it in case it was useful. We would support any viable study that was most likely to move the issue forward.

Please contact me with any questions or comments using the contact information below.

Matthew D. Zuvich  
Legislative and Political Action,  
Washington Federation of State Employees  
1212 Jefferson St. SE, Ste. 300  
Olympia WA. 98501  
Office: 360.352.7603 x 636  
E-Mail: mattz@wfse.org



# Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

## Disability Benefits

September 4, 2008

Proposal: **Provide an Earned Disability Benefit to those w/ more than 10 yrs of service, based on 30 yr. ERRF's<sup>1</sup>.**

- ❑ No change in current rules governing disability eligibility (duty and non-duty)
- ❑ Permanently Disabled Individuals with 20 or more years of service could retire using an ERRF that is a reduction of 3% for each year of age less than 62.
- ❑ Permanently Disabled Individuals with 10 or more years of service, but less than 20 could retire using a reduction equal to 3% for each year of age under 65. This would be consistent with the Alternate Early Retirement reduction factors provided in C 247 L 2000. [RCW 41.32.765 (3)(a); 41.35.420 (3)(a); 41.40.630 (3)(a)]

Supplemental Option: **Opt-In Disability Retirement Insurance provided through either DRS or HCA.**

- ❑ Insure against the loss of pension benefits for both Duty and non-Duty related catastrophic events to be offered through the Department of Retirement Systems for participation by all system employers.
- ❑ The Select Committee on Pension Policy would ask the Washington State Institute for Public Policy (WSIPP) or other appropriate body (Insurance Commissioners office?) to study and develop proposals:
  - For individuals who do not qualify (due to less than 10 years of service) for the above Disability Retirement provisions.
  - For replacement income for individuals that do qualify for the Disability Retirement proposal (above) but need additional income to compensate for the reduced retirement benefit.
- ❑ The WSIPP or other appropriate body would report back any results to the SPCP for formulation of any legislative proposals.

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<sup>1</sup> ERRF is an Early Retirement Reduction Factor



Retired Firefighters of Washington

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

RECEIVED

OCT 1 - 2008

Office of  
The State Actuary

Richard Warbrouck  
President

Bob Burch  
Secretary

September 25, 2008

The Honorable Senator Mark Schoesler  
Chair, Select Committee on Pension Policy  
1588 East Rosenoff RD  
Ritzville, WA 99169

The Honorable Representative Steve Conway  
Vice Chair, Select Committee on Pension Policy  
PO Box 40606  
Olympia, WA 98504-0600

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

Dear Senator Schoesler, Representative Conway, and Mr. Smith,

During one of the first meetings in 2008 of the Select Committee on Pension Policy it was suggested that the committee consider all of the bills that were introduced last session. Everyone agreed that it would expedite the committee's work to reconsider these bills and reintroduce those without objection. The interim is quickly coming to the end and I don't believe all of the bills from the last session have been discussed. I would respectfully request that HB 1824 be placed on the October 21, 2008 meeting agenda for the committee's consideration.

Currently a surviving spouse of a firefighter who retired under RCW 41.18, the Fireman's Retirement Act (the Prior Act) on a service pension can retain her pension if she remarries. If a survivor of a member who retired on a disability pension remarries she loses her pension. This bill would amend RCW 41.18 and would allow a surviving spouse of a firefighter who retired with a disability retirement under the Fireman's Pension Act to remarry without forfeiting her pension.

The remarriage penalty was originally included in LEOFF 1 but has since been removed. The bill also included a provision to allow retired members who retired under the Fireman's Retirement

Act and who married after retirement to select a survivor option. By exercising this option the member would receive an actuarial reduction in their current pension benefit to offset the cost of the survivor option. This is the same option that is now in LEOFF 1 and other state retirement systems. There would be no cost to the state's general fund.

The cost for the first amendment would be minimal as these members are older and would have retired before the enactment of LEOFF 1 in 1970. Any cost would be paid by the Fireman's Pension Act. The pension funds under this act are currently receiving one mill in property tax revenue and a portion of the tax the state collects on fire insurance premiums.

This bill passed the House Appropriations Committee and was passed in the House in 2007.

In 2008 the bill was voted out of the House, passed out of the Senate Ways and Means Committee and died in Senate Rules at the cut-off.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "Dick Warbrouck".

Richard C. Warbrouck

September 27, 2008

Senator Mark Schoesler  
PO Box 40409  
Olympia, WA 98504-0409

Re: Court Commissioners' Pension Bill

Senator Schoesler,

I'm sorry I wasn't able to change my schedule last Thursday to accommodate yours because I was looking forward to meeting you and discussing our proposed bill in person. Nevertheless I do appreciate your taking the time to talk with our lobbyists, Michael Temple and Melissa McCabe Gombosky, who have a good handle on my group's objective and what it will take to accomplish it.

Had we met in person I would have reiterated a couple of quick points:

- 1) The approximately 90 court commissioners from all four levels of court – State Supreme Court, Court of Appeals, Superior Court, District & Municipal Courts – were not covered by the 2008 Judicial Benefit Multiplier Program bill (HB 2887) even though we are all judicial officers, do many of the same tasks performed by judges, and also start our judicial jobs later in our careers. In all fairness we feel that we should have been included and our asking for your help in correcting that oversight.
- 2) We feel that it could be a relatively easy legislative task to correct this omission since all the court commissioners stand in the same shoes as the District Court judges relative to these retirement amendments; all the details and sticking points were resolved just a few months ago.
- 3) Most importantly from the State's perspective, our proposed amendments will not cost the taxpayers anything. We are simple asking for the right to invest more of our own money in the State Retirement System.

To verify our "revenue neutral" statement we need your help in directing the Office of the State Actuary to do their financial analysis on our proposed bill as soon as possible and to identify someone to help draft the actual language of the proposed bill.

Finally I understand that the SCPP agenda for the October meeting is already full but if there is anyway you can add us on to the November meeting we would all be most appreciative. For my part, any presentation I might be asked to give at your SCPP meeting will be very brief.

Sincerely,

Royce H. Moe  
Court Commissioner

Pc: Senator Lisa Brown  
Michael Temple  
Melissa McCabe Gombosky

**Hyde, Elizabeth**

---

**From:** Jarboe, Lindajo (DOR) [LindajoJ@DOR.WA.GOV]  
**Sent:** Wednesday, October 01, 2008 4:33 PM  
**To:** Office State Actuary, WA  
**Subject:** PERS I COLA-Green Sheet #31

Is there a plan to submit any legislation regarding the COLA for PERS I?

Although PERS I individuals may retire earlier than other PERS members, it is primarily because it does not pay to continue employment. A PERS I individual does not increase their retirement benefit by continuing to work since they are limited to 60% of their final pay.

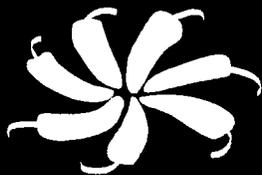
Once retired, PERS I individuals lose purchasing power due to not earning a COLA until after age 66. PERS II & III begin earning a COLA the year after they retire.

Since PERS I individuals have paid 6% into their retirement every year they are employed as opposed to the other systems which at some point were less than 2%, it seems that a compromise on the date the COLA begins for PERS I could be accomplished.

If this is not the organization that forwards legislative requests, please direct me to the correct one.

Thank you.

L. Jarboe



# Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

TO: Select Committee on Pension Policy (SCPP)  
FROM: Public Employees for Pension Reform (PEPR)  
DATE: October 7, 2008  
RE: Revised Proposals for Plan 1 COLA Improvement

RECEIVED

OCT 7 - 2008

Office of  
The State Actuary

Members of the Public Employees for Pension Reform (PEPR) coalition appreciate the Select Committee on Pension Policy's (SCPP) 9/16/08 Work Session on Plan 1 Purchasing Power. The briefing by staff from the Office of the State Actuary (OSA) provided a much-needed update on the current status of Plan 1 pension benefits, as well as important information on policy and cost considerations related to the PEPR coalition's proposals for short and long-term Plan 1 COLA improvement. We also greatly appreciate the authorization by SCPP Executive Committee members for PEPR coalition members to put forth a revised set of proposals that would reduce costs from estimates on the original COLA improvement proposals.

In reflection of the updated data regarding lost purchasing power, our continuing goal of broad-based COLA enhancement, and the budget challenges facing employers in the 2009-11 biennium and beyond, members of the PEPR coalition offer the following revised proposals for Plan 1 COLA improvement:

Key changes noted in bold print.

### Short-Term Plan 1 COLA Improvement

New Supplemental Adjustment to the Uniform COLA's Annual Increase granted 7/1/09 based on the year of retirement:

- 1985-90 ~~\$0.75~~ **\$0.35** per month/per years of service  
(approximate benefit increase of ~~\$22.50~~ **\$10.50** per month for a retiree with 30 years of service)
- 1980-84 ~~\$1.00~~ **\$0.50** per month/per years of service  
(approximate benefit increase of ~~\$30.00~~ **\$15.00** per month for a retiree with 30 years of service)
- 1979 and earlier\* ~~\$1.50~~ **\$0.75** per month/per years of service  
(approximate benefit increase of ~~\$45.00~~ **\$22.50** per month for a retiree with 30 years of service)

Based on year of retirement, the design of the proposed benefit improvement is a variation of the '95 age based adjustments to provide a supplemental adjustment to the annual increase of the Uniform Plan 1 COLA. This option would provide a degree of relief to those who have been retired the longest, and have experienced the most severe losses in purchasing power, while acknowledging budget challenges facing employers.

### Long-Term Plan 1 COLA Improvement

Replace Uniform "COLA" with a true Cost-of-Living Adjustment (COLA):

- based on 100% of the Consumer Price Index (CPI) up to 3% (banked)
- CPI: Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA – All Items
- prospective only
- paid/compounded annually
- ~~beginning 1 year after retirement~~ **beginning in July the retiree turns age 66** (to coincide more closely with COLA eligibility for Plans 2/3 and the current Uniform Plan 1 COLA)
- **CPI measured from date of retirement** (to coincide with methods of calculating the COLA for Plans 2/3)
- **annual benefit to be the greater of this CPI-based COLA or the Uniform COLA** (to ensure no loss of benefit).

This option would bring uniformity to COLA benefit design between systems and plans and protect the value of Plan 1 pension purchasing power while acknowledging budget challenges facing employers and the desire to contain COLA eligibility policy.

The PEPR coalition looks forward to continuing this dialogue with SCPP members to develop solutions to the critical issue of recovery of Plan 1 purchasing power.

### Public Employees for Pension Reform (PEPR)

Washington State Federation of State Employees

Matt Zuvich, Chair – 306-352-7603

American Federation of Teachers of Washington

Washington Public Employees Association

Washington State Council of City & County Employees – Council 2

Retired Public Employees Council of Washington

Association of Washington School Principals

Washington Association of School Administrators

Public School Employees of Washington

Washington Education Association

Washington Education Association – Retired

Washington State School Retirees' Association

## D. Review of Today's Meeting

# Review of Today's Meeting

Issue	
(2)	State Investment Board Update
(3)	September 2008 Economic and Revenue Forecast
(4)	Disability Benefits
(5)	SERS Past Part-Time Service Credit
(6)	OSA Request Legislation
(7)	\$150,000 Death Benefit
(8)	Fish & Wildlife Service Credit Transfer
(9)	2009 SCPP Meeting Dates

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## E. Draft November Meeting Agenda

# Select Committee on Pension Policy

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

## Regular Committee Meeting

November 18, 2008  
10:00 a.m. – 12:00 p.m.  
Senate Hearing Room 4  
Olympia

### DRAFT AGENDA

- 10:00 a.m. (1) Approval of Minutes
- 10:05 a.m. (2) Adopt 2009 Meeting Dates
- (3) Assistant Attorney General Report – Mary Ellen Combo, Senior Assistant Attorney General

#### Work Session

- (4) 2009 Technical Corrections – Laura Harper, Policy and Research Services Manager
- (5) Visiting International Faculty – Laura Harper
- (6) Judicial Commissioners – Dave Nelsen, Senior Policy Analyst
- (7) Interruptive Military Service Credit – Laura Harper
- (8) Plan 1 COLA – Darren Painter, Policy Analyst
- (9) Disability Benefits – Dave Nelsen
- (10) FRP (Pre-LEOFF) Survivor Benefits – Darren Painter

#### Public Hearing with Possible Executive Session

- (11) Past Part-Time Service Credit – Darren Painter
- (12) \$150,000 Death Benefit – Darren Painter

Representative Barbara Bailey

**\*Don Carlson**  
*TRS Retirees*

**Lois Clement**  
*PERS Retirees*

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

Representative Larry Crouse

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

**Randy Davis**  
*TRS Actives*

Representative Bill Fromhold

**Senator Steve Hobbs**

**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 Mark Schoesler,**  
**Chair**

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

**\*David Westberg**  
*SERS Actives*

**\*Executive Committee**

## F. State Actuary's Evaluation

# 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.