



 The Select Committee on Pension Policy

HECB Proposal

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What Is The Issue?

- The HECB wants to offer HERPs to its employees



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What Is The HECB?

- HECB stands for Higher Education Coordinating Board
 - Serves higher education in Washington
 - Coordinates financial aid and provides professional services
- State agency employing 85-90 people
- All employees are currently covered in PERS



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What Are Higher Education Retirement Plans?

- Acronym is HERP; a general term
- These are defined contribution plans
- Offered by higher education institutions and SBCTC
 - Some or all employees
- Employer chooses plan provider and plan structure



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Background

- SCPP studied the issue in 2007 and 2008 Interim
- Recommended legislation for 2008 and 2009 Legislative Sessions
 - 2009 House bill heard in House Ways and Means, 2009 Senate bill was not heard in the Senate
- Executive committee forwarded this issue for public hearing and possible executive session

Key Points Of Prior Deliberations

- Different retirement plans within the same agency
 - Affects on morale?
 - Added employer cost?
- Limited restrictions on post-retirement employment
 - PERS retiree can draw pension, earn salary and accrue a benefit under a HERP
- Recruitment and retention
 - Purpose stated by proponent
 - HECB's desired outcome is to attract qualified employees from higher education community
- Same treatment as for SBCTC



Previous SCPP Recommendation For The Legislature

- Allow HECB to offer HERPs to employees not already retired from a state-administered system
- Updated Fiscal Note in materials
 - PERS savings, no immediate rate impact
 - Indeterminate cost to HECB

Possible Next Steps

- Recommend the previous proposal to 2010 Legislature
- Study the issue further
- Take no action

