



Select Committee on Pension Policy

Job Risk Classes/ERFs Study

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Goals For Today's Briefing

- Discuss background
- Update on current status
- Present preliminary plan
 - Answer questions
 - Give members opportunity to provide input
- Policy previews
- No action is required today



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Overview: Study Background

- Origin of study
- Study mandate
- Key policy questions/framework



Study Originated From Recent Pension Changes

- In 2012, certain early retirement benefits reduced for new hires in PERS, TRS, and SERS Plans 2/3
 - Lower early retirement factors (ERFs)
 - SCPP was briefed on the changes in May
 - 2ESB 6378
- SCPP tasked with a two-part study
 - High-risk job classifications and PSERS membership
 - ERFs and the effectiveness of older classroom employees
- Report to fiscal committees by December 15, 2012



Study Mandate Part 1: High-Risk Job Classifications

- Study high-risk job classifications
 - Physical risk
 - Psychological risk
 - Elevated risks of injury or disablement for older employees
- With assistance from L&I
- Identify groups and evaluate them for inclusion in PSERS



Study Mandate Part 2: School Employee ERFs

- Study existing ERFs and job requirements that may limit the effectiveness of older classroom employees
- With assistance from OSPI
- Evaluate creating different ERFs for school employees



Key Policy Questions

- Are current retirement eligibility requirements appropriate for
 - Older employees working in high-risk or physically demanding jobs?
 - Older classroom employees?
- Should pension policy be adjusted in response to potential risks of older employees working in high-risk or physically demanding jobs?
 - If so, how and for whom?
- Should ERFs for school employees be adjusted to facilitate the retirement of classroom employees with diminished effectiveness?
 - If so, how and for whom?



Study Is Underway

- Staff have developed a preliminary study plan
 - Consulted with legislative staff, OFM & DRS
 - Presenting the plan for SCPP input today
- Staff met with L&I and OSPI to coordinate data sharing
- Staff have started gathering data and research



Overview: Preliminary Study Plan

- Approach
- Goals
- Scope
- Deliverables
- Roles
- Timeline



Approach

- Two separate studies with distinct policy implications
 - High-risk job classifications
 - School employee ERFs
- Staffed and presented as separate policy issues
 - Separate findings and recommendations
- Combined for the report to the Legislature



Key Study Goals: High-Risk Job Classifications

- Review L&I risk classifications and injury rates
- Develop job-specific, age-based, injury rate data
 - Baseline PSERS rates
- Evaluate groups for possible inclusion in PSERS
- Identify other potential policy options



Study Scope: High Risk Job Classifications

- Included in the study
 - PERS, TRS, SERS, and PSERS Plans 2/3
 - L&I risk classifications and job specific injury rate data
 - Existing studies on psychological risk
 - Stakeholder input
 - Other states
- Not included in the study
 - Revisiting PSERS eligibility for existing PSERS groups
 - Developing job specific injury rates for all groups of local government employees
 - Can do for specific groups if data provided
 - Developing options outside of pension policy



Key Study Goals: School Employee ERFs

- Review policy implications of the recent ERF changes for classroom employees
- Identify job requirements that might limit the effectiveness of older classroom employees
 - Consider if unique to classroom employees
- Evaluate possible creation of different ERFs for school employees
- Identify other potential policy options



Study Scope: School Employee ERFs

- Included in the study
 - TRS and SERS Plans 2/3
 - Existing studies on teacher effectiveness
 - Identify job requirements limiting the effectiveness of older employees
 - Stakeholder input
 - Other states
- Not included in the study
 - Defining and measuring the effectiveness of classroom employees
 - Developing options outside of pension policy



Key Deliverables For Overall Study

- Separate issue papers and executive summaries for
 - High-risk job classifications
 - School employee ERF issue
- Letter of transmittal and combined executive summary for both
 - Including recommendations, if any
- Staff presentations
- Bill drafts and actuarial pricing, if requested



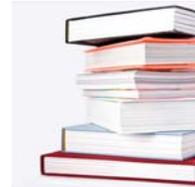
Roles

- SCPP
 - Provide input to Executive Committee and staff
 - Receive staff briefings and public comment
 - Approve recommendations to Legislature
- Executive Committee
 - Provide direction to staff
 - Make recommendations to full SCPP
- Staff
 - Provide briefings
 - Suggest possible frameworks for evaluating policy and data
 - Gather data in coordination with outside entities
 - Identify findings
 - Price options and draft bill language, if needed
 - Write report to Legislature



Study Timeline

- June
 - Briefing on study plan and framework
- July
 - Briefing on background and policy
- September and October
 - Briefings on risk classification and teacher effectiveness data
 - Identify groups and options for actuarial pricing
- November
 - Committee recommendations, if any
 - Possible bill draft requests
- December
 - Possible SCPP request legislation



Policy Previews

- Expanding the definition of PSERS
- Benefit consistency
- Weighing job risks/injury types
- Role pension system



Next Steps

- Public testimony scheduled for later today
- Executive committee will consider study plan today
 - Provide input and direction to staff
- Policy briefings planned for July

