

SCPP Study: High-Risk Job Classifications (Continued Summary of Findings)

Issue

In 2012, the Legislature passed 2ESB 6378 (Chapter 7, Laws of 2012, First Special Session). Among other provisions, this bill modified Early Retirement Factors (ERFs) for newly hired employees in the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS). It also required the Select Committee on Pension Policy (SCPP) to study two things.

- ❖ High-risk job classifications.
- ❖ Classroom Employee ERFs.

This report responds to the mandate to "study high-risk job classifications that entail high degrees of physical or psychological risk, or result in elevated risks of injury or disablement for older employees for inclusion in the Public Safety Employees' Retirement System (PSERS)." This updated version of the executive summary discusses study findings. The issue paper¹ will be updated as the study progresses to include additional information and, where appropriate, conclusions and additional findings.

Policy Questions

The study mandate raises the following key policy questions.

- ❖ Are current retirement eligibility requirements appropriate for older employees working in high-risk or high stress jobs?
- ❖ Should pension policy be adjusted in response to potential risks of older employees working in high-risk or high stress jobs?
- ❖ If so, how should they be adjusted and for which employees?

¹ The preliminary issue paper can be accessed via the SCPP [website](#).

Summary Of General Findings

- ❖ Not all workplace risk is the same. Risk varies by type and severity.
- ❖ Risk in various occupations may shift and change over time.
- ❖ There are multiple approaches available for addressing risk. The following represent some options available but is not intended to be an exhaustive list.
 - ◇ Outside the pension systems.
 - Human resource options.
 - Safety practices.
 - ◇ Current pension policy.
 - Early retirement.
 - Changing careers.
 - Deferred retirement.
 - Deferred indexed vested benefit.
 - ◇ New pension policy.
 - Expand PSERS membership.
 - Enhance disability benefits.
 - Increased multiplier for high injury occupations.
 - New pension plan based on high risk of injury.

Summary Of Occupational Stress Findings

- ❖ Sources of stress can vary by individual and occupation.
- ❖ Job conditions can lead to stress. Some conditions include but are not limited to: Interpersonal relationships, work roles, environmental conditions, career concerns, and the design of tasks.
- ❖ Isolating stress due to occupation is difficult.
- ❖ Occupational stress can lead to increased overall health risk.
- ❖ Occupational stress occurs more frequently in white collar occupations.

Summary Of Physical Risk Findings

- ❖ The impacts of aging on work performance vary by individual.
- ❖ National data² and state data shows older workers have lower overall injury rates.
 - ◇ However, they experience longer time loss when injured.
 - ◇ Also, older workers have higher workplace fatality rates.
- ❖ Injury claim rates which are based on low head count and low claims numbers may not be statistically credible. The data gathered for this study was insufficient to adequately analyze job risk by type, age groups, or for every occupation.
 - ◇ Additional experience data would likely allow more detailed analysis that is statistically credible.

Policy Highlights

- ❖ PSERS has more generous early retirement and disability benefits than PERS, TRS, and SERS; which could be one reason why certain groups seek inclusion in PSERS.
- ❖ The state has existing policies regarding lower retirement ages for certain high-risk occupations.
- ❖ Lowering retirement age does not necessarily eliminate all physical and psychological risk for older employees. However, it will likely reduce exposure.
- ❖ There are many ways to address concerns over job risk both inside and outside the pension system, including options available to members under current law.
- ❖ Improving benefits for employees in high-risk occupations will likely create long-term contractual rights to those benefits which cannot be easily undone if job risks change in the future.
- ❖ Ultimately, determining appropriate retirement age for employees in high-risk/stress jobs is a balancing act between employee and employer needs and affordability.

² Multiple studies show that older workers have lower overall injury rates but longer time loss when injured and higher fatality rates. For further reference, see: [Case & Demographic Characteristics for Work-related Injuries and Illnesses Involving Days Away From Work](#), Bureau of Labor Statistics; [Nonfatal Occupational Injuries and Illnesses Among Older Workers](#), CDC; and [Older Employees in the Workplace](#), CDC.

- ❖ PSERS membership may be evaluated on the basis of job duties or job risk. Expanding membership on either basis carries separate policy implications.

Committee Activity

The SCPP was briefed on the passage of the bill and the bill's main provisions at the meeting on May 15, 2012.

Staff presented the preliminary study plan and study approach at the meeting on June 27, 2012.

At the July 24, 2012, meeting, staff presented the policy considerations of using pension policy to address concerns of job risk in older employees.

In September, staff presented preliminary findings to the committee and introduced a possible framework for assessing PSERS membership.

Next Steps

Staff will present expanded findings on compensable claims,³ under L&I's Workers' Compensation program, for state agencies and school districts.

The final report is due to the Legislature in December.

- ❖ Final chance for SCPP action is at the November meeting.

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³ *Compensable claim: A compensable claim is where a serious injury prevents the worker from performing their normal job or duties for more than three days.*