



## Select Committee on Pension Policy

### SCPP Study: High-Risk Job Classifications

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### Continuation Of The SCPP Study Mandate In 2ESB 6378

- “Study job risk classifications that entail high degrees of physical or psychological risk to the members’ own safety or unusually high physical requirements that result in elevated risks of injury or disablement for older employees. The study shall identify groups and evaluate them for inclusion in PSERS.”



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## Committee Activity

- Committee was introduced to the study mandate and briefed on the preliminary study plan and approach
  - May and June SCPP meetings
- Staff presented policy research and analysis
  - July SCPP meeting
- Preliminary findings were presented and staff introduced a possible framework for evaluating PSERS membership
  - September SCPP meeting



## Today's Briefing

- Provide final draft findings of injury rate data
- Discuss policy considerations, implications, and policy findings
- Revisit PSERS membership evaluation framework
- Next steps
- Final chance for SCPP action is at the November meeting



## Preview of Job Risk Classification Findings

- Study mandate requires evaluation of job risk classifications and injury rates for older workers
- Staff researched national studies on physical and psychological risk and evaluated state compensable claims data
- There are several key job risk classification findings
  - Cannot conclude that older workers, as a group, are more at risk for job-related injuries
  - Using Workers' Compensation data to assess types of job risk for specific occupations is challenging



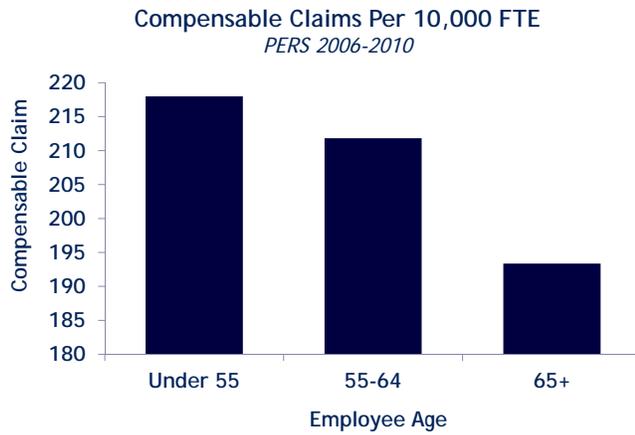
## Physical Risks Impact Older Employees Differently

- Studies show older workers have lower overall injury rates, but experience
  - Longer time loss when injured
  - Higher workplace fatality rates
- As workers age, physical and cognitive abilities change but most are able to compensate for changes and perform at the same level

Source: Centers for Disease Control and Prevention. See Appendix Slide 36 for more detail.



## Overall Compensable Claims Decrease As Workers Age



Source: Labor & Industries Workers' Compensation Data, 2006-2010.



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## Workers' Compensation Claims Data Was Used To Establish Injury Rates

- Merge data from several sources: DRS, DOP, L&I, and OSPI
- Five-year history 2006-2010
- Looked at L&I's compensable claims to identify injury rates by employer and occupation



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## There Were Limitations With The Data

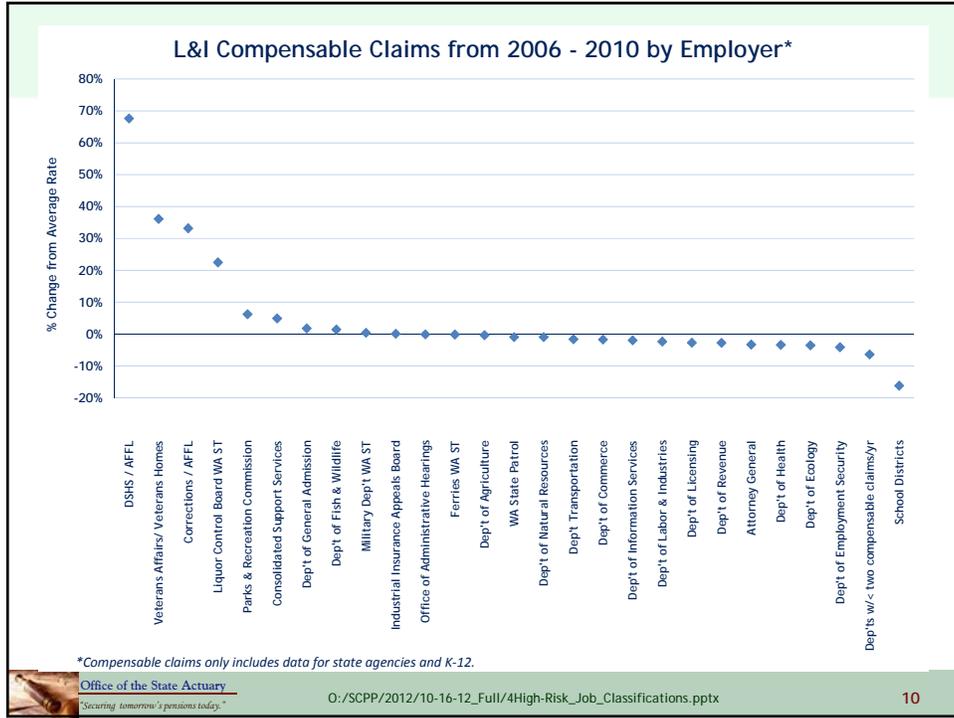
- Five-year history due to reporting changes in the data
- State agency data and school district data
- Insufficient claims experience to analyze data by job risk type, age groups, or for every occupation
  - But looked at compensable claims for over 300 occupations at state agencies and school districts



## Credibility Weighted Rates Were Calculated To Adjust For Limited Experience

- Credibility is a measure of the credence or reliability one can reasonably place on a body of experience
- The fewer claims and headcounts you have, the more likely the rate can vary from the "true rate" due to randomness
- Credibility weighted rates adjust the observed rates to address this issue
- "General population" refers to the population studied





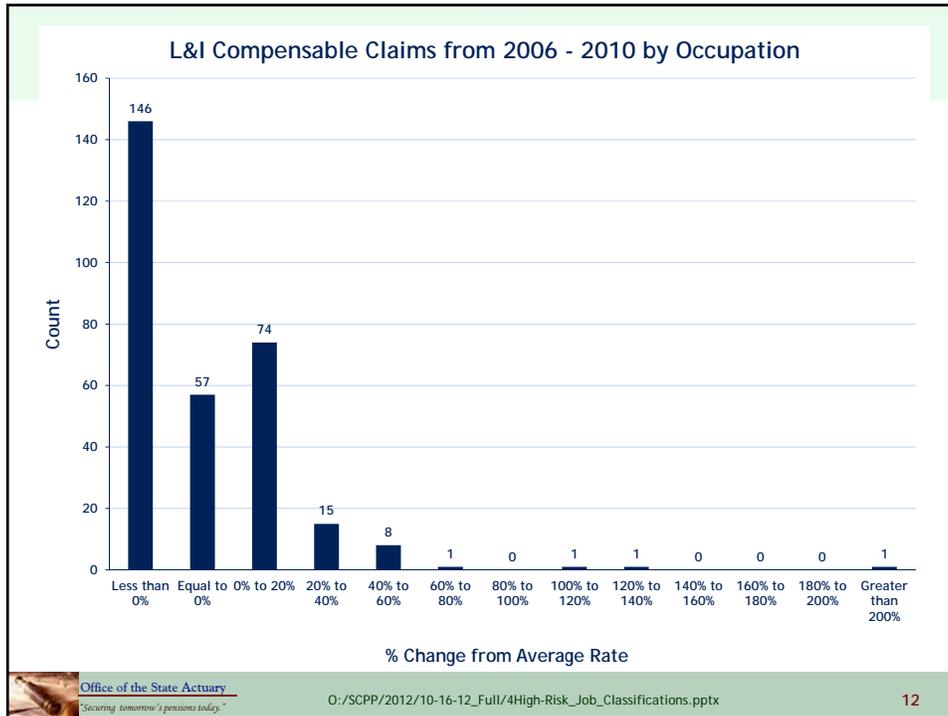
## Most Agencies Have Less Than Two Compensable Claims Per Year

- Ten employers have a higher injury rate than the general population
- DSHS has the highest injury rate compared to the general population
- There are 16 agencies with lower rates than the general population

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### Most Occupational Claims Rates Fall Below The General Population

- The top three occupations have respective compensable claims rates that are more than twice the general population
  - Attendant Counselor
  - Mental Health Technician
  - K-12 Service Worker\* (custodians, food service workers, security personnel)

*\*See Appendix Slide 36 for K-12 job classification descriptions.*

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## PSERS Occupation Rates Are 42 Percent Higher Than The General Population

- There are ten occupations that have a higher compensable claims rate than the PSERS baseline
  - Attendant Counselor
  - Mental Health Technician
  - K-12 Service Worker\*
  - Licensed Practical Nurse
  - Nursing Assistant
  - Psychiatric Security Attendant
  - Psychiatric Child Care Counselor
  - K-12 Crafts/Trades\*
  - Attendant Counselor Trainee
  - K-12 Laborer\*

*\*See Appendix Slide 36 for K-12 job classification descriptions.*



## Psychological Risk Varies By Individual And Occupation

- Sources of stress vary
  - Occupational, life situations, and self
  - Isolating risk due to occupational stress is difficult
- Occupational stress occurs more in white collar occupations
  - Appendix Slide 37
- Job conditions can lead to stress, which can lead to increased overall health risk



## Preview Of Policy Findings

- Study mandate requires evaluation of addressing job risk through pension policy
- Keeping relevant SCPP goals in mind, policy considerations and implications were discussed in depth
- There are several key policy findings
  - There are options for addressing risk: outside the pension system, under current pension policy, new pension policy
  - Lowering retirement age may not eliminate all risks
  - Pension policy can address some, but not all risk



## The Study Mandate Raises Three Key Questions

1. Are current retirement eligibility requirements appropriate for older employees working in high-risk or high-stress jobs?
2. Should pension policy be adjusted in response to potential risks of older employees working in high-risk or high-stress jobs?
3. If so, how and for whom?



## SCPP Has Established A Goal Around Normal Retirement Age

*"To establish a normal retirement age for members currently in the Plans 2/3 of PERS, SERS, and TRS that balances employer and employee needs, affordability, flexibility, and the value of the retirement benefit over time."\**

- Goal recognizes
  - Every need may not be affordable or sustainable
  - Selecting a retirement age is a balancing act between employee and employer needs and affordability.

*\*For a list of all SCPP goals, visit the [SCPP webpage](#).*



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## Pension Policy May Not Be Effective In Mitigating Job Risks For Older Employees

- State provides lower retirement ages for certain public safety occupations
- High-risk/physically demanding jobs may impact older employees
- Individuals experience the impacts of aging differently



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## Implications For Using Pension Policy To Address Workplace Risk

- Longer life expectancies and quality of health may impact retirement needs and affordability
- Risks may change over time
- Improving benefits in high-risk occupations will likely create long-term contractual rights which cannot easily be undone
- Lowering retirement ages could result in fully capable employees exiting the workforce early
- It is likely that not all risk can be eliminated in certain jobs



## There Are Options For Addressing Risk

- There are likely approaches outside of pension policy to address some workplace risk
  - HR options
  - Disability insurance
  - Safety management practices
  - Technology
- Individuals can address some risks under current policy
  - Early retirement
  - Changing careers
  - Separate and defer retirement
  - Deferred indexed vested benefit



## New Pension Policy Can Address Some Risks

- Enhanced ERFs
- Create PERS high-risk occupation classification with increased multiplier
- New high-risk plan
- Increase disability benefits
- Expand PSERS eligibility based on risk or job duties



## Preview Of Evaluation of PSERS Membership

- Study mandate requires SCPP to identify and evaluate occupations for inclusion in PSERS
- A sample framework was created to be used in conjunction with injury rate data to evaluate individual occupations
- There are several key PSERS evaluation findings
  - There are many criteria that can be used to evaluate membership
  - Basing PSERS membership on risk alone may be challenging
  - It is likely the evaluation framework will not be the only tool used for evaluating PSERS membership in response to workplace risk



## Retirement Ages Are Lower In PSERS

- PERS, SERS, and TRS Plans 2/3
  - Normal retirement age of 65
  - Early retirement available beginning at age 55
- PSERS
  - Normal retirement age of 60
  - Early retirement available beginning at age 53
- Membership is comprised of two main groups
  - Corrections officers (over 90 percent)
  - Limited authority law enforcement officers



## Study Mandate Requires Evaluation Of PSERS Membership

- Membership can be evaluated using various criteria
  - Injury rates
  - Exposure to risk
  - Job duties
- Policy makers may choose to focus on occupations
  - Identified by stakeholders
  - Identified from injury rate data
- Policy makers may wish to evaluate groups in comparison to
  - General population
  - Typical PSERS member
- Policy makers may focus on different framework criteria
  - Occupations with the highest overall criteria
  - One or two specific criteria



## Sample Framework For Evaluating PSERS Membership

Quantitative Criteria ↔ Qualitative Criteria

Sample Framework For Evaluating PSERS Membership

Job Classification	Rate of Injury* <small>(Compensable claims)</small>	Rate of Violence*	Rate of Occupational Disease*	Rate of Total Permanent Disability*	Job Duties Similar to PSERS	Public Safety	Environmental Hazard
Groups identified by stakeholders							
Groups identified by detailed injury rate data							

\*All shaded cells indicate a field that requires further data in order to fill out.

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## Sample Definitions For Evaluation Criteria

- "Public Safety" - Jobs that likely contain a high degree of physical risk to the employee's personal safety and that provide direct protection of lives and property
- "Hazardous" - Jobs with the potential to cause severe or disabling injuries or illness or where human error could potentially lead to severe accident or injury
- "Physical Risk" - Jobs that likely require high physical conditioning to complete required tasks
- "Psychological Risk" - Jobs that likely expose employees to high levels of traumatic stress on a consistent basis
- Some policy makers may define criteria differently or use other criteria in evaluating if or how to expand PSERS

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## Possible Uses For Framework

- Policy makers may wish to use the framework for
  - Identifying groups for inclusion in PSERS
  - Evaluating stakeholder requests
  - Identifying groups for further study
- It is likely this will not be the only tool for evaluating PSERS membership in response to workplace risk



## Implications Of Expanding PSERS

- May mitigate impacts of some job risks on older employees or reward employees for service in certain occupations
- Risk-based eligibility could open PSERS beyond law enforcement-type occupations
- Expanding PSERS beyond law enforcement occupations may change the nature of PSERS membership and blur membership policy
- Allows enhancing benefits without shifting increased costs to non-public safety employees and employers



## Key Draft Report Findings On Job Risk

- Cannot conclude that older workers, as a group, are more at risk for job-related injuries
- Using Workers' Compensation claims data to assess types of job risk for specific occupations is challenging due to limitations in existing data
- Overall, injury rates decrease as workers age but time loss and workplace fatalities increase
- A small number of occupational injury claims rates stand apart from the general population for both occupations and agencies
- Assessing risk due to occupational stress is difficult because of the challenges in isolating stress stemming from the workplace



## Key Draft Report Findings On PSERS Evaluation Framework

- There are many criteria that can be used to evaluate PSERS membership
- Basing PSERS membership on risk alone may be challenging because risks can change over time. Also, insufficient data makes analyzing types of risk difficult.
- It is likely the sample framework will not be the only tool used for evaluating PSERS membership in response to workplace risk



## Key Draft Report Findings on Policy Considerations

- Pension policy can address some, but not all risk
- There are likely approaches outside of pension policy, under current policy, or new approaches within pension policy to address workplace risk



## Next Steps

- No further action
  - Staff prepares SCPP materials for inclusion in final report
- Recommend no changes to pension policy
- Recommend further study
- Final report is due to the Legislature in December
  - Final chance for SCPP action is at the November meeting



### Appendix: Compensable Claims By Department\*

Department	Headcount**	Claims**
DSHS/AFFL	89,496	3,253
Veteran's Affairs	3,432	205
Corrections/AFFL***	36,230	1,178
Liquor Control Board	5,350	224
Parks & Recreation***	3,110	85
Consolidated Support Services	539	19
General Administration	2,853	56
Fish & Wildlife***	8,060	142
Military Department	1,478	25
Board Of Industrial Appeals	751	12

Source: Washington State Department of Labor & Industries compensable claims rates

\*Departments shown are all above the calculated group average for injury rates.

\*\*All data is a total over a 5-year period between 2006-2010.

\*\*\*Employer included in statutory list of PSERS employers.



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### Appendix: Compensable Claims By Select Occupations\*

Job Classification	Employer	Headcount	Claims
Attendant Counselor	DSHS	7,095	1,012
Mental Health Technician	DSHS, DOC, DVA, LCB	2,395	345
K-12 Service Worker**	School Districts	40,987	2,343
Licensed Practical Nurse	DSHS, DOC, DVA	2,553	236
Nursing Assistant	DSHS, DOC, DVA	703	92
Psychiatric Security Attendant	DSHS	926	110
Psychiatric Child Care Counselor	DSHS	395	58
K-12 Crafts/Trades**	School Districts	7,882	455
Attendant Counselor Trainee	DSHS	867	88
K-12 Laborer**	School Districts	925	91
PSERS Baseline	DOC, LCB, WSP, Gambling Com., Parks & Rec, DNR	28,408	1,120

Source: Washington State Department of Labor & Industries compensable claims rates

\*Departments shown are all above the calculated group average for injury rates.

\*\*See Appendix Slide 36 for K-12 job classification descriptions.



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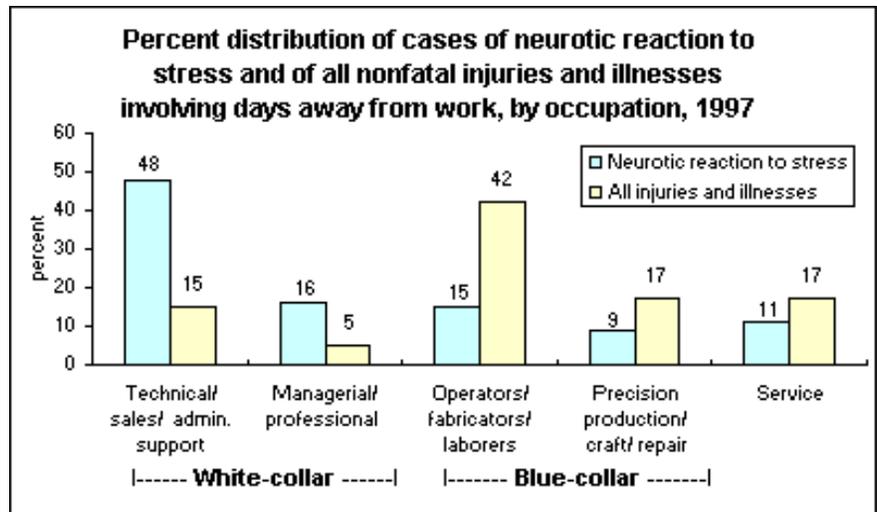
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### Appendix: K-12 Job Definitions

- Service Workers - Performs a service for which there are no formal qualifications including paraprofessionals and nonsupervisory personnel. Includes custodians, food service workers, security personnel, warehousemen, deliverymen, etc.
- Crafts/Trades - Performs jobs that require special manual skill and a thorough and comprehensive knowledge of processes involved in work which requires apprenticeship or other formal training programs. Includes carpenters, electricians, painters, glaziers, plumbers, general maintenance, masons, mechanics, plasterers, etc.
- Laborers - Performs manual labor and generally requires no special training. Includes manual activities such as lifting, digging, mixing, pulling, etc.

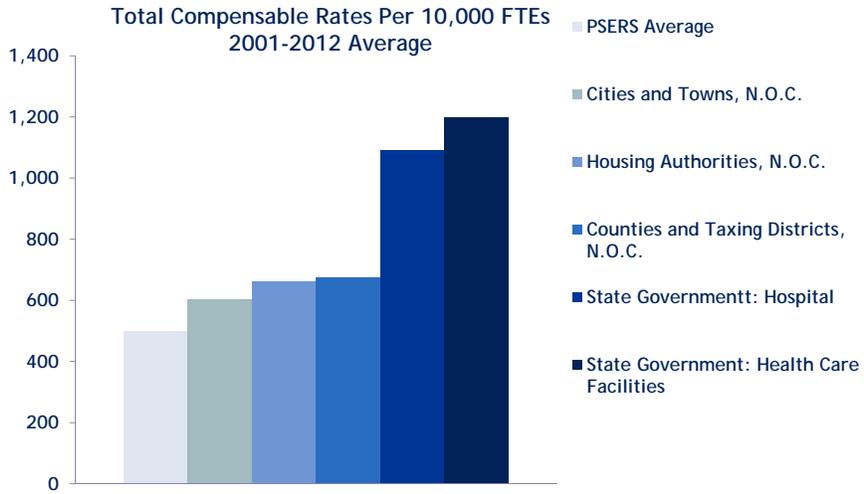
Source: Office of Superintendent of Public Instruction, *Preliminary School District Personnel Summary Reports, 2011-2012 School Year.*

### Appendix: Psychological Risk Occurs More In White Collar Occupations



Source: Bureau of Labor Statistics, 1997 <http://www.bls.gov/opub/ted/1999/Oct/wk2/art03.htm>

### Appendix: Risk Classification Data Shows Some Limited Findings



Source: Washington State Department of Labor & Industries. For more detail see the *High-Risk Job Classification Executive Summary*.



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