



Select Committee on Pension Policy

Review of SCPP Public Safety Employees' Retirement System Study

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Does The SCPP Want To Continue The Study Of PSERS Membership?

- Last Interim SCPP studied high-risk job classifications and classroom employee Early Retirement Factors (ERFs)
- Eight bills were introduced that related to SCPP study, none passed the Legislature
- At the July meeting, the Executive Committee requested a review of the Public Safety Employees' Retirement System (PSERS), the 2012 SCPP study, and 2013 legislation relating to the study



Today's Presentation

- Overview
 - Review of PSERS membership
 - SCPP 2012 Interim study
 - 2013 legislation related to SCPP study
- Possible next steps
- No action items today



PSERS Was Created For Employees With Limited Law Enforcement Authority

- Created in 2004; effective July 1, 2006
- Defined benefit plan
- To be eligible for PSERS, an employee must
 - Be employed full-time
 - Serve as limited authority law enforcement or corrections officer
 - Employed by an employer listed in PSERS statute

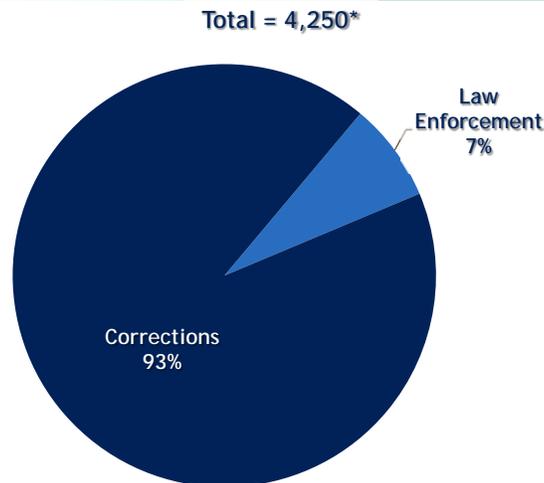


Who Is A PSERS Employer?

- Department of Corrections
- Parks and Recreation Commission
- Gambling Commission
- Washington State Patrol
- Liquor Control Board
- Department of Natural Resources
- Washington State counties
- Washington State cities
 - Except Seattle, Tacoma, and Spokane



Most PSERS Members Work In Corrections



Source: 2012 Actuarial Valuation Report.

*As of June 30, 2012.



Key Differences Between Plans

Provision	System/Plan	
	PSERS	PERS 2
Retirement Eligibility (Age/Years of Service)	65/5 (total) 60/10 (PSERS)	65/5
Early Retirement Eligibility ¹	53/20	55/20
Early Retirement Reduction Factors ²	3% ERF with 20 YOS, otherwise actuarial	5% with 30 YOS, otherwise actuarial
Disability Benefit	Accrued benefit, actuarially reduced from age 60	Accrued benefit, actuarially reduced from age 65

¹Includes actuarial reduction factors.

²Hired on or after May 1, 2013.



Recap: Review of PSERS

- PSERS is a defined benefit plan for limited authority law enforcement personnel
- Comparatively small and young plan
- PSERS benefits generally fall between plans for general public employees and other public safety employees



2012 SCPP Interim Study Originated From Pension Changes

- In 2012, certain ERFs reduced for new hires in PERS, TRS, and SERS Plans 2/3 (2ESB 6378)
- SCPP tasked with a two-part study
 - High-risk job classifications and PSERS membership
 - ERFs and the effectiveness of older classroom employees



PSERS Study Mandate in 2ESB 6378

- *"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."*
- Identify and evaluate occupations for inclusion in PSERS
- Prepare in coordination with L&I and OSPI



The Study Mandate Raised Three 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 it be adjusted and for which employees?



Multiple Methods Used To Study Job Risk And Workplace Injuries

- Reviewed multiple national studies on older workers and physical/psychological risk in the workplace
- Reviewed stakeholder input and correspondence
- In coordination with L&I, Workers' Compensation injury data, DOP, and DRS data used to calculate compensable claims rates
 - Compensable claim is when a serious injury prevents a worker from working full-time or performing normal job duties for more than three days
 - Includes all injuries which can vary in severity from occupational disease to total permanent disability.



There Were Certain Limitations With The Data

- Five-year history due to reporting changes
- Insufficient claims experience to analyze data by job risk type, age groups, or for every occupation
 - But looked at compensation claims for over 300 occupations
- Credibility Weighted Rates (CWR) calculated to adjust for limited experience
 - Credibility is a measure of the credence or reliability one can reasonably place on body of experience



Overview Of Study Findings

- Psychological risk varies by individual and occupation and can be difficult to quantify
- Older workers, as a group, may not be more at risk for job-related injuries
- Study found certain employers and positions had higher compensable claims rates than the average population studied



Compensable Claims By Employer¹

Department	Annual Average Headcount	Annual Average Claims	CWR % Above Population Studied
DSHS/AFFL	17,899	651	68%
Veteran's Affairs	686	41	36%
Corrections/AFFL ²	7,246	236	33%
Liquor Control Board ²	1,070	45	22%
Parks & Recreation ²	622	17	6%
Consolidated Support Services	108	4	5%
General Administration	571	11	2%
Fish & Wildlife	1,612	28	1%
Military Department	296	5	0.38%
Board Of Industrial Insurance Appeals	150	2	0.08%

Source: Department of Labor & Industries, Workers' Compensation compensable claims injury rates.
¹All employers shown have higher compensable claims injury rates than the general population of those studied.
²Employer included in statutory list of PSERS employers.



Compensable Claims By DSHS AFFL And DOC AFFL

Employer	Annual Average Headcount	Annual Average Claims	CWR % Above Population Studied
DSHS Residential Habilitation Center	2,639	280	193%
DSHS Mental Health Hospitals & Institutions	3,287	254	125%
DSHS State Operated Living Alternatives (SOLA)	231	21	43%
Veteran's Home	686	41	36%
Corrections	6,431	203	29%
DSHS Juvenile Rehabilitation Administration	816	31	16%
Corrections Health Services	286	10	7%
DSHS DDD Field Services	366	4	(0.95%)
DSHS All Other	11,088	83	(9.39%)

Source: Department of Labor & Industries, Workers' Compensation compensable claims rates.



Compensable Claims By Select Occupations*

Job Classification	Employer	Annual Average Head-count	Annual Average Claims	CWR % Above Population Studied
Attendant Counselor	DSHS	1,419	202	218%
Mental Health Technician	DSHS, DOC, DVA	479	69	129%
K-12 Service Worker	School Districts	8,197	469	107%
Licensed Practical Nurse	DSHS, DOC, DVA	511	47	63%
Nursing Assistant	DSHS, DOC, DVA	141	18	59%
Psychiatric Security Attendant	DSHS	185	22	58%
Psychiatric Child Care Counselor	DSHS	79	12	53%
K-12 Crafts/Trades	School Districts	1579	91	48%
Attendant Counselor Trainee	DSHS	173	18	43%
K-12 Laborer	School Districts	185	18	43%
PSERS Baseline/Consolidation	DOC, LCB, WSP, Gambling Com., Parks & Rec, DNR	5,682	224	42%

Source: Department of Labor & Industries, Workers' Compensation compensable claims injury rates. *Occupations shown are all above the calculated group average for compensable claims rates. For the full list of occupational rates, see Appendix E in the 2012 High-Risk Job Classification [Issue Paper](#).



Committee Activity Slide

- Briefings on SCPP high-risk job classification study at every meeting during 2012 Interim
- No formal committee findings or recommendations were made
- General study findings were included in report sent to the fiscal committees of the Legislature
- For full study details and discussion see the [SCPP webpage](#)



Recap: 2012 SCPP Interim Study

- Psychological risk cannot be easily defined or quantified
- Older workers are not necessarily at greater risk of injury
- Certain employers/occupations stood out from the general population in compensable claims rates
- PSERS membership can be based on job risk or job duties



Overview Of Legislation Related To SCPP High Risk Job Classification Study

- PSERS expansion
- Enhancements for certain school employees



EHB 1923 And SB 5781

- Expand PSERS membership definition for DSHS and corrections employees
 - Primary responsibility to provide direct care to, or ensure the custody and safety of, offender and patient populations
 - DSHS must also have defensive tactics training and be employed at a listed institution or center
- Examples of occupations included under bill: Attendant counselors, mental health technicians, nurse, psychologist, dentist
- Total employer cost: \$7.4 million in 2013-15; \$2.1 million in 2015-17; and \$92.4 million 25-year
- House bill passed the house; no action in Senate



HB 1929 And SB 5853

- Add Public Utility Districts that provide electrical services to statutory list of PSERS employers
 - Qualified trades person whose primary responsibility is to construct and maintain electrical transmission lines and transformers
- Example of occupations included under bill: Servicemen, linemen, electrician, foremen
- Indeterminate cost due to insufficient data
- House Bill received public hearing; no action in Senate



HB 1913 And SB 5827

- Increases benefit multiplier for K-12 Service Workers*
 - Plan 2: from 2.00 percent to 2.10 percent
 - Plan 3: from 1.00 percent to 1.05 percent
 - Multiplier applies to all service credit in the plan
- Indeterminate cost due to insufficient data
- House Bill received public hearing; no action in Senate

**K-12 Service Worker: Performs a service for which there are no formal qualifications including paraprofessionals and nonsupervisory personnel. Includes custodians, food service workers, service workers, security personnel, warehousemen, deliverymen, etc. (Source: OSPI, [School District Personnel Summary Report, 2011-12.](#))*

HB 1914 And SB 5830

- Reinstates repealed ERFs for K-12 Service Workers
 - Must be employed as a "service worker" at time of retirement
 - ERFs apply to all service credit in the plan

PERS, TRS, & SERS Plans 2 Early Retirement Factors			
	Early ERFs	Alternate ERFs	Current ERFs (hired after May 1, 2013)
Age eligibility	55	55	55
Years of service	20	30	30
Benefit Reduction (per year before age 65)	Actuarially Reduced	3%	5%

- Applies to new employees hired on or after May 1, 2013, only
- Total employer cost: \$0.0 in 2013-15 and 2015-17; \$21.4 million 25-year
- No action on HB or SB

Recap: Legislation Related To SCPP Study

- Eight separate bills introduced in 2013 Legislative Session
- Only one bill passed its house of origin: Expansion of PSERS for DSHS/Corrections (EHB 1923)
- Bills introduced in 2013 remain "alive" next session



Possible Next Steps

- Nothing further at this time
- Continue the study of PSERS membership
 - Existing bills
 - New policy

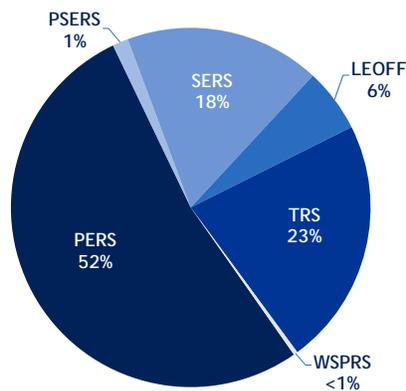


Appendix



PSERS Is A Relatively Small Plan

Total Employees = 289,727*



Source: 2012 Actuarial Valuation Report.
*As of June 30, 2012.



Active PSERS Members As Of June 30, 2012

	Count	Averages		
		Age	PSERS Service	Salary
Actives	4,250	40.1	4.3	55,999



PSERS Annuitants

	Count
Retirees	20
Members with Disabilities	5
Survivors	2
Total	27



How Do Contribution Rates Compare?

	System/Plan			
	PSERS	PERS 2	LEOFF 2	WSPRS 2
Member	6.36%	4.92%	8.41%	6.59%
Employer ¹	10.54% ²	9.21% ²	5.23%	8.09%
State	n/a	n/a	3.36%	n/a ³

¹Includes 0.18% DRS Administrative Expense Rate.

²Includes 4.0% Plan 1 UAAL rate.

³Employer is the state.

