

Select Committee on Pension Policy

PSERS Membership: EHB 1923

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2013 Interim Committee Activity

- Work sessions in September and October
 - Policy analysis and data findings
 - Study related 2013 legislation
- Executive Committee scheduled public hearing on EHB 1923 and additional briefing on PSERS committee and legislative history

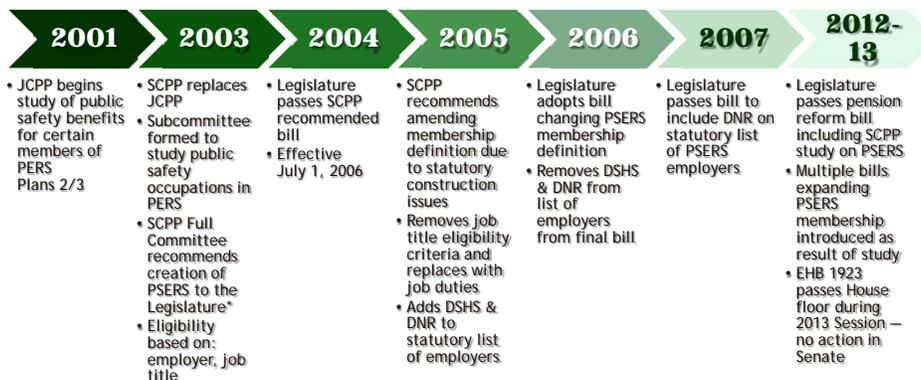


Today's Presentation

- Overview of PSERS committee and legislative history
- Public hearing on EHB 1923
 - Bill overview
 - Discussion of policy
 - Fiscal note
- Next steps
- No action required today



SCPP Timeline Of PSERS Events



*See appendix for more detail.



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Engrossed House Bill 1923 Passed The House Floor During 2013 Session

- Passed House floor 94 yeas, three nays; received no action in the Senate
- Three main sections
 - PSERS employer definition
 - PSERS member eligibility and transfer options
 - OSA study



EHB 1923 Expands PSERS Membership For Certain Employees

- Department of Social and Health Services
 - Adds DSHS to the statutory list of PSERS employers
- Certain employees in corrections institutions



Expands Membership Eligibility Definitions Based On Job Duty

- Primary responsibility to provide direct care to, or ensure the custody and safety of, offender and patient populations
- DSHS employees must also
 - Complete defensive tactics training or de-escalation training
 - Be employed by
 - Juvenile Rehabilitation Administration (JRA)
 - Mental health hospitals
 - Child Study and Treatment Center
 - Special Commitment Center
 - Institutions or residential sites that serve developmentally disabled patients or offenders



EHB 1923 Membership Eligibility

- Provides optional two month transfer window for current eligible employees
 - Prospective PSERS membership
 - PERS service credit not transferrable
 - Plan 1 members are excluded
 - Any employee who previously had the opportunity to transfer to PSERS is excluded
- All future new hires who meet eligibility requirements are automatically in PSERS upon employment



Directs OSA To Complete A Study On PSERS

- Shall study change in PSERS employers and members since the plan's inception
- Assess policy objectives that drove the creation of PSERS and any legislative changes since the inception of the plan
- Assistance from Department of Retirement Systems



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Policy Approach of EHB 1923

- Assumes older employees in certain occupations at DSHS and Corrections are exposed to inappropriate workplace risk
- These high-risk occupations have
 - Compensable claims rates above the general population
 - Likely greater exposure to risk of workplace violence
- Risk should be addressed through expansion of PSERS



Expanding PSERS Eligibility Has Policy Implications

- May mitigate impacts of some job risks for older employees
- EHB 1923 changes nature of plan by expanding PSERS membership beyond corrections and limited authority law enforcement
- Provides benefit consistency for corrections staff at JRA
- There may be similar positions at other agencies not included under the bill
- Allows enhancing benefits without increasing costs to non-public safety employees or employers



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There Is An Overall Increase To Budget Impacts

Budget Impacts			
(Dollars in Millions)	2013-2015	2015-2017	25-Year
General Fund-State	\$4.8	\$2.9	\$71.0
Local Government	\$0.9	(\$0.9)	(\$5.7)
Total Employer	\$7.4	\$2.1	\$92.4

Note: We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

The costs shown above include (1) the bill's estimated impact on PERS and PSERS for all system employers plus, (2) the estimated budget impacts for DSHS and DOC from the difference between projected PERS and PSERS employer contribution rates for the employees assumed to transfer under the bill. Due to lack of data, local governments have not been included in the calculated budget impacts.



Contribution Rates Are Impacted Under This Bill

Impact on Contribution Rates (Effective 09/01/2013)		
2013-2015 State Budget	PERS	PSERS
Employee (Plan 2)	0.00%	0.50%
Total Employer	0.00%	0.50%

Note: Due to lack of data, local governments have not been included in the calculated budget impacts.



Fiscal Note Assumptions

- Received DSHS and DOC data on potentially eligible employees under EHB 1923
 - No assumed cost in fiscal note for local municipalities due to lack of data
 - Assumed all members who could benefit from transfer would

	Eligible For Transfer	Assumed Number Of Transfers	Transfer Rate
DSHS	3,606	2,579	72%
DOC	977	575	59%
Total	4,583	3,154	69%



Why This Bill Has A Cost

- Retirement system impacts
 - PERS savings is due to an experience gain from members who transfer from PERS to PSERS resulting in lower future benefits in PERS
 - PSERS cost due to adding members that are more expensive than current covered population
 - Net overall cost due to more expensive future service credit under PSERS than PERS
- Employer impacts
 - DSHS and DOC costs are due to the difference between projected employer contribution rates in PERS and PSERS for employees who transfer and affected new hires



Preliminary Sensitivity Analysis In Process But Not Complete

- Costs of the bill are sensitive to the number and characteristics of the people who transfer
 - Who elects to transfer is as important as how many transfer
 - Members who are younger or have higher salaries are generally more expensive
- Even if fewer people transfer, costs may not be heavily impacted depending on the characteristics of those transferring



Possible Next Steps

- Take no further action
- Make recommendation concerning PSERS
- Direct staff to develop other options
 - December meeting or next interim



Appendix



Original Legislation Recommended By SCPP Based On Three Criteria

- Intent section
 - Included duty/activity criteria
- Membership definition
 - Statutory list of job titles
- Employer definition
 - Statutory list of employers



Original PSERS Intent Section Included Duty/Activity Criteria

- High degree of physical risk to their own personal safety
- Provide public protection of lives and property
- Authority to arrest
- Conduct criminal investigations
- Enforce criminal laws of the state
- Authority to carry a firearm
- Passage of civil service exam
- Completion of CJTC basic course



Original PSERS Statutory List Of Job Titles

- City and County Corrections Officers
 - Jailers
 - Policy support officers
 - Custody officers
 - Bailiffs
 - Sheriffs corrections officers
- County Probation Officers
 - Probation counselors
 - Court service officers



Original PSERS Statutory List Of Job Titles (Continued)

- State Correctional Officers
 - Correctional sergeants
 - Community corrections officers
- Liquor Enforcement Officers
- Park Rangers
- Commercial Vehicle Enforcement Officers
- Gambling Special Agents



Original PSERS Statutory List Of Employers

- Department of Corrections
- State Parks and Recreation Commission
- Gambling Commission
- Washington State Patrol
- Liquor Control Board
- County corrections departments
- City corrections departments
 - Excluding first class cities

