



Select Committee on Pension Policy

PSERS Membership: EHB 1923

Devon Nichols
Policy Analyst

December 10, 2013

What Is The Issue?

- Some occupations likely have higher workplace risk than others
- Recent reductions in ERFs for new hires apply to all occupations in PERS, TRS, and SERS
- Some policy makers are considering expanding PSERS as a means to
 - Offset the recent reduction in ERFs
 - Address higher workplace risk
- Non-SCPP bill expanding PSERS introduced last session



2013 Interim Committee Activity

- Work sessions in September, October, and November
 - Policy analysis and data findings
 - Study related 2013 legislation
 - HR Discussion
- Public hearing on EHB 1923 in November
- Executive Committee scheduled executive session on EHB 1923
 - Requested proposed amendment be drafted



Today's Presentation

- EHB 1923/Executive Committee's proposed striking amendment to EHB 1923 Bill comparison
- Policy recap
- Fiscal note comparison
- Possible next steps
- Possible executive action today



Bill Comparison



Note: This image links to the PSERS membership bill side-by-side comparison located on the SCPP December meeting materials webpage.



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Policy Approaches

EHB 1923	Executive Committee's Proposed Striking Amendment
Assume older employees in certain occupations are exposed to inappropriate workplace risk	
These occupations have <ul style="list-style-type: none"> • Compensable claims rates above the general population • Likely greater exposure to workplace violence 	These occupations have <ul style="list-style-type: none"> • Compensable claims rates above the general population • Likely greater exposure to workplace violence • Comparable workplace risk to current PSERS members
Some workplace risk should be addressed through expansion of PSERS	



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Draft Fiscal Notes Prepared For EHB 1923 And Proposed Striking Amendment To EHB 1923

- EHB 1923 draft fiscal analysis updated for the 2014 Legislative Session
 - Assumes implementation date of January 1, 2015
- Both fiscal notes include expanded sensitivity analysis
- Included in meeting materials



Fiscal Impact Summary

EHB 1923 Budget Impacts			
(Dollars in Millions)	2014-2015	2015-2017	25-Year
General Fund-State	\$1.6	\$4.0	\$80.1
Local Government	\$0.3	(\$0.4)	(\$1.6)
Total Employer	\$2.5	\$4.7	\$115.4

Proposed AMD to EHB 1923 Budget Impacts			
(Dollars in Millions)	2014-2015	2015-2017	25-Year
General Fund-State	\$0.1	\$0.3	\$6.6
Local Government	\$0.0	(\$0.0)	(\$0.1)
Total Employer	\$0.2	\$0.4	\$11.3

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.



Contribution Rates Are Impacted Under Both Bills

Impact on Contribution Rates (Effective 09/01/2014)				
Fiscal Year 2015 State Budget	EHB 1923		Proposed AMD to EHB 1923	
	PERS	PSERS	PERS	PSERS
Employee (Plan 2)	0.00%	0.42%	0.00%	0.06%
Total Employer	0.00%	0.42%	0.00%	0.06%



Fiscal Note Assumptions

- No assumed cost for local municipalities due to lack of data
- Assumed all members who could benefit from transfer would

	EHB 1923			Proposed AMD to EHB 1923
	DSHS	DOC	Total	DSHS
Eligible For Transfer	3,074	775	3,849	343
Assumed Number of Transfers	2,201	516	2,717	242
Transfer Rate	72%	67%	71%	71%



Why This Bill Has A Cost

- Retirement system impacts
 - PERS savings 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



How The Results Change When We Make Different Assumptions

- Costs of the bill are sensitive to the number of the people who transfer, their age and their salary
- However, sensitivity analysis shows that main driver of the 25-year costs are new entrants



How Results Change When We Assume Different Impacted Members Under EHB 1923

(Dollars in Millions)	No Transfers	25% Most Expensive	50% Most Expensive	Best Estimate
Number of Current Members Impacted				
Number of Transfers	0	962	1,925	2,717
2014-15 Budget Impacts				
GF-S	\$0	\$1	\$1	\$2
Total Employer	\$0	\$1	\$2	\$3
2015-17 Budget Impacts				
GF-S	\$1	\$3	\$4	\$4
Total Employer	\$2	\$4	\$4	\$5
25-Year Budget Impacts				
GF-S	\$61	\$70	\$77	\$80
Total Employer	\$98	\$108	\$113	\$115



How Results Change When We Assume Different Impacted Members Under The Amendment to EHB 1923

(Dollars in Millions)	No Transfers	Best Estimate
Number of Current Members Impacted		
Number of Transfers	0	242
2014-15 Budget Impacts		
GF-S	\$0.0	\$0.1
Total Employer	\$0.0	\$0.2
2015-17 Budget Impacts		
GF-S	\$0.1	\$0.3
Total Employer	\$0.2	\$0.4
25-Year Budget Impacts		
GF-S	\$4.8	\$6.6
Total Employer	\$9.7	\$11.3



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Possible Next Steps

- Take no further action
- Policy options
 - Recommend EHB 1923, updated for the 2014 Session
 - Recommend the Executive Committee's proposed striking amendment to EHB 1923
 - Recommend other amendment(s)
- Procedural options
 - Endorse existing bill with amendment
 - Forward new bill as SCPP request legislation



Sample Motions

■ EHB 1923

- *I move the committee recommend EHB 1923 by endorsing the existing bill, updated for the 2014 session.*
- *I move the committee recommend EHB 1923 by forwarding to the Legislature as new SCPP request legislation.*

■ Executive Committee's proposed striking amendment

- *I move the committee endorse the Executive Committee's proposed striking amendment to EHB 1923.*
- *I move the committee recommend the Executive Committee's proposed striking amendment to EHB 1923 by forwarding to the Legislature as new SCPP request legislation.*

