

State of
Washington
House of
Representatives



July 15, 2013

Senator Steve Conway, Chair
Select Committee on Pension Policy
John A. Cherberg Building, Room 212
Olympia, WA 98504

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Office of
The State Actuary

Dear Chair Conway,

I am requesting that the Select Committee on Pension Policy study a potential change to the state pension system, which was suggested to me by a constituent, a 22 year veteran of state employment. Mr. David Walker spent his first 18 years of service as a corrections officer with the Washington State Department of Corrections, and then moved on to work for another state agency. In 2007, Corrections employees became eligible to enroll in the Public Safety Employees Retirement System (PSERS), which was created by the Legislature in 2004. I am requesting that the Select Committee on Pension Policy study the feasibility of allowing PSERS enrolled members transferring to non-PSERS eligible state and local government employment the option to remain enrolled in PSERS.

Mr. Walker has spent the majority of his state employment putting his life and personal health on the line every day to protect our citizens by incarcerating and supervising violent offenders. He served along many incredible men and women who risked their lives for public safety. Even though Mr. Walker and several of his fellow corrections officers have moved on to other agencies, many still carry the horrific memories, injuries and post-traumatic stress from the situations they were exposed to and the requirements of the job. Mr. Walker is now excluded from PSERS because his current employer is not a PSERS eligible employer. Occupations covered by PSERS - such as state patrol, corrections officers, liquor enforcement officers and other limited authority law enforcement officers - are generally considered higher risk compared to other public employees due to the nature of the required job duties. These employees have the authority to arrest, conduct criminal investigations, enforce the criminal laws of the state of Washington, and carry a firearm as part of the job.

The intent section of the PSERS statute explicitly states "a high degree of physical risk" to one's personal safety and providing "public protection of lives and property" as primary criteria of PSERS membership. To be eligible for PSERS, an employee must be employed on a full-time basis and serve as a limited authority peace officer; or ensure the custody and security of incarcerated or probationary individuals as a corrections officer, probation officer or jailer; or have the primary responsibility of supervising eligible members.



In addition, members must be employed by the Department of Corrections, the Parks and Recreation Commission, the Gambling Commission, the State Patrol, the Department of Natural Resources, the Liquor Control Board, county corrections departments and the corrections departments of municipalities not classified as First Class cities.

As you know, PSERS provides more generous retirement benefits; and is substantially more expensive than the Public Employees Retirement System (PERS). Approximately forty-percent more contributions are required to pay for PSERS 2 service than PERS 2. The total contribution rate (employer plus employee) for PERS 2 is currently about 9.2% of pay, and the total PSERS 2 rate is about 12.8%. PSERS members with at least 20 years of service can retire at age 60 with full retirement benefits and can retire at age 53 with a 3% per year reduction in benefits from age 60.

There are approximately 4,197 active PSERS members. Unfortunately the Department of Retirement Systems data is not stored in such a way to easily access it with multiple variables, so I wasn't able to obtain numbers for how many PERS members have prior PSERS membership. There are 1,427 people who were PSERS members, but are no longer active in the system, yet still have contributions in their PSERS account. About 80% of these never vested in PSERS. It is not possible to determine how many of the 1,400+ moved to PERS eligible or other local and state government positions. Since the PSERS system is relatively new, it makes sense that inactive members at this point wouldn't have much service. A large majority of PSERS members are corrections officers. Only 15 members have retired from the PSERS system to date.

There is no history of any bill being introduced in the Legislature or of the SCPP ever examining the effect of allowing those leaving PSERS membership eligible employment for non-PSERS eligible state and local government employment to remain contributing members of PSERS. The impact is still unclear. To make such a change retroactive would carry additional cost, but the amount would depend on how many people were affected and how much service and salaries were involved. I believe more examination is needed before a bill should be introduced. Therefore, I am requesting that the Select Committee on Pension Policy study this proposal so that the Legislature has a better understanding of the impact of such a change on the state retirement system.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Sam Hunt". The signature is stylized with a large, sweeping "S" and a long horizontal line extending from the end of the name.

SAM HUNT

State Representative

22nd Legislative District

cc: Matt Smith, State Actuary