



2013 Legislative Update

Status as of 6/10/13

Key Issues

Plan Funding/Contribution Rates

Budget Bill

The Legislature has not yet passed an operating budget. The Senate passed a budget (ESSB 5034) on April 5th. The House held hearings on the budget, adopted a substitute bill and passed it a week later on April 12th. Those two budgets must be reconciled into a final budget before session can end.

Status of LEOFF 2 issues in the House and Senate budget proposals:

- **Plan Funding:** Neither budget bill proposes any alteration to the LEOFF 2 contribution rates adopted by the Board;
- **Alternate Revenue:** In 2008 the Legislature established an alternate revenue account setting aside money to fund future LEOFF 2 benefit improvements if state revenues increased by more than 5% over the prior biennium. Although the statutory requirement was met this year, neither budget includes a transfer to the alternate revenue account at this time.
- **Ombudsman:** The LEOFF 2 Board submitted a budget package to fund an ombudsman to assist LEOFF 2 members and survivors with disability and death benefit issues. The Senate budget does not fund the ombudsman, the House budget does.

Legislation Passed Affecting LEOFF Plan 2

Health Insurance for those Catastrophically Disabled (SHB 1868)

The LEOFF 2 trust fund reimburses catastrophically disabled members for post retirement medical insurance premiums, limited to the amount of the premium for post-retirement insurance available through the employer or through Consolidated Omnibus Budget Reconciliation Act (COBRA) and/or Medicare.

SHB 1868 expands eligibility to include members not eligible for employer-sponsored medical insurance, Medicare, or coverage under COBRA. The maximum reimbursement amount is pegged to the rate for post-retirement medical coverage under COBRA.

Legislation Not Passed That Would Have Affected LEOFF Plan 2 Members

HCA Technical Corrections (HB 1587/SB 5442)

This bill proposed several changes to align HCA statutes with changes in state and federal law. One of the proposed changes provides eligibility in HCA-administered Medicare supplemental insurance policies to state registered domestic partners of emergency service personnel killed in the line of duty.

Status: House bill died in Senate rules; Senate bill did not receive a hearing.

Excess Compensation Bills

The Senate considered two different bills that would have generated employer excess compensation billings for overtime compensation included in the pension calculation. Each bill required an excess compensation employer billing if the members compensation during the final average salary (FAS) period exceeds the immediate previous five year period by:

- **SSB 5392:** More than 150%.
Status: Died in Senate Rules.
- **SSB 5916:** More than 125%. SSB 5916 also would have enabled employers who disagreed with an LEOFF 1 disability board award of post retirement medical services to appeal that award to the Department of Retirement Systems.

Status: Died after passing Senate Committee.

Workers' Compensation Benefits (SSB 5124)

Changes eligibility for workers' compensation benefits for future employees including LEOFF Plan 2 members. Amends provisions defining calculation of wages, alters percentage of replacement calculation.

Status: Died in Senate Rules.

Occupational Disease Claims (SB 5125)

Narrowed definition of occupational disease for workers compensation claims.

Status: Introduced but not heard.

Other Pension Bills Not Passed

Retiree Return to Work – SCPP request (HB 1226/SB 5633)

SCPP request to amend PERS and TRS retiree return to work rules. Allows all PERS retirees to work 867 hours in eligible position without reducing pension.

Status: died in House Rules/ died in Senate rules.

Replacing PERS, TRS, PSERS, and SERS with Washington Public Employee Savings Plan (SB 5851/5856)

The Senate heard two bills that would have converted PERS, TRS, PSERS, and SERS to a defined contribution plan.

- **SB 5851:** Persons hired on or after July 1, 2014, could choose the defined contribution plan. Plan 3 would be the default plan.
Status: passed Senate, not heard in House.
- **SB 5856:** All new hires and current members under age 45 would be placed in defined contribution plan.
- *Status: heard in Senate but not passed out of committee.*



2013 Legislative Update

**Educational Briefing
June 19, 2013**

2013 Legislative Activities

Session Begins	House of Origin	Opposite House		Sine Die	Special Session
Plan Funding					
LEOFF Plan 2 Board					
SCPP Request Bills					
Other Pension Bills					
Other Bills of Interest					

Plan Funding

Session Begins

House of
Origin

Opposite
House

Sine
Die

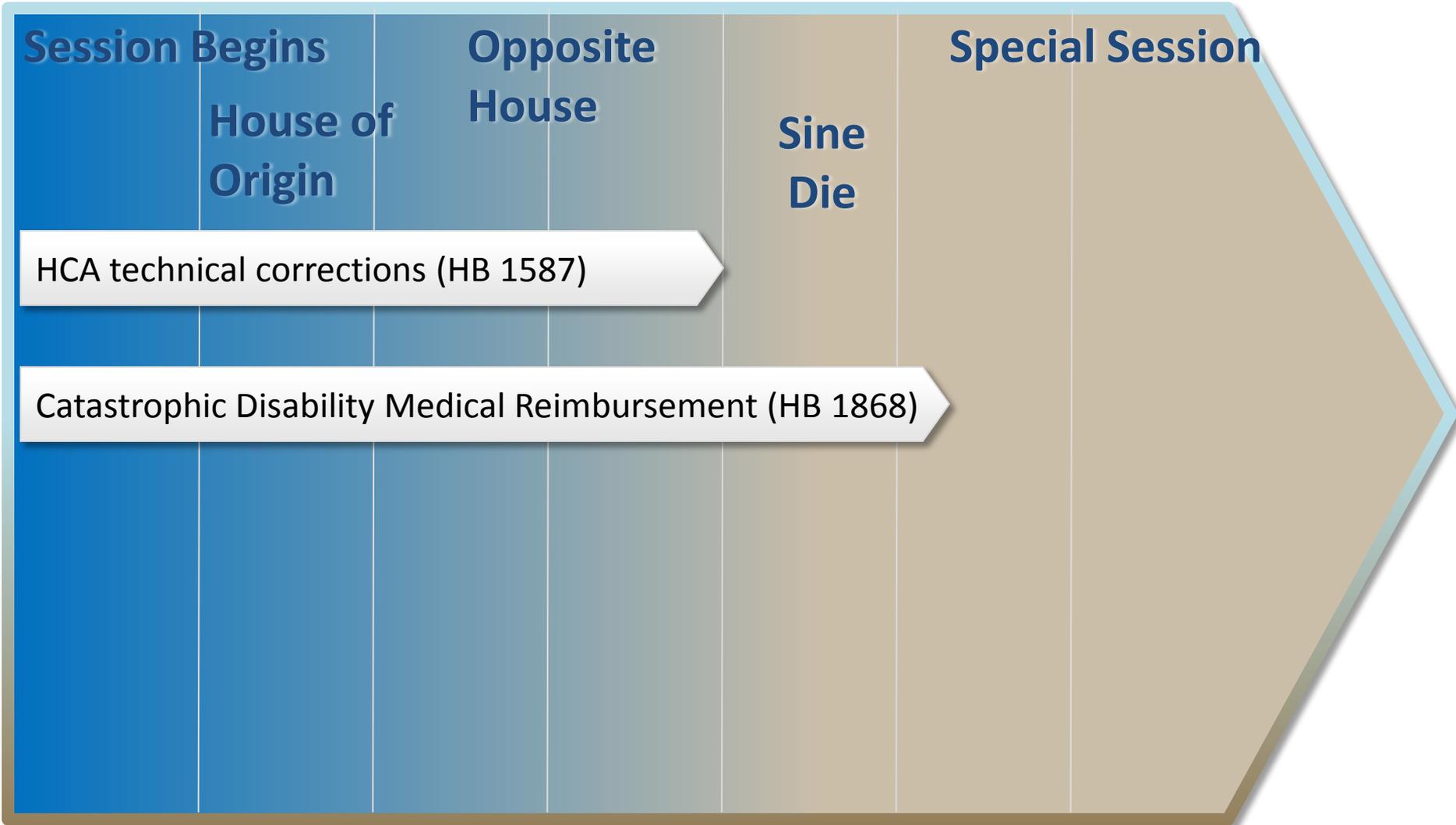
Special Session

LEOFF Plan 2 Board Contribution Rates fully funded

Ombudsman Position Funded In House Budget

Alternate Revenue Payment not funded

LEOFF Plan 2 Board



SCPP Request Bills

Session Begins

House of
Origin

Opposite
House

Sine
Die

Special Session

Retiree Return to
Work (HB 1226 – SB
5633)

Other Bills of Interest

Session Begins

House of
Origin

Opposite
House

Sine
Die

Special Session

Workers
Compensation

Any Questions?

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