



Washington State
Association of Counties
The Voice of Washington Counties

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Members of the Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board
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WSAC represents the legislative authority (commissioners, councilmembers, and councilors) from all 39 counties, and the 4 county executives. WSAC members are the budget authority for each respective county, and are responsible for ensuring that the pension contributions for the county as an employer are funded. I am writing you today to provide initial considerations that WSAC would like to see addressed in the LEOFF 2 Board's study of the merger of LEOFF 1 and LEOFF 2. There are a number of questions that counties, like other public employers, will want answered when assessing a potential merger:

- 1) Would a merger require new employer contributions into the fund? Currently contributions are not required for the LEOFF 1 fund, and implementation of new contributions would have a budget impact on counties' otherwise limited general fund. WSAC's longstanding policy position is that pension funding must be provided at a level that ensures government obligations can be met. However, the bottom-line reality is that employer contributions must be balanced against the other competing demands for limited county resources, and county revenues are not keeping pace with these costs.
- 2) Will a merger result in new benefits that would result in increased employer contributions? The LEOFF 1 plan provides better benefits than LEOFF 2. Would these benefit levels be combined?
- 3) What guarantee will there be that LEOFF 1 employers will not be required to make additional contributions in the future?
- 4) What amount of the surplus LEOFF 1 funds will be returned to employers? Approximately 11% of LEOFF 1 contributions were made by employers. Will 11% of the surplus be returned if a merger occurs?
- 5) What "credit" will employers receive for the \$3 billion in unfunded medical liability they have undertaken through the creation of LEOFF 1? The cost of medical benefits has far outstripped employers' expectations when the fund was created: the cost of full-care facilities are not covered by Medicare; disability board determinations to cover vitamins and lifestyle drugs; and health care costs have dramatically increased generally. This obligation was part of the initial agreement when LEOFF 1 was created, and needs to be considered if a merger is contemplated.

The answers to these questions will determine WSAC's position on any pension plan merger proposal, and our members feel they are crucial to the LEOFF 2 Board's study. Thank you for the opportunity to comment, please feel free and contact me with any questions.

A handwritten signature in blue ink that reads "Josh Weiss".

Josh Weiss
Director of Policy and Legislative Relations