



May 15, 2019

2019 Legislative Session Recap

EDUCATIONAL BRIEFING

By Jacob White

Senior Research & Policy Manager

360-586-2327

jacob.white@leoff.wa.gov

2019 OPERATING BUDGET

Budget Provisions Affecting LEOFF Plan 2:

- **Contribution Rates:** The legislature funded the contribution rates adopted by the LEOFF Plan 2 Board:
 - Member: 8.59%
 - Employer: 5.15%
 - State: 3.44%
- **Tribal Police Study:** The legislature appropriated \$50,000 to the LEOFF 2 Board to study the tax, legal, fiscal, policy, and administrative issues related to allowing tribal law enforcement officers to become members of the LEOFF 2 plan. The report is due to the legislature by January 1, 2020.

BILLS AFFECTING LEOFF PLAN 2 - PASSED

SB 5355 - LEOFF/PERS Eligibility Gap (LEOFF 2 Board Endorsed)

- Allows law enforcement officers and fire fighters to receive a LEOFF 2 pension if they:
 - Were not eligible for LEOFF 1 due to not meeting minimum medical and health standards
 - Were enrolled into PERS after a 1994 law clarified membership eligibility
 - Separated from employment and withdrew from PERS membership prior to paying back their past contributions owed
 - There is no record of DRS giving the member an option to receive a pension with a reduction to pay back remaining contributions owed
- Qualifying individuals would be required to pay all member contributions owed, without interest, by taking an actuarial reduction to their ongoing benefit or by making a lump sum payment. The option to recover service credit would be available until July 1, 2020.
- Passed Senate – 49 to 0; Passed House 95 to 2, 1 excused.
- Cost Summary:

Impact on Contribution Rates (Effective 09/01/2019)				
FY 2019-2021 State Budget	PERS	SERS	PSERS	LEOFF
Employee (Plan 2)	0.00%	0.00%	0.00%	0.00%
Employer				
Current Annual Cost	0.00%	0.00%	0.00%	0.00%
Plan 1 Past Cost	0.00%	0.00%	0.00%	0.00%
Total Employer	0.00%	0.00%	0.00%	0.00%
Total State				0.00%

Budget Impacts			
<i>(Dollars in Millions)</i>	2019-2021	2021-2023	25-Year
General Fund-State	\$0.00	\$0.01	\$0.07
Local Government	\$0.00	\$0.02	\$0.11
Total Employer	\$0.00	\$0.03	\$0.19

HB 1408 – Spousal Consent (LEOFF 2 Board Endorsed)

- Requires written consent from a member’s spouse where a member selects a survivor benefit of less than the 50 percent option or names someone other than their spouse as their beneficiary. Prior law required written consent for all survivor option other than the 50 percent option.
- Passed House 96 to 0, 2 excused; Passed Senate 45 to 1, 2 excused.
- No cost to LEOFF 2.

HB 1909 – Confidentiality of Industrial Insurance Claim Records

- Subjects an employer to a civil penalty of \$1,000 for each occurrence where the employer or employer's authorized representative reveals information in an injured worker's claim file regarding a mental health condition or treatment to any person other than an authorized representative.
- Passed House 97 to 0, 1 excused; Passed Senate 48 to 0, 1 excused.
- No cost to LEOFF 2.

HB 1913 – Presumptive Illnesses

- Makes the occupational disease presumptions for firefighters applicable to certain emergency medical technicians and public employee fire investigators.
- Adds additional cancers to the cancer occupational disease presumptions, including:
 - mesothelioma, stomach cancer, non-melanoma skin cancer, breast cancer in women, and cervical cancer.

- Creates an occupational disease presumption for heart problems and infectious diseases for law enforcement officers.
- Requires the director of the Department of Labor and Industries to create an advisory committee on occupational disease presumptions, made up of specified scientists.
- Passed House 98 to 5, 4 excused; Passed Senate 47 to 0, 2 excused.
- Cost Summary:

Impact on Contribution Rates (Effective 09/01/2019)	
FY 2019-2021 State Budget	LEOFF
Employee (Plan 2)	0.05%
Employer	0.03%
State	0.02%

Budget Impacts			
<i>(Dollars in Millions)</i>	2019-2021	2021-2023	25-Year
General Fund-State	\$0.8	\$0.8	\$15.9
Local Government	\$1.2	\$1.3	\$23.8
Total Employer	\$2.0	\$2.1	\$39.6

HB 2144 – Benefit Improvement Account

- Makes a one-time transfer of \$300 million from the LEOFF 2 retirement fund to the LEOFF 2 Benefit Improvement Account. Repeals any further state obligation to fund the LEOFF 2 Benefit Improvement Account.
- Passed House 92 to 5, 1 excused; Passed Senate 46 to 2, 1 excused.
- Cost Summary: No contribution rate impact because the normal cost doesn't change. However, it does impact the plan's funded ratio from 109% to 106%.

BILLS AFFECTING LEOFF PLAN 2 – NOT PASSED

HB 1414/SB 5335 – Month of Death Payment (LEOFF 2 Board Endorsed)

- Provides a retiree's beneficiary or estate a full month's benefit for the month a retiree or survivor passes away. Currently, in the month a retiree passes away the last month benefit payment is prorated based on the number of days the person was alive in the month.
- Both bills did not make it out of house of origin.

HB 2127 – Concerning Additional Contribution Rates

- If an employer is responsible for late pension payments that result in an unfunded liability that is expected to either exceed one hundred thousand dollars or cause an increase to employer or employee contribution rates, the employer may be assessed a separate employer contribution rate to compensate for the unfunded liability.
- Did not make it out of house of origin.

SCPP BILLS - PASSED

SB 5350 – Purchase of Additional Annuity for PERS, SERS, PSERS

- Allows members of all DRS-administered retirement systems to purchase a lifetime annuity benefit via the Washington State Investment Board. This annuity purchase option is currently available only to members of TRS, WSPRS and LEOFF.
- Passed Senate 48 to 0, 1 excused; Passed House 89 to 9.
- No cost to LEOFF 2.

SB 5360 – Plan 2 Default for PERS, TRS, SERS

- Establish Plan 2 of PERS, TRS and SERS as the default for new members who do not make a plan choice selection within 90 days of hire. The current default is Plan 3.
- Passed House 73 to 22, 3 excused; Passed Senate 36 to 13.
- No cost to LEOFF 2.



2019 Legislative Session Recap

May 15, 2019

2019 Operating Budget

- LEOFF 2 Board Contributions Rates Funded
- \$50,000 to LEOFF 2 Board for Tribal Police Study

Bills Affecting LEOFF Plan 2 - Passed

- **SB 5355 - LEOFF/PERS Eligibility Gap (LEOFF 2 Board Endorsed)**
- **HB 1408 – Spousal Consent (LEOFF 2 Board Endorsed)**
- **HB 1909 – Confidentiality of Industrial Insurance Claim Records**
- **HB 1913 – Presumptive Illnesses**
- **HB 2144 – Benefit Improvement Account**

Bills Affecting LEOFF Plan 2 – Not Passed

- **HB 1414/SB 5335 – Month of Death Payment (LEOFF 2 Board Endorsed)**
- **HB 2127 – Concerning Additional Contribution Rates**

SCPP Bills - Passed

- **SB 5350 – Purchase of Additional Annuity for PERS, SERS, PSERS**
- **SB 5360 – Plan 2 Default for PERS, TRS, SERS**



Thank You

Contact:

Jacob White
Senior Research and Policy Manager
(360) 586-2327
jacob.white@leoff.wa.gov