

# BOARD MEETING AGENDA

May 25, 2016 - 9:30 AM



## LOCATION

STATE INVESTMENT BOARD

Large Conference Room, STE 100

2100 Evergreen Park Drive S.W.

Olympia, WA 98502

Phone: 360.586.2320

Fax: 360.586.2329

recep@leoff.wa.gov

- |   |         |
|---|---------|
| <b>1. Approval of Minutes</b>   | 9:35 AM |
| Kelly Fox, Chair  |         |
| <b>2. Contribution Rate Adoption Process</b>                                  | 9:45AM  |
| Lisa Won, ASA, FCA, MAAA<br>Deputy State Actuary, Office of the State Actuary |         |
| <b>3. Draft Merger Study Work Plan</b>  | 11:00AM |
| Steve Nelsen, Executive Director  |         |
| <b>4. Administrative Update</b>   |         |
| • <b>Select Committee on Pension Policy Update</b>                            |         |
| • <b>Outreach Activities</b>  |         |
|   | 12:00PM |
| <b>5. Workforce Retirement Trends and Statistics</b>                          | 1:15PM  |
| Ryan Frost, Research and Policy Manager                                       |         |
| <b>6. Non-LEOFF Fire Fighters</b>   | 1:45PM  |
| Paul Neal, Senior Research and Policy Manager                                 |         |
| <b>7. Draft Interim Work Plan</b>   | 12:15PM |
| Steve Nelsen, Executive Director  |         |

**Lunch is served as an integral part of the meeting.**

*In accordance with RCW 42.30.110, the Board may call an Executive Session for the purpose of deliberating such matters as provided by law. Final actions contemplated by the Board in Executive Session will be taken in open session. The Board may elect to take action on any item appearing on this agenda.*



## Contribution Rate Adoption Process

**Report Type:**

Educational Briefing

**Date Presented:**

5/25/2016

**Presenter Name and Title:**

Lisa Won, ASA, FCA, MAAA

Deputy State Actuary, Office of the State Actuary

**Summary:**

□ Educational briefing on □ pension funding basics, the purpose of contribution rates, □ rate development, process timeline and next steps. No action is required by the Board.

**Strategic Linkage:**

This item supports the following Strategic Priority Goals:

Enhance the benefits for the members., Maintain the financial integrity of the plan.

**ATTACHMENTS:**

Description	Type
□ Contribution Rate Adoption Process	Presentation

# Contribution Rate Adoption Process

Lisa Won, ASA, FCA, MAAA  
Deputy State Actuary



# Today's Presentation

- Educational; no decisions required today
- Pension funding basics
- Purpose of contribution rates
- Rate development
- Process timeline
- Next steps



## Pension Funding Basics

- Pension = contract to pay future benefits
- Future obligation is unknown
  - Actuary uses assumptions to estimate obligation
    - Salary growth, retirement age, longevity, etc.
- LEOFF 2 uses systematic actuarial funding to pre-fund the future pension obligation
  - Regular contributions are paid over time
  - Utilizes power of investing
- Pre-funding requires:
  - Funding policy to define how costs are allocated over the time period
  - Assumptions about investment and salary growth, working lifetime, etc.

## State Law Defines Funding Policy and Some Assumptions

- Aggregate actuarial cost method used to determine the allocation of costs to fund the retirement plan
  - “... or other recognized actuarial cost method based on a level percentage of payroll ...” (RCW 41.26.720)
- Inflation = 3.0 percent
- General salary growth (exclusive of merit) = Inflation + 0.75 percent
- Investment return = 7.5 percent (adopted by LEOFF2 Board)
- Demographic assumptions developed by Office of the State Actuary
- Actuarial value of assets
  - Smooth asset gains/losses up to eight years
  - Maintain 30 percent corridor (relationship) to market value of assets



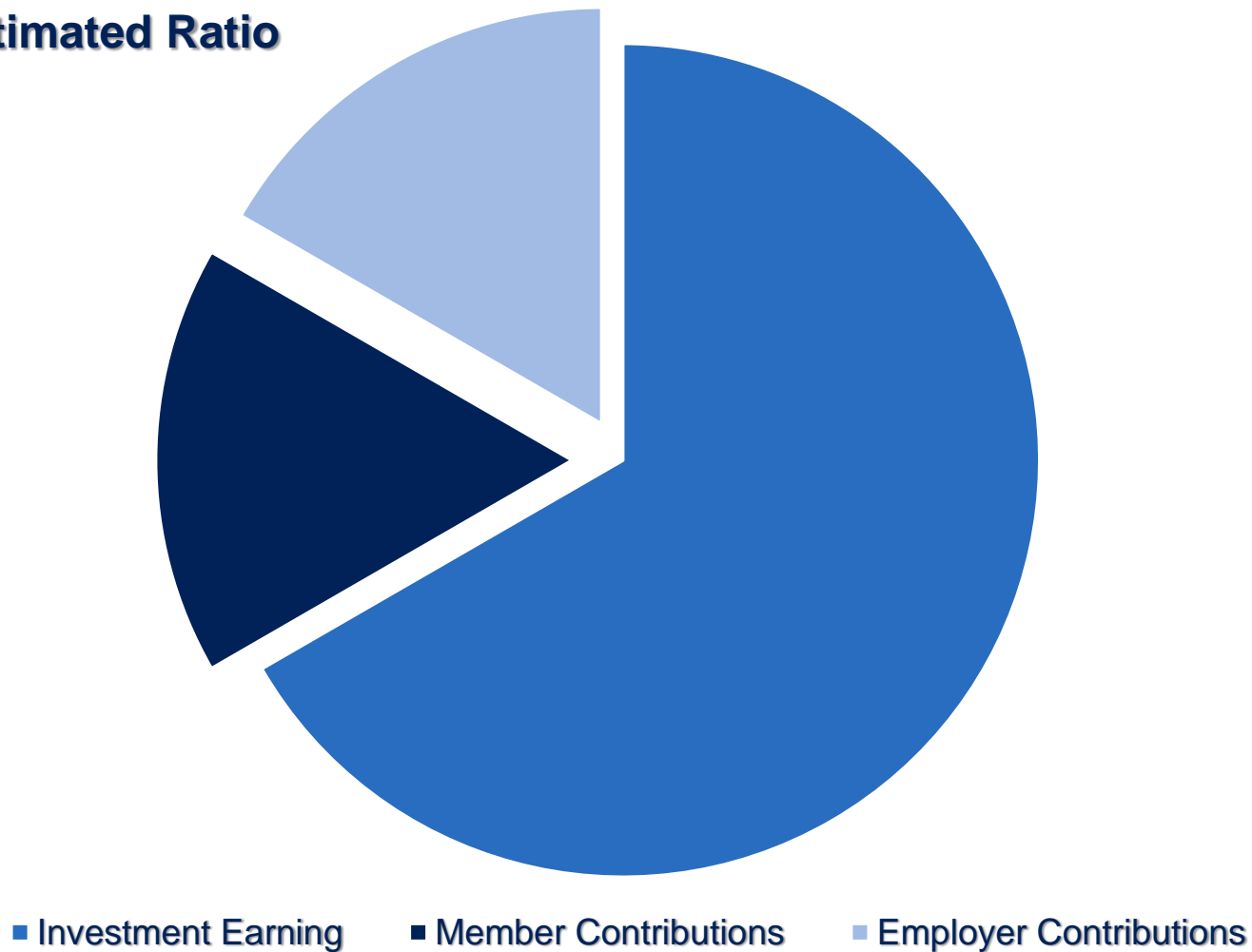
## Purpose of Contribution Rates

- Pre-fund pension obligation
- Members and employers make contributions into pension trust fund during member's working life
  - As a percent of member's salary
- Contributions are invested and grow with investment earnings
- Goal:

**Accumulated Fund at Retirement = Cost of All Future Benefit Payments**

# Funding Sources for Pension Obligations

**Estimated Ratio**





## Contribution Rates Calculated by Board-Retained Actuary

- Every even-numbered year (RCW 41.45.0604)
  - Based on actuarial valuation from odd-numbered year
- Actuary calculates:
  - Today's value of expected future plan obligations (PVFB)
  - Actuarial Value of Assets (AVA)
  - Today's value of expected future salaries (PVFS)

$$\text{Contribution Rate} = (\text{PVFB} - \text{AVA}) / \text{PVFS}$$

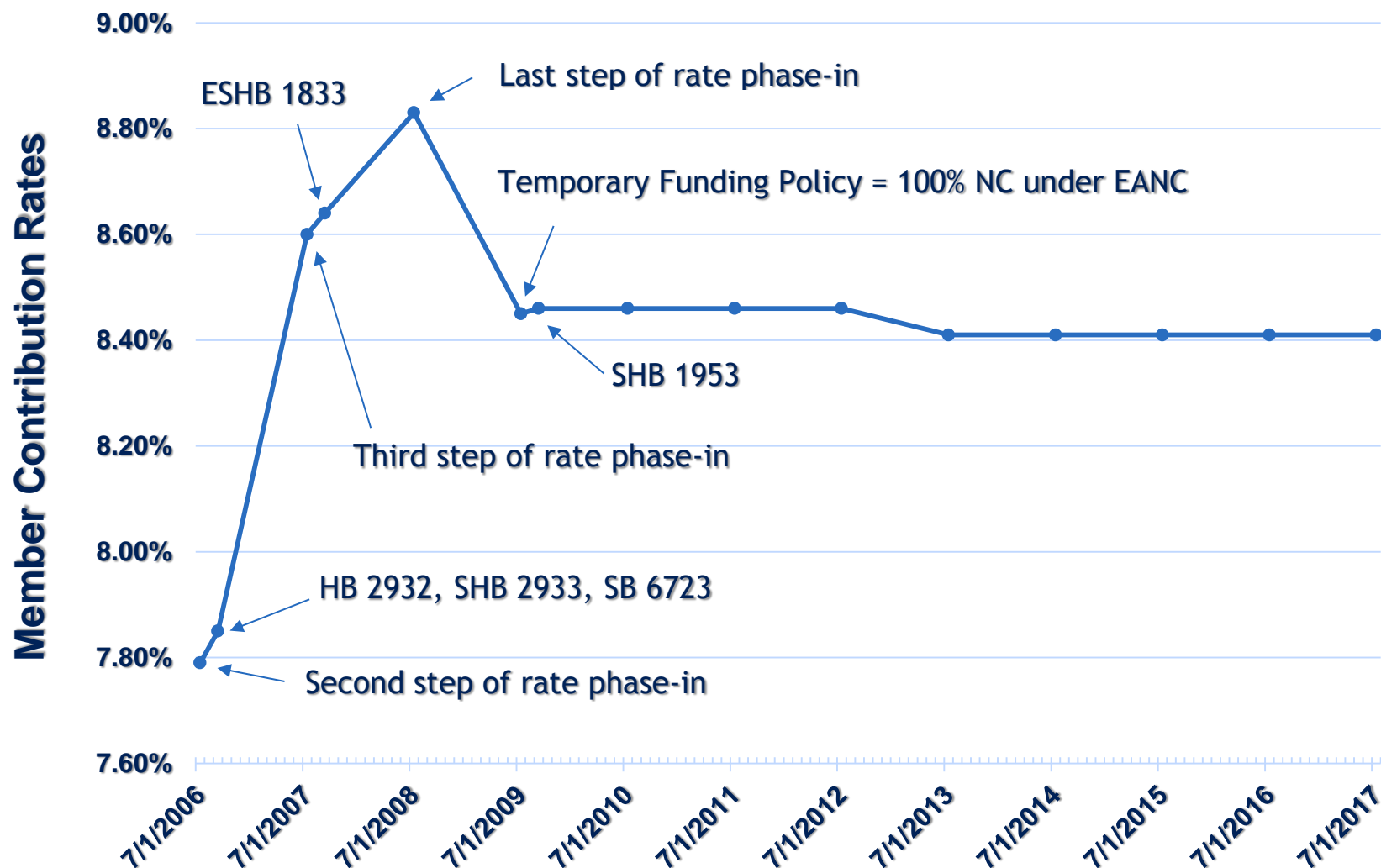
- Actuary presents contribution rate options based on past practices and policies adopted by the Board

## Board Adoption Practice

- Aggregate funding method is actuarial cost method in statute
- In 2004, the Board identified contribution rate stability as one of its top strategic priorities
- Board adopted minimum contribution rates based on the Entry Age Normal (EAN) actuarial cost method
  - 90 percent of the normal cost under EAN adopted in 2004 to take effect July 1, 2009
  - 100 percent of the normal cost under EAN adopted in 2008 to take effect July 1, 2009



# Historical LEOFF 2 Member Contribution Rates

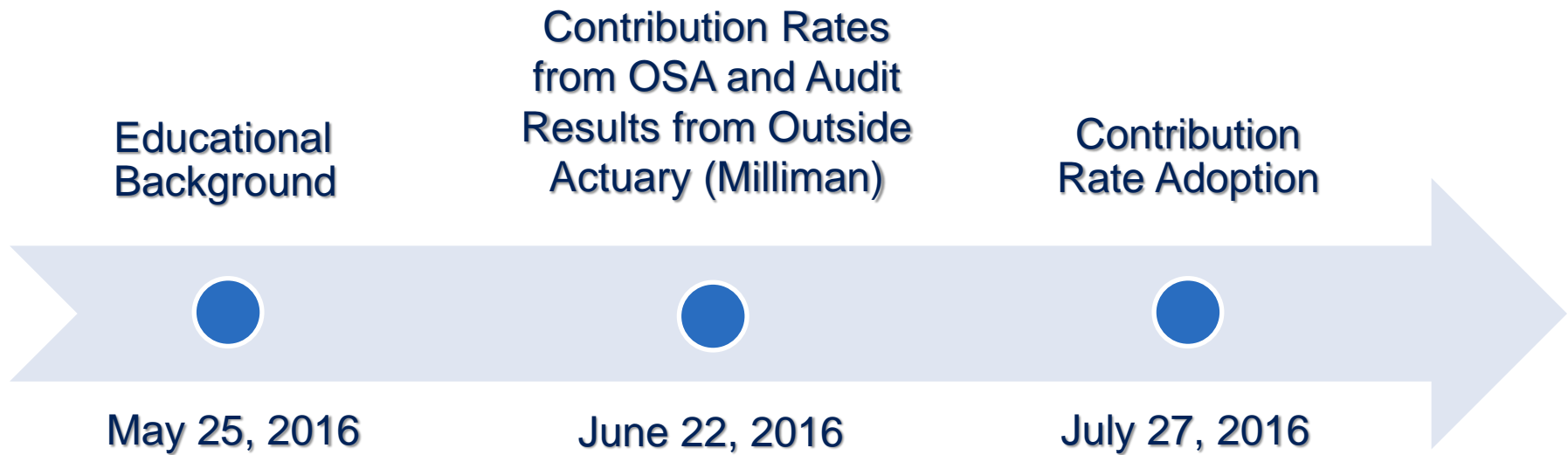


## Supplemental Contribution Rates

- Temporary rate increases to fund the cost of benefit improvements not yet included in basic rates
  - Added to basic rates during the following rate-setting cycle
- 2006 Legislative Session, 0.06 percent member increase on 9/1/2006
  - HB 2932 - Catastrophic Disability
  - SHB 2933 - \$150,000 Death Benefit
  - SB 6723 - Survivor Health Care Insurance
- 2007 Legislative Session, 0.04 percent member increase on 9/1/2007
  - ESHB 1833 - Occupational Disease
- 2009 Legislative Session, 0.01 percent member increase on 9/1/2009
  - SHB 1953 - Fish & Wildlife Enforcement Officers



## Process Timeline



OSA analysis and concurrent audit with outside actuary.

## Next Steps

- Concurrent audit process continues
- OSA finalizes actuarial valuation results and contribution rates
  - Presents results to the Board in June
- Milliman (outside actuary) presents preliminary audit results in June
- Board adoption of contribution rates occurs in July
- Adopted rates effective July 1, 2017, through June 30, 2019
  - Subject to revision by the Legislature
  - Supplemental rate changes can occur outside of the normal rate adoption process if benefit improvements are enacted



# Questions?





## **Draft Merger Study Work Plan**

**Report Type:**

Initial Consideration

**Date Presented:**

5/25/2016

**Presenter Name and Title:**

Steve Nelsen, Executive Director

**Summary:**

A review of the Draft Merger Work Plan is to be shared and discussed with the Board.

**Strategic Linkage:**

This item supports the following Strategic Priority Goals:

Enhance the benefits for the members., Maintain the financial integrity of the plan., Inform the stakeholders.

**ATTACHMENTS:**

Description	Type
▣ Draft Merger Study Work Plan	Report
▣ Draft Merger Study Work Plan	Presentation





# DRAFT Merger Study Work Plan

## May 25, 2016

## Goals

1. Provide education about pension plan Mergers
2. Provide information enabling a comparison of a LEOFF Plan 1 & 2 merger including identification of legal issues, fiscal impacts, and administrative complexities.
3. Provide the opportunity for stakeholder input
  - LEOFF Plan 1 member and retirees
  - LEOFF Plan 1 and 2 employers
  - LEOFF Plan 2 member and retiree
  - Coordination with the SCPP
4. Produce a written report with a full analysis of a LEOFF Plan 1/LEOFF Plan 2 Merger

## Work Schedule

MEETING	ACTIONS
May 25	Review draft work plan
June 22	Approve final work plan <i>Educational Briefing</i> Public Testimony
July 27	<i>Initial Consideration Report</i> Public Testimony
August 24	
September 21	<i>Comprehensive Report</i> Public Testimony
October 18	
November 23	<i>Comprehensive Report Follow-Up</i> (as needed) Legal briefing from outside legal counsel Public Testimony OSA Presentation – Update of 2011 Merger Study
December 7	<i>Final Proposal Report</i>



# ***DRAFT* Merger Study Work Plan**

May 25, 2016

# GOALS

- ▶ **Provide education about pension plan mergers**
- ▶ **Provide information enabling a comparison of a LEOFF Plan 1 & 2 merger including identification of legal issues, fiscal impacts, and administrative complexities**

# GOALS

- ▶ **Provide the opportunity for stakeholder input**
  - **LEOFF Plan 1 member and retirees**
  - **LEOFF Plan 1 and 2 employers**
  - **LEOFF Plan 2 member and retiree**
  - **Coordination with the SCPP**
- ▶ **Produce a written report with a full analysis of a LEOFF Plan 1/LEOFF Plan 2 merger**

# WORK SCHEDULE



MEETING	ACTIONS
May 25	Review draft work plan
June 22	Approve final work plan <i>Educational Briefing</i> Public Testimony
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# WORK SCHEDULE



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September 21	<i>Comprehensive Report</i> Public Testimony
October 18	
November 23	<i>Comprehensive Report Follow-Up</i> (as needed) Legal briefing from outside legal counsel Public Testimony OSA Presentation – Update of 2011 Merger Study
December 7	<i>Final Proposal Report</i>

# CONTACT

**Steve Nelsen**

**Executive Director**

**[steve.nelsen@leoff.wa.gov](mailto:steve.nelsen@leoff.wa.gov)**

**(360) 586-2323**



## Select Committee on Pension Policy Update

**Date Presented:**

5/25/2016

**Summary:**

Update from the May 17, 2016 Select Committee on Pension Policy meeting

**Strategic Linkage:**

This item supports the following Strategic Priority Goals:  
Inform the stakeholders.

**ATTACHMENTS:**

Description	Type
▣ May 17 SCPP Full Committee Meeting Agenda	Report



# Select Committee on Pension Policy

P.O. Box 40914  
Olympia, WA 98504-0914  
state.actuary@leg.wa.gov

## Regular Committee Meeting

May 17, 2016  
10:00 a.m. – 12:00 p.m.\*  
House Hearing Room B  
Olympia

### AGENDA

- 10:00 a.m.     **1.     Approval of Minutes**
- 10:05 a.m.     **2.     Election of Officers – Aaron Gutierrez,**  
Senior Policy Analyst
- 10:15 a.m.     **3.     2016 Legislative Session Highlights –**  
Lauren Rafanelli, Associate Policy Analyst
- Work Session**
- 11:00 a.m.     **4.     WSPRS Study: Initial Briefing – Lauren**  
Rafanelli
- 11:20 a.m.     **5.     Merger Study: Initial Briefing – Aaron**  
Gutierrez

*\*These times are estimates and are subject to change depending on the needs of the Committee.*

**Senator Barbara Bailey**

**John Boesenberg**  
*PERS/Higher Ed Employers*

**Patricia Bosmans**  
*PERS Employers*

**\*Representative Bruce**  
**Chandler, Chair**

**\*Senator Steve Conway,**  
**Vice Chair**

**Annette Creekpaum**  
*PERS Employers*

**Randy Davis**  
*TRS Actives*

**\*Beverly Freeman**  
*PERS Employers*

**\*Marcie Frost, Director**  
*Department of Retirement Systems*

**Bev Hermanson**  
*PERS Retirees*

**Senator Steve Hobbs**

**Robert Keller**  
*PERS Actives*

**Representative Matt**  
**Manweller**

**Representative Timm Ormsby**

**Senator Mark Schoesler**

**David Schumacher, Director**  
*Office of Financial Management*

**Representative Pat Sullivan**

**J. Pat Thompson**  
*PERS Actives*

**\*Robert Thurston**  
*WSPRS Retirees*

**\*David Westberg**  
*SERS Actives*

*\*Executive Committee*



## **Workforce Retirement Trends and Statistics**

**Report Type:**

Educational Briefing

**Date Presented:**

5/25/2016

**Presenter Name and Title:**

Ryan Frost, Research and Policy Manager

**Summary:**

The demographics of LEOFF Plan 2 are changing as many members become eligible for retirement. This shift has varying implications for employers and policy makers. This report will review current statistics and discuss some emerging trends surrounding retirements from LEOFF Plan 2.

**Strategic Linkage:**

This item supports the following Strategic Priority Goals:  
Inform the stakeholders.

**ATTACHMENTS:**

Description	Type
▣ Workforce Retirement Trends and Statistics	Report
▣ Workforce Retirement Trends and Statistics	Presentation



May 25, 2016

## Workforce Retirement Trends and Statistics

### EDUCATIONAL BRIEFING

By Ryan Frost

Research and Policy Manager

360-586-2325

[ryan.frost@leoff.wa.gov](mailto:ryan.frost@leoff.wa.gov)

### OVERVIEW

When the great recession hit, many departments had to take drastic measures, including a recruitment freeze as well as the layoffs of younger employees. Both of these measures contributed to the public safety workforce experiencing a naturally aging staff and employers with smaller budgets. Consequently, the average age of a LEOFF Plan 2 member has increased by almost one and a half years since the great recession in 2008.

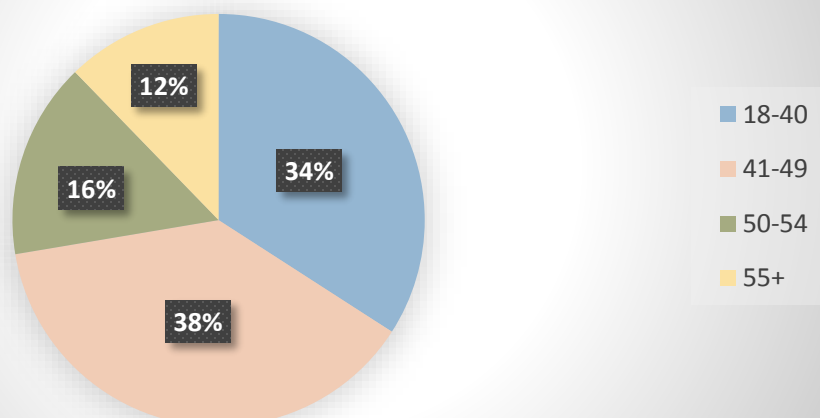
More recently, with the increasing amounts of baby boomers being eligible to retire, we're seeing the supply of the workforce unable to keep up with the future demand of open positions. This has led to the disappearance of the common practice of using retirement bonuses to incentivize older workers to retire. Instead, workers are seeing the benefit of continuing their employment for a few more years after normal retirement age.

This report will discuss some trends specific to LEOFF Plan 2, as well as provide a few reasons why workers are seeing the benefit of working longer vs. retiring early.

### RETIREMENT TRENDS

There are 17,019 active members in LEOFF Plan 2. Approximately 34% of the LEOFF Plan 2 workforce is under the age of 40. In addition, according to the most recent LEOFF Plan 2 valuation provided by the Office of the State Actuary, 28% of the LEOFF Plan 2 workforce is currently eligible to retire.

#### Membership Age Demographics

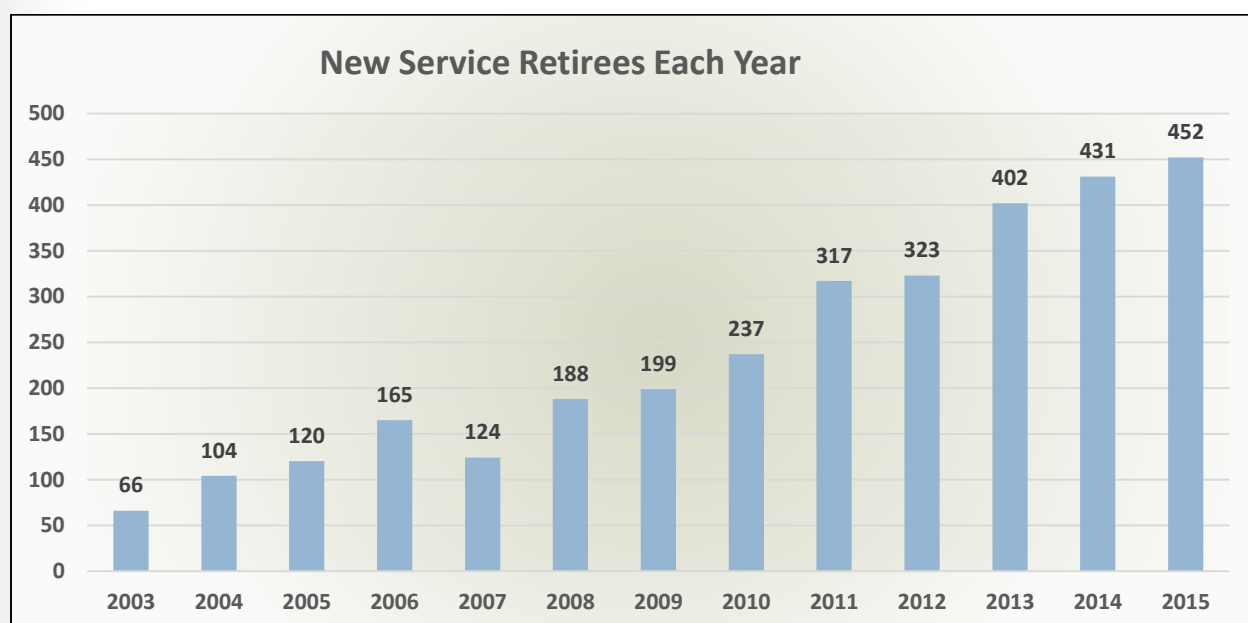


What these age distributions and upcoming retirements signify, is a pending shift away from an employee population of seasoned veterans. When these retirements happen, most firehouses and police stations across Washington State will be staffed with a higher number of younger fire fighters and law enforcement officers for the first time in many years.

Many employers have also predicted a spike in workforce injuries triggered by the aging workforce, which could inflate the costs of workers' compensation claims stemming from wages and medical benefits for injured law enforcement officers and fire fighters. An aging workforce means that employers are going to have to begin the expensive process of hiring and training law enforcement officers and fire fighters to fill these open positions at a significant and unprecedented rate.

## RETIREMENT STATISTICS

There has been significant growth in the number of service retirees during the last 14 years as plan members started reaching 20-24 years of service under LEOFF Plan 2. The number of new service retirees has been increasing each year as shown below.



The increase in service retirements each year is expected to continue growing as members reach desired milestones in age, years of service, or salary level necessary to meet retirement income needs.

The next chart shows the upward growth in the total number of all LEOFF Plan 2 retirees<sup>1</sup> from 2003 to 2015. In total, there are currently 3,710 retirees from LEOFF Plan 2. This represents a 1074% increase in the retiree population just during the period the LEOFF Plan 2 Retirement Board has been in existence.

<sup>1</sup> Includes service and disability retirement



Despite the significant increase in retirements, the number of retirements could be even higher given the number of members who have reached retirement eligibility but have not retired. Even though normal retirement age in LEOFF Plan 2 is 53, members on average are continuing to work past this age and up to 56 ½. There are two main reasons this is happening:

#### 1. To extend their years of service to have a higher income replacement amount

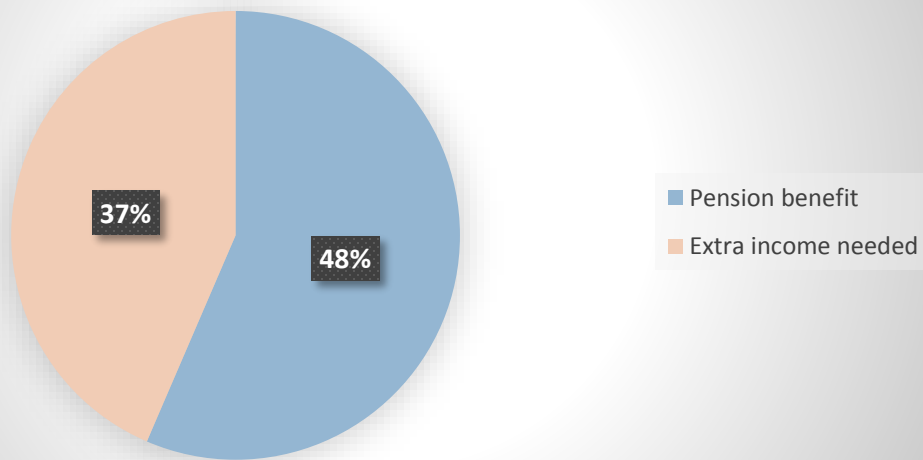
The average LEOFF Plan 2 member is hired at age 29 which means they will have only 24 years of service by the time they reach normal retirement age. This calculates to receiving only 48% of their final average salary (FAS).

Research done by the National Institute on Retirement Security (NIRS) indicates that people who *do not* plan to receive a Social Security check, which applies to the majority of the LEOFF Plan 2 membership, need to have an 85% income replacement ratio in retirement to maintain their pre-retirement standard of living.

This leaves a 37% gap for LEOFF Plan 2 members that would have to be supplemented with savings and alternative retirement accounts. Using the average salary of \$102,411<sup>2</sup> for LEOFF Plan 2, a member would need to have personal savings during their career that will provide an additional \$37,892 *per year* in retirement income, if they retired at age 53.

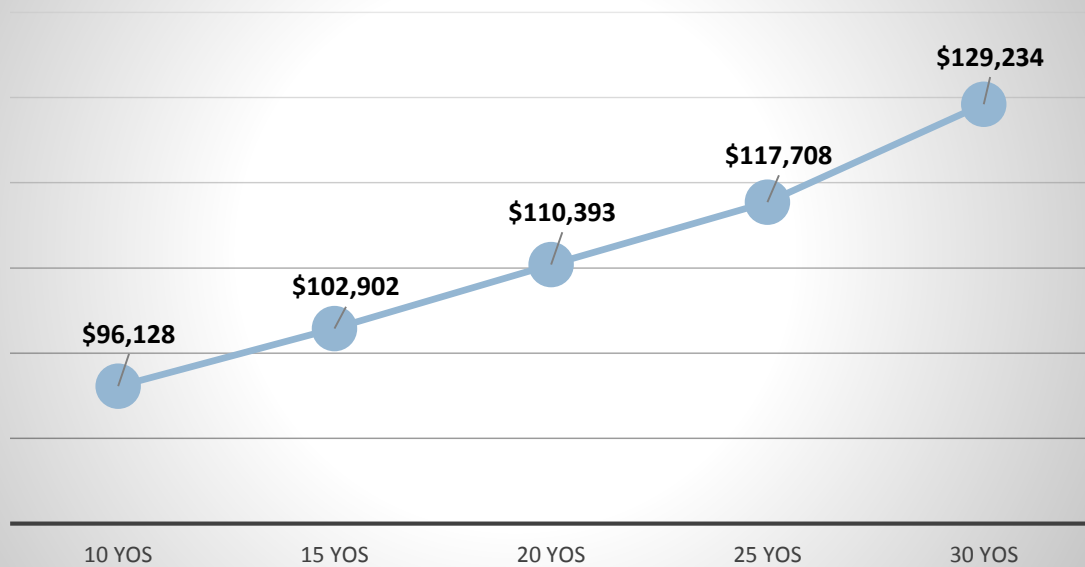
<sup>2</sup> 2015 Preliminary Actuarial Valuation, Section 3 Participant Data, [http://osa.leg.wa.gov/Actuarial\\_Services/Publications/Valuations.htm](http://osa.leg.wa.gov/Actuarial_Services/Publications/Valuations.htm)

## Replacement Income of 85%



Alongside gaining more years of service to affect their retirement calculation, many members simply aren't at a final average salary level that they are satisfied with. The majority of members will receive a raise with each successive year of work through their 50's, all of which goes to boosting their final average salary. The following chart shows a member at age 53 and what each successive year of service does to his/her salary:

## Age 53 average salary distribution



## 2. To get closer to Medicare eligibility age

It is widely documented that the highest costs all retirees will face during retirement will come from healthcare. Healthcare costs in retirement are even greater for public safety employees due to their earlier retirement age and physical demands during their careers. Due to limited

availability of employer provided<sup>3</sup> health insurance access for LEOFF Plan 2 retirees, a member retiring at age 53 must purchase healthcare insurance on the market without the added benefit of qualifying for Medicare.

In Washington, that means either continuing healthcare coverage through COBRA for up to 18 months after retiring, or going out onto the exchange. Members who continue to work after 53 cut down the distance between their retirement age and Medicare eligibility age, potentially thousands of dollars in future healthcare costs.

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<sup>3</sup> In the wake of recent and upcoming health care reforms, the employer-sponsored retiree health care market is steadily shifting toward tax-effective individual market defined contribution strategies for both Medicare-eligible and pre-Medicare retirees.



# **Workforce Retirement Trends and Statistics**

**EDUCATIONAL BRIEFING**

**May 25, 2016**

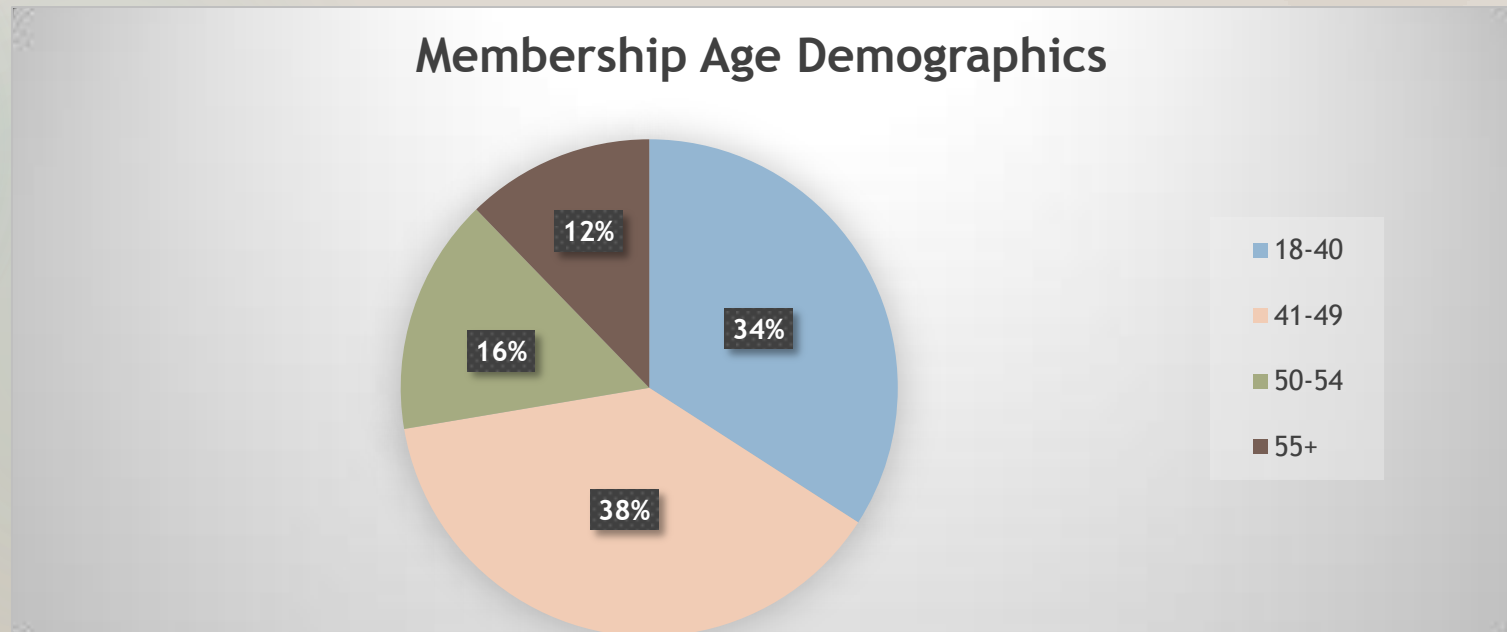


# OVERVIEW

- ▶ **Recruitment/hiring freeze during 2008**
- ▶ **Average age of member has gone up by 1.5 years**
- ▶ **Baby boomers eligible to retire**
  - Seeing the benefit of continuing employment
- ▶ **Number of retirements increasing**

# RETIREMENT TRENDS

- ▶ **17,019 active members**
- ▶ **34% of workforce under age 40**
- ▶ **28% of workforce eligible to retire**

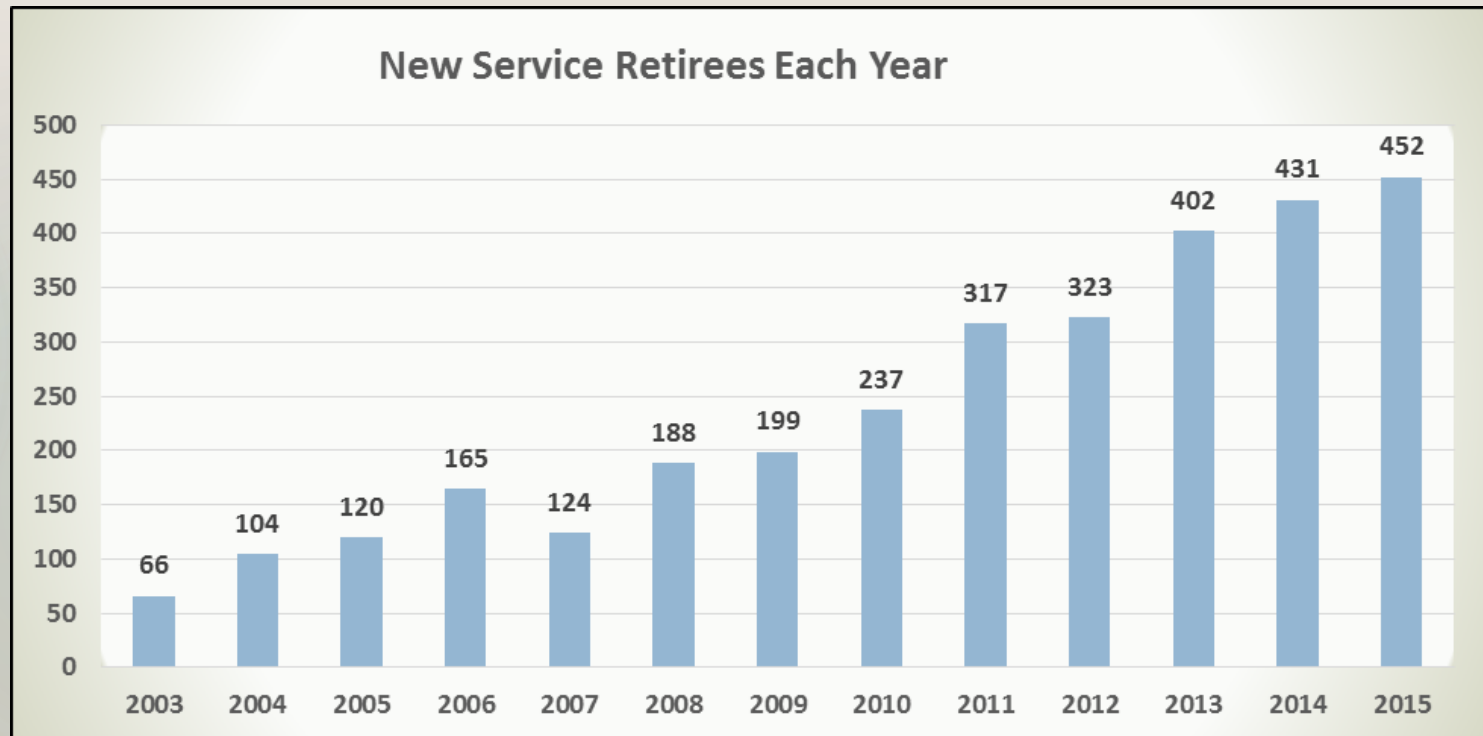


# RETIREMENT TRENDS

- ▶ **Costs of an aging membership**
- ▶ **Younger Fire Fighters and Law Enforcement Officers will be occupying more positions**

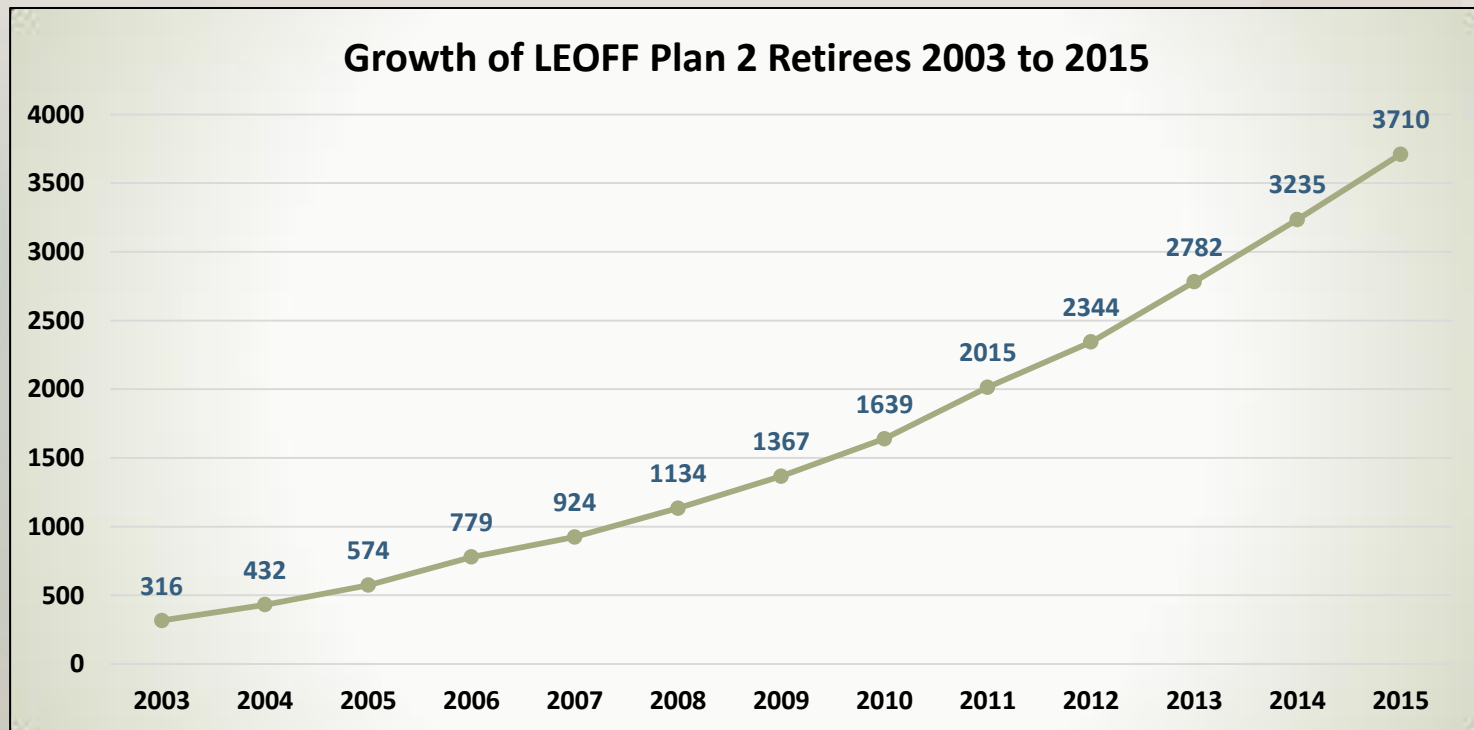
# RETIREMENT STATISTICS

- Number of retirees increasing each year



# RETIREMENT STATISTICS

- ▶ Retiree population growing significantly
- ▶ Numbers could have been larger



# RETIREMENT STATISTICS

- ▶ **Why are members continuing to work past normal retirement age?**
  - Normal retirement age is 53
  - Average retirement age is 56.5

# RETIREMENT STATISTICS

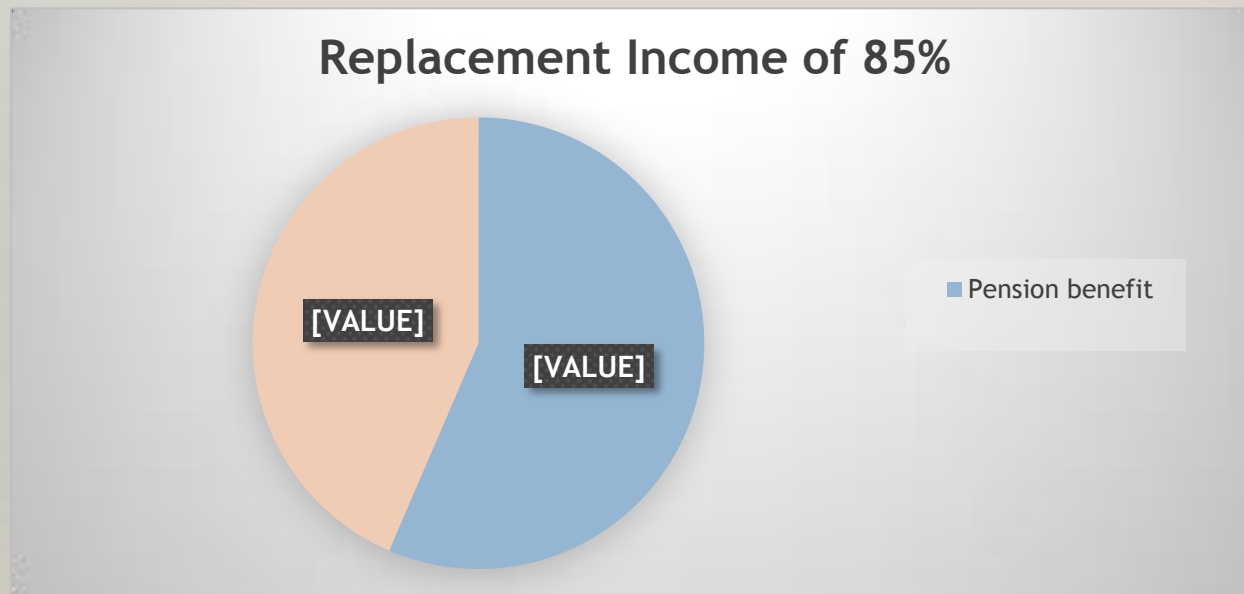
## **1. To extend their years of service to have a higher income replacement amount**

- Average member hired at 29
- If member was to retire at 53, they would only have 24 years of service
  - Only 48% of final average salary (FAS)

# RETIREMENT STATISTICS

## ► NIRS study

- Need 85% income replacement ratio in retirement
- Member would have to find a way to make up the other 37%

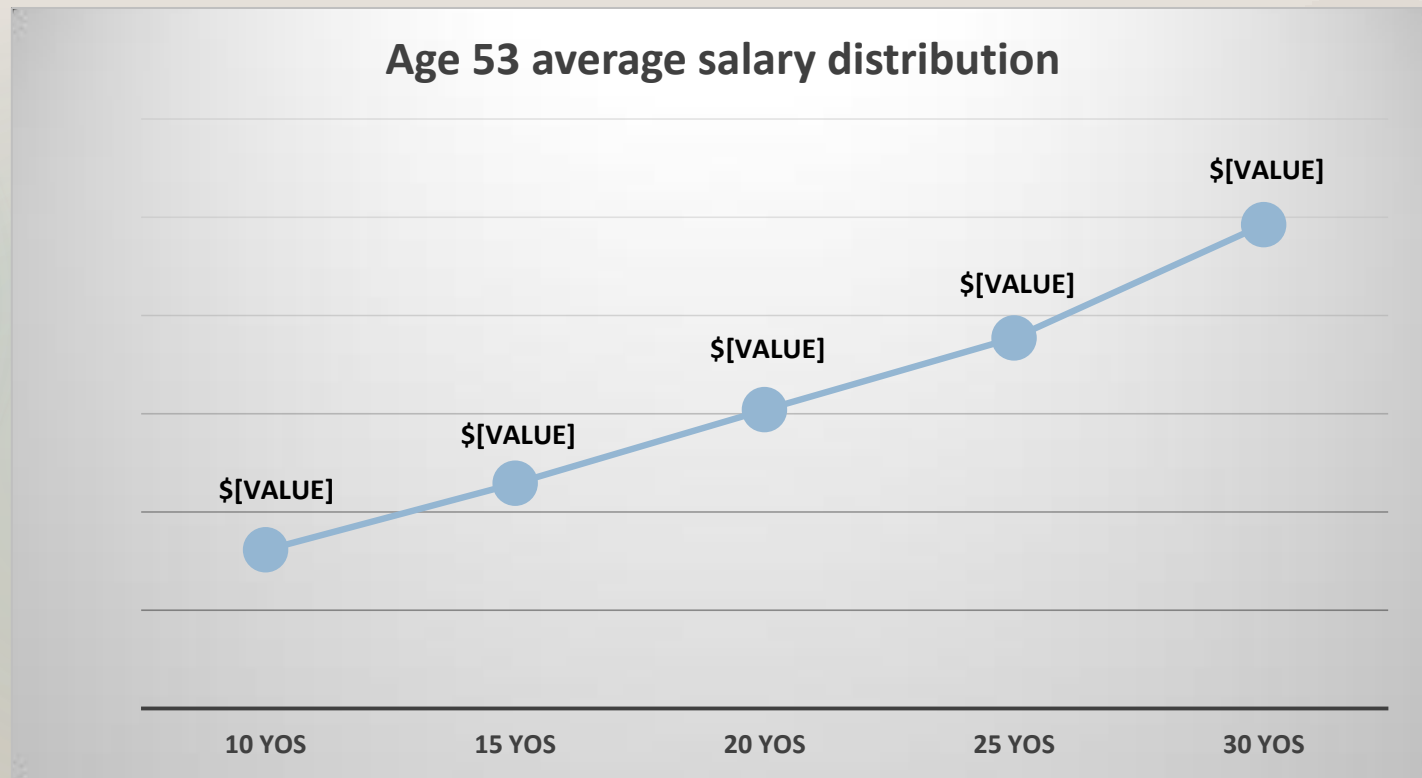




# RETIREMENT STATISTICS

## ► Members want a higher FAS

- Members receive higher salaries later in career



# RETIREMENT STATISTICS

## **2. To get closer to Medicare eligibility age**

- **Healthcare is the highest cost in retirement**
  - Greater cost for public safety employees due to earlier retirement age
- **Few options**
  - Apply for COBRA insurance for up to 18 months after retiring
  - Purchase insurance on the exchange
- **Could save thousands on future healthcare costs by working an extra few years.**

# CONTACT

Ryan Frost

Research and Policy Manager

[ryan.frost@leoff.wa.gov](mailto:ryan.frost@leoff.wa.gov)

(360) 586-2325



## Non-LEOFF Fire Fighters

**Report Type:**

Educational Briefing

**Date Presented:**

5/25/2016

**Presenter Name and Title:**

Paul Neal, Senior Research and Policy Manager

**Summary:**

Some employees performing firefighting duties are not included in LEOFF Plan 2. This report identifies and reviews examples of non-LEOFF fire fighters working for public employers.

**Strategic Linkage:**

This item supports the following Strategic Priority Goals:  
Inform the stakeholders.

**ATTACHMENTS:**

Description	Type
▢ Non-LEOFF Fire Fighters	Report
▢ Non-LEOFF Fire Fighters	Presentation



May 25, 2016

## Non-LEOFF Fire Fighters

### EDUCATIONAL BRIEFING

By Paul Neal

Senior Research & Policy Manager

360-586-2327

paul.neal@leoff.wa.gov

### ISSUE STATEMENT

Some employees performing firefighting duties are not included in LEOFF Plan 2.

### BACKGROUND

The original LEOFF definition of fire fighter dates back to 1970. The profession has changed since that time. Some of those changes have been recognized in statute. Those changes include expansions in the definition of LEOFF employer and the inclusion of emergency medical technicians (EMT) as fire fighters. Such changes have led to increasing questions about LEOFF membership for other employee groups, including:

- Public hospital district EMT
- Local government consortium EMT
- DSHS fire fighters
- Private hospital (UW) EMT
- Aircraft rescue fire fighters
- Volunteer and part-time fire fighters

The following sections discuss these examples of non-LEOFF fire fighters working for public employers.

#### ***Public Hospital District EMT***

Public hospital districts employ EMTs. The Department of Retirement Systems (DRS) has issued a final order that, as a "district" they are LEOFF employers. DRS's related determination whether hospital district EMTs are LEOFF eligible is pending. Once the second question is decided, hospital districts have the right to appeal.

#### ***Consortium EMT***

In some counties, local governments have created consortiums to provide Emergency Medical Services (EMS) to citizens in multiple local jurisdictions. These consortiums may be funded in whole or in part by a dedicated EMS levy under RCW 84.52.069. The employee's status can be unclear because of confusion about which entity is the actual employer. This confusion can result in service credit gaps.

- **PERS Credit for Past Service**

The 2016 Legislature authorized consortium EMTs in Snohomish County to establish PERS credit for pre-2005 service<sup>1</sup>. Establishing the service credit is optional and requires the employees to pay both employer and employee contributions. The new law only deals with past service credit because the EMTs in question became fire department employees in 2005 and have been in

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<sup>1</sup> chapter 236, laws of 2016

LEOFF ever since. There are LEOFF EMTs with past service for other consortiums that have not received credit for that service.

- **LEOFF Credit for Current Service**

Other consortiums still continue to employ EMTs directly. DRS ruled one such entity, the Skagit County ambulance authority, is not a “district” and therefore not a LEOFF employer. Those EMTs have no service credit in either PERS or LEOFF.

### ***DSHS Fire Fighters***

The Department of Social and Health Services (DSHS) runs a fire station employing fire fighters at its McNeil Island civil commitment facility. Those fire fighters are not in LEOFF because DSHS is not a LEOFF employer.

### ***Private Hospital EMT***

Originally conceived as a non-profit corporation, a recent court case found University of Washington (UW) hospitals to be state entities for certain purposes.<sup>2</sup> UW hospitals employ a number of EMTs, including medivac EMTs. To the extent that UW hospitals qualify as a public employer, their EMTs represent another group of fire fighters not currently included in LEOFF.

### ***Airport Rescue Fire Fighters***

FAA regulations require fire fighters to be on standby from 15 minutes before a commercial airplane lands until 15 minutes after it departs. In a large airport such as SeaTac this requires round-the-clock full time fire fighters, who are in LEOFF. At smaller airports with fewer flights, the issue is less clear. Under DRS’s rule, to qualify as a fire fighter, and employee’s “primary duty” must be controlling, extinguishing, and preventing fires.

Port of Bellingham aircraft rescue fire fighters petitioned DRS to enroll them in LEOFF. The Department closely examined the employees’ duties and determined they were not full-time fire fighters. The Court of Appeals upheld that decision in a published opinion *Fire fighters v DRS*, 97 Wn. App. 715; 987 P.2d 115 (1999).

The court’s decision relied heavily on the facts as they existed at the Bellingham airport in the mid-90s. How the balance adopted by the Court would apply at another airport, with different facts, is uncertain.

### ***Volunteer and Part-time Fire Fighters***

Volunteer fire fighters are, by definition, not full-time and therefore not eligible for LEOFF. They participate in the Volunteer Fire Fighters and Reserve Officer Retirement System, Chapter 41.24 RCW. As compensation for volunteers evolves, the distinction between volunteer fire fighters and paid fire fighters has blurred.

In 2016 the Senate Ways and Means Committee passed SB 6250 allowing LEOFF members working for a fire department or fire district to serve as a volunteer, on-call, or as a part-time fire fighter as long as it did not interfere with their LEOFF position. SB 6250 did not pass the full Senate.

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<sup>2</sup> *Hyde v UW Physicians*, 186 Wn.App. 926 (2015)



# **Non-LEOFF Fire Fighters**

**EDUCATIONAL BRIEFING**

**May 25, 2016**

# ISSUE STATEMENT

- ▶ **Some employees performing firefighting duties are not included in LEOFF Plan 2**



# NON-LEOFF FIRE FIGHTERS

1. **Public Hospital District EMT**
2. **Consortium EMT**
3. **State Fire Fighters**
  - **DSHS**
  - **Private Hospital EMT**
4. **Airport Rescue Fire Fighters**
5. **Volunteer and Part-Time Fire Fighters**

# **PUBLIC HOSPITAL DISTRICT EMT**

- ▶ **DRS has determined public hospital districts are LEOFF employers**
  - the public hospital district in Chelan County has appealed
- ▶ **Hearing on individual membership status is pending the outcome of the appeal**

# CONSORTIUM EMT

- ▶ **Local government consortiums provide EMS services across jurisdictions – some consortium members are PERS employers, some are not**
  - **May be funded by multiple jurisdiction EMS Levy**
  - **Question about who is controlling employer**

# CONSORTIUM EMT

## ► Service Credit Issues

- **Past PERS Service**
  - Some consortium EMTs in LEOFF since mid-2000's
  - SB 6523 allowed past PERS credit for some
- **Current LEOFF Credit**
  - Skagit Valley Ambulance Authority

# STATE FIRE FIGHTERS

- ▶ Fire fighters excluded from LEOFF because state agencies are not LEOFF employers
  - DSHS: McNeil Island fire fighters at civil commitment facility
  - UW hospitals are state entities for some purposes
    - Unclear if state entity for pension purposes
    - UW hospital employs EMTs, including Medivac

# AIRPORT RESCUE FIRE FIGHTERS

- ▶ **Airports with Commercial Flights must have fire fighters**
  - On stand-by while plane on the ground
  - Large airports
    - always have fire fighters in station
    - those fire fighters are in LEOFF
  - Smaller airports
    - fewer flights, status less clear
- ▶ **Bellingham fire fighters case**
  - ARFF fire fighters not in LEOFF
  - Fact-specific determination

# **VOLUNTEER & PART-TIME FIRE FIGHTERS**

- ▶ **Only full-time fire fighters qualify for LEOFF**
- ▶ **Some volunteer fire fighters are salaried. Blurs the line between volunteer and professional fire fighters**
- ▶ **Some LEOFF members wish to volunteer or work part-time for another employer concurrent with primary employment**

# CONTACT

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## Draft Interim Work Plan

**Report Type:**

Initial Consideration

**Date Presented:**

5/25/2016

**Presenter Name and Title:**

Steve Nelsen, Executive Director

**Summary:**

A review of the Draft Interim Work Plan is to be shared and discussed with the Board.

**Strategic Linkage:**

This item supports the following Strategic Priority Goals:

Enhance the benefits for the members., Maintain the financial integrity of the plan., Inform the stakeholders.

**ATTACHMENTS:**

Description	Type
▣ Draft Interim Work Plan	Report
▣ Draft Interim Work Plan	Presentation



## ***DRAFT* Interim Work Plan**

May 25, 2016

# CALENDAR ITEMS

MEETING	AGENDA ITEMS
May 25	Contribution Rate Adoption Process – Lisa Won, OSA Draft Interim Work Plan Draft Merger Study Work Plan Workforce Retirement Trends and Statistics – Educational Briefing Non-LEOFF Fire Fighters – Educational Briefing

# CALENDAR ITEMS

MEETING	AGENDA ITEMS
June 25	<p>Volunteer Fire Fighters and Reserve Officers – Brigitte Smith, BVFF</p> <p>Contribution Rate Preview – Lisa Won, OSA</p> <p>Valuation Audit Preview – Mark Olleman &amp; Nick Collier, Milliman</p> <p>DRS Annual Administrative Update – Marcie Frost, DRS</p> <p>CEM Benchmarking Update – Mike Heale, CEM &amp; Mark Feldhausen, DRS</p> <p>Draft Interim Work Plan</p> <p>Draft Merger Study Work Plan</p> <p>Merger - Educational Briefing</p> <p>Standby Pay as Compensation Earnable – Initial Consideration</p> <p>Retiree Return to Work – Initial Consideration</p> <p>LEOFF Plan 2 Comparison Report – Educational Briefing</p>

# CALENDAR ITEMS

MEETING	AGENDA ITEMS
July 27	Valuation Audit Results – Nick Collier, Milliman Contribution Rate Adoption Merger – Initial Consideration Retiree Medical – Initial Consideration Presumptive Medical – Initial Consideration Quarterly Budget Update

# CALENDAR ITEMS

MEETING	AGENDA ITEMS
August 24	
September 21	Merger – Comprehensive Report Financial Audit Results, Davis Accounting WSIB Annual Update Board Member Annual Training – Tor Jernudd, AAG

# CALENDAR ITEMS



MEETING	AGENDA ITEMS
October 18	Offsite Meeting – Strategic Planning Proposed 2017 Meeting Calendar
November 23	Update of 2011 Merger Study - OSA Retiree Annuity Purchase Administrative Factors 2015 LEOFF Actuarial Valuation Report – OSA Risk Assessment Briefing - OSA
December 7	2017 Meeting Calendar Adoption

# CONTACT

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## ***DRAFT* Interim Work Plan**

May 25, 2016

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