

# BOARD MEETING AGENDA

DECEMBER 16, 2020 • 9:30AM



## LOCATION

Zoom Meeting  
See website for details

## TRUSTEES

DENNIS LAWSON, CHAIR  
Central Pierce Fire and Rescue

JASON GRANNEMAN, VICE CHAIR  
Clark County Sheriff's Office

ADE' ARIWOOLA  
City of Federal Way

MARK JOHNSTON  
Vancouver Fire Department

AJ JOHNSON  
Snohomish County Fire

SENATOR JEFF HOLY  
Spokane Police Department (Ret)

TARINA ROSE-WATSON  
Spokane Int'l Airport Police Dept

PAT MCELLIGOTT  
City of Dupont

REPRESENTATIVE STEVE BERGQUIST  
WA State Representative

WOLF OPITZ  
Pierce County

SENATOR ANN RIVERS  
WA State Senator

## STAFF

Steve Nelsen, Executive Director  
Tim Valencia, Deputy Director  
Jessie Jackson, Executive Assistant  
Jessica Burkhart, Administrative Services Manager  
Jacob White, Senior Research and Policy Manager  
Karen Durant, Senior Research and Policy Manager  
Tammy Sadler, Benefits Ombudsman  
Tor Jernudd, Assistant Attorney General

**THEY KEEP US SAFE,  
WE KEEP THEM SECURE.**

- 1. Approval of Minutes** **9:30 AM**
- 2. WSIB Annual Update** **9:35 AM**  
*Theresa Whitmarsh, Executive Director*
- 3. Financial Audit Results** **10:00 AM**  
*Justin Brackett, Jim Brownell, Cavan Busch, SAO*
- 4. EMT Study** **10:30 AM**  
*Jacob White, Sr Research & Policy Manager*
- 5. Interruptive Military Service** **11:00 AM**  
*Jacob White, Sr Research & Policy Manager*
- 6. Board Expectations** **11:30 AM**  
*Tim Valencia, Deputy Director*
- 7. Public Testimony** **12:00 PM**
- 8. Administrative Update** **12:20 PM**  
*Steve Nelsen, Executive Director*
- 9. Benefit Improvement Account Information Center** **12:30 PM**  
*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.*

## **Washington State Investment Board: Annual Update, LEOFF 2 – 2020**



**Theresa Whitmarsh, Executive Director  
December 16, 2020**



# Overview of the WSIB



## Asset Management Profile

- ❑ \$152.6 billion assets under management as of September 30, 2020
- ❑ 17 pension funds
- ❑ 5 Labor and Industries insurance funds
- ❑ 12 Permanent and other public trust funds, plus Long Term Services and Supports (LTSS)

## Mission

- ❑ Maximize investment returns at a prudent level of risk in order to meet the financial objectives of those we serve

## Investment Approach

- ❑ Meet uncertainty with discipline
- ❑ Maintain a consistent investment process
- ❑ Respond to changes in both risk and opportunity

## Global Diversification

- ❑ Investing in 74 different countries, across 6 continents
- ❑ More than 14,000 investment holdings
- ❑ Large scale ensures both access and cost-efficiency

# Who We Are – Governance and Board Members



## Board comprised of 15 members

- 10 voting
- 5 non-voting

### 3 EX-OFFICIO MEMBERS

**Duane Davidson**  
The State Treasurer

**Tracy Guerin**  
Director of DRS

**Joel Sacks**  
Director of L&I

VICE-CHAIR

CHAIR

### 2 LEGISLATORS

**Rep. Timm Ormsby**  
Member of the House of Representatives

**Sen. Mark Mullet**  
Member of the Senate

### 5 REPRESENTATIVES OF THE PUBLIC EMPLOYEE PENSION SYSTEMS

**Greg Markley**  
Member of LEOFF

**Judy Kuschel**  
Active Member of PERS

**Yona Makowski**  
Retired Member of State Pension System

**Sara Ketelsen**  
Member of TRS

**BJ Colvin**  
Member of SERS

### 5 NON-VOTING MEMBERS

**David Nierenberg**

**William A. Longbrake**

**Ada Healey**

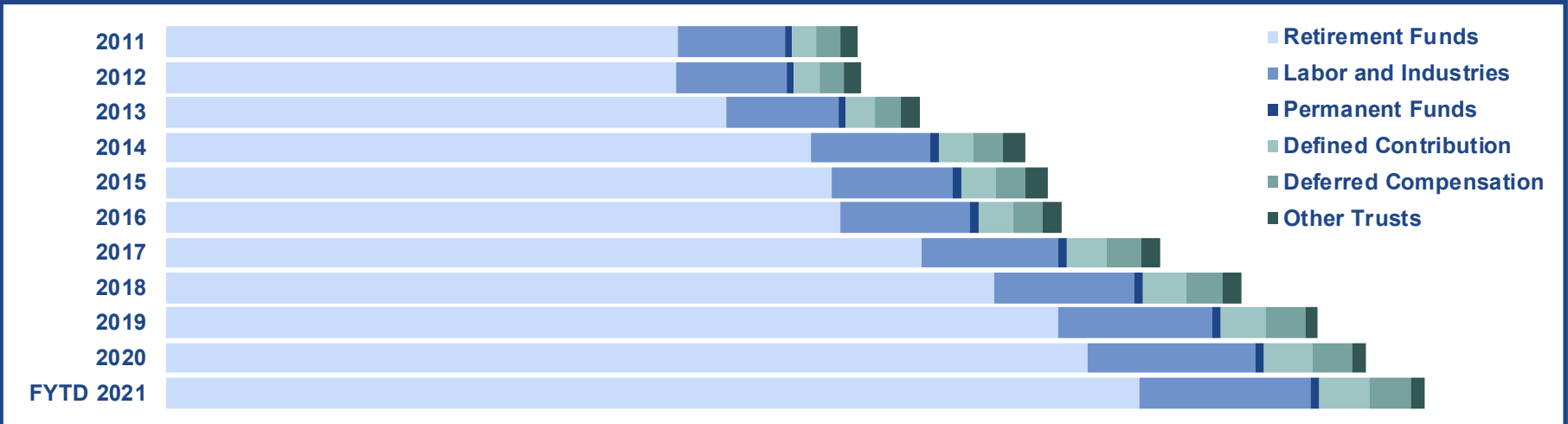
**Mary Pugh**

**George Zinn**

# Total Assets Under Management

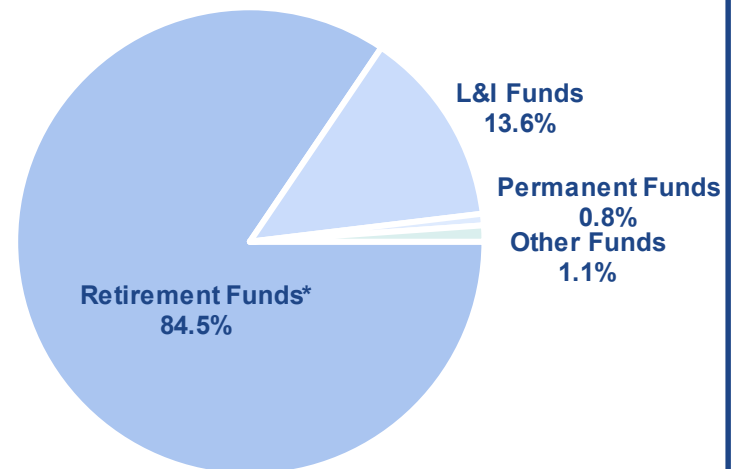
September 30, 2020

## Past 10 Fiscal Years



## Market Values and Allocation (in billions)

Retirement Funds*	\$128.9	84.5%
L&I Funds	\$20.8	13.6%
Permanent Funds	\$1.2	0.8%
Other Funds	\$1.7	1.1%
<b>Total Assets Under Management</b>	<b>\$152.6</b>	



\*CTF and DC Funds

# Retirement Plans – Current Market Values

September 30, 2020

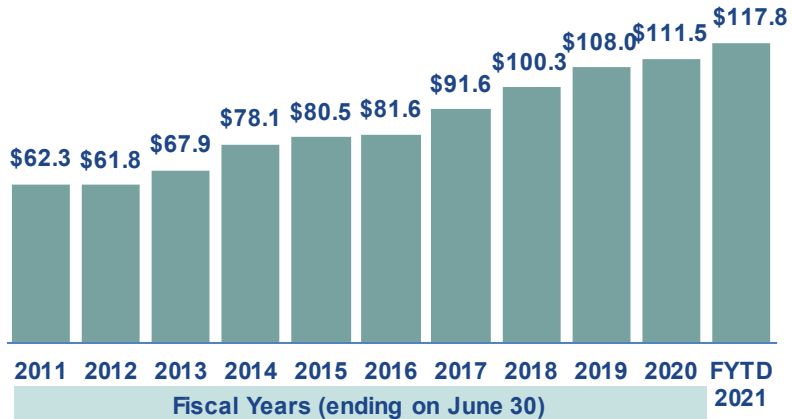
- Multiple plan types with investments structured in a commingled trust fund

Defined Benefit and Hybrid Defined Benefit/Defined Contribution Plans	Market Value
Public Employees' Retirement System Plan 1 (PERS)	\$7,794,962,210
Public Employees' Retirement System Plan 2/3	\$48,145,285,911
Teachers' Retirement System Plan 1 (TRS)	\$5,812,856,707
Teachers' Retirement System Plan 2/3	\$23,701,377,316
Volunteer Fire Fighters' Relief & Pension Fund (VOLFF)	\$251,821,159
Washington State Patrol Retirement System Plan 1 (WSPRS)	\$1,294,385,177
Washington State Patrol Retirement System Plan 2	\$120,299,990
Law Enforcement Officers' & Fire Fighters' Plan 1 (LEOFF)	\$6,005,425,373
Law Enforcement Officers' & Fire Fighters' Plan 2	\$15,377,014,265
School Employees' Retirement System Plan 2/3 (SERS)	\$8,324,050,285
Public Safety Employees' Retirement System Plan 2 (PSERS)	\$872,713,888
Higher Education Retirement Plan	\$113,135,289
<b>Total</b>	<b>\$117,813,327,572</b>
Defined Contribution Plans	Market Value
Plans 3 Outside of the CTF	\$5,956,899,402
Deferred Compensation Program (DCP)	\$5,118,931,807
Judicial Retirement Account (JRA)	\$8,464,121
<b>Total</b>	<b>\$11,084,295,330</b>

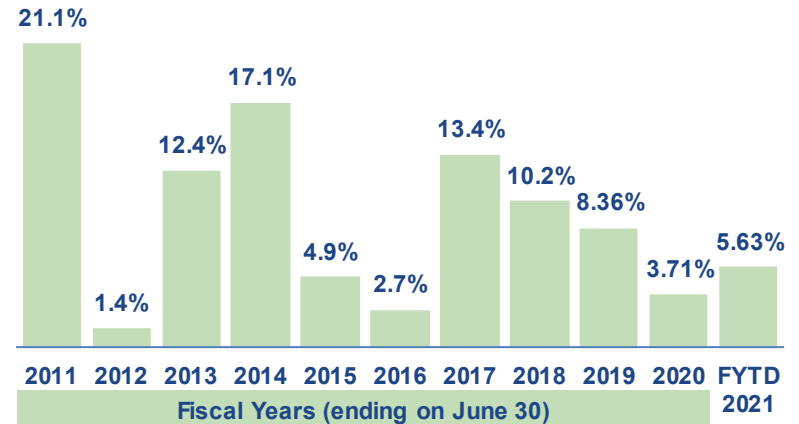
# Retirement Plans (CTF) - Performance and Overall Market Values

## September 30, 2020

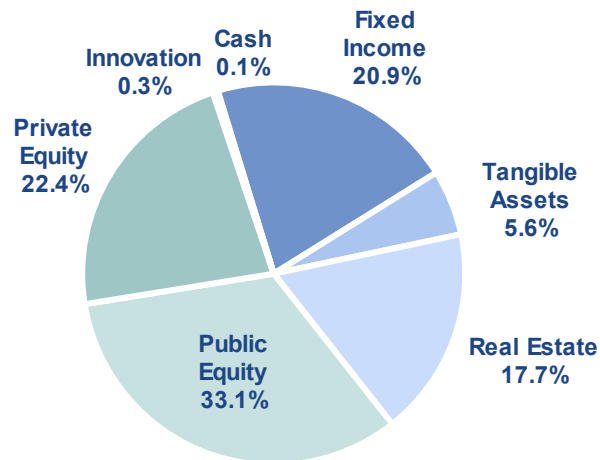
### Historical Market Value (billions)



### Historical Fund Returns



### Actual Allocation



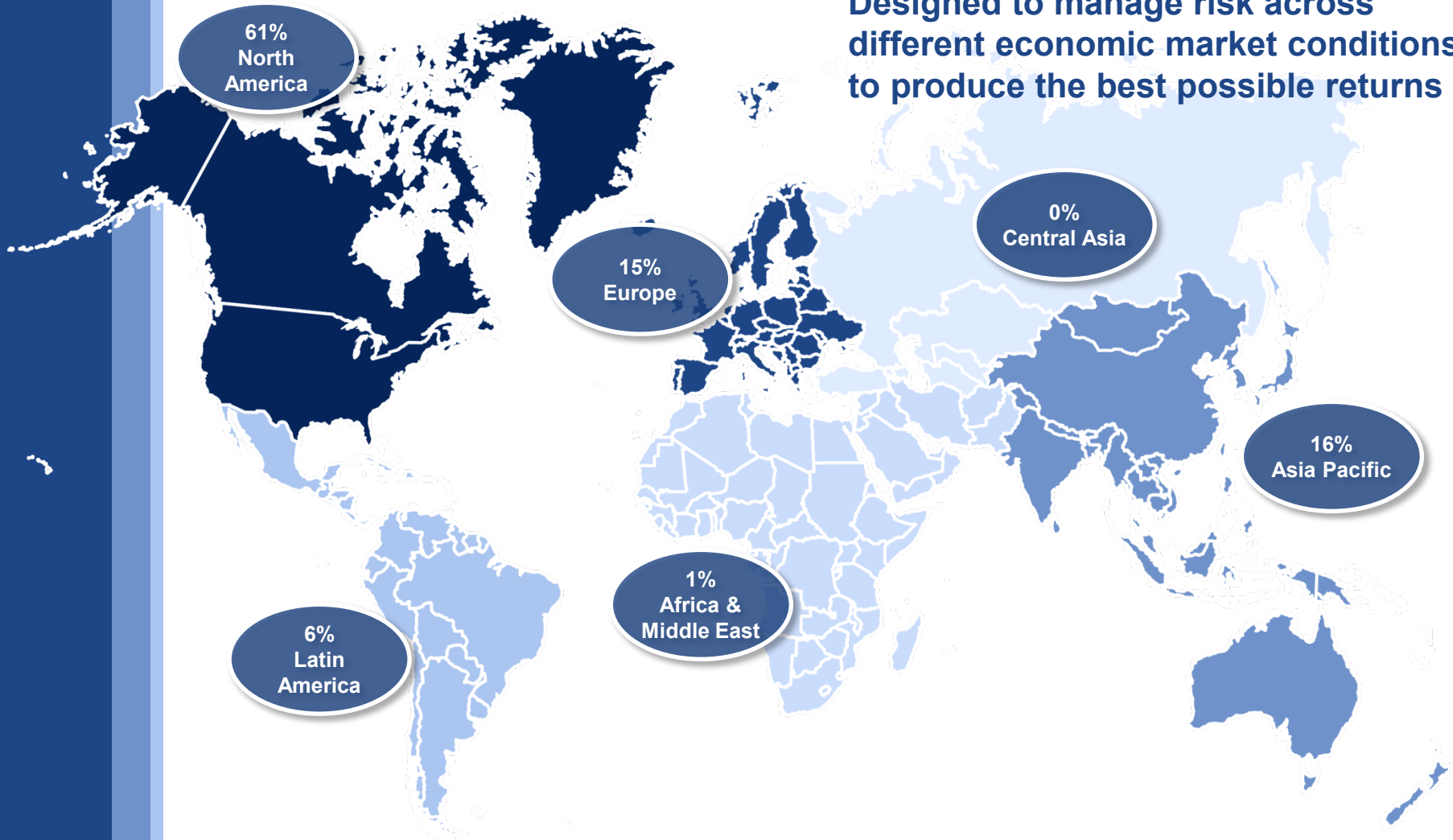
### Market Values and Returns

#### Commingled Trust Fund (CTF) Market Values and Returns

	Market Value (000s)	1 Year	3 Year	5 Year	10 Year
Total CTF	\$117,813,327,571	7.74%	7.93%	9.41%	9.14%
Fixed Income	\$23,090,318,889	8.73%	6.04%	5.84%	4.23%
Tangible Assets	\$6,548,461,966	-0.60%	2.93%	4.38%	3.97%
Real Estate	\$20,851,007,765	18.43%	6.02%	9.17%	9.87%
Public Equity	\$38,019,576,006	8.57%	6.82%	10.34%	9.04%
Private Equity	\$26,374,843,981	7.56%	11.49%	11.46%	12.84%
Innovation	\$341,243,302	-0.75%	-11.69%	-8.26%	-0.93%
Cash	\$2,587,875,662	1.05%	1.75%	1.32%	0.73%

# Investment Profile – Global Diversification

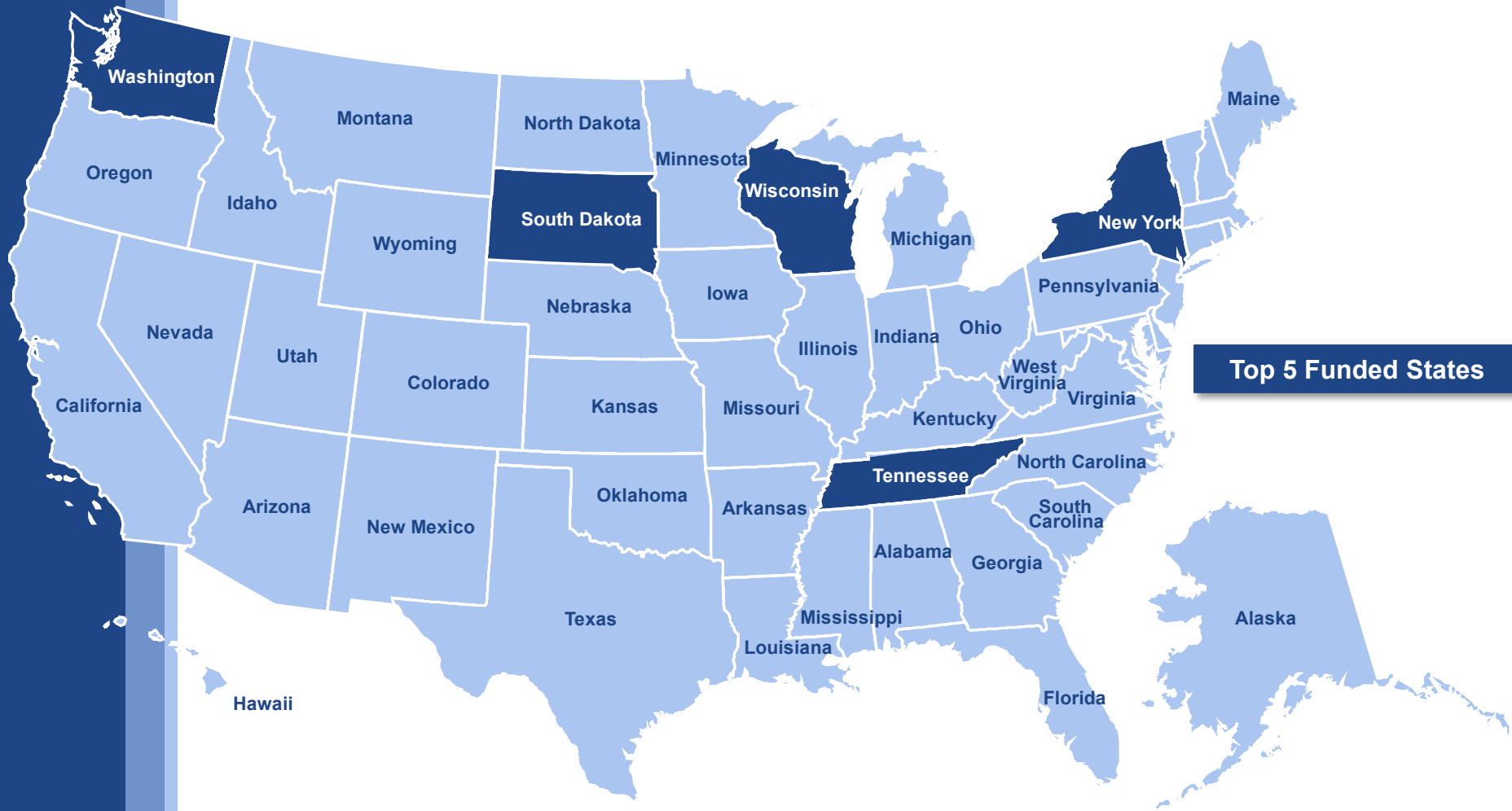
Designed to manage risk across different economic market conditions to produce the best possible returns





# Our Results – A Strong Reputation

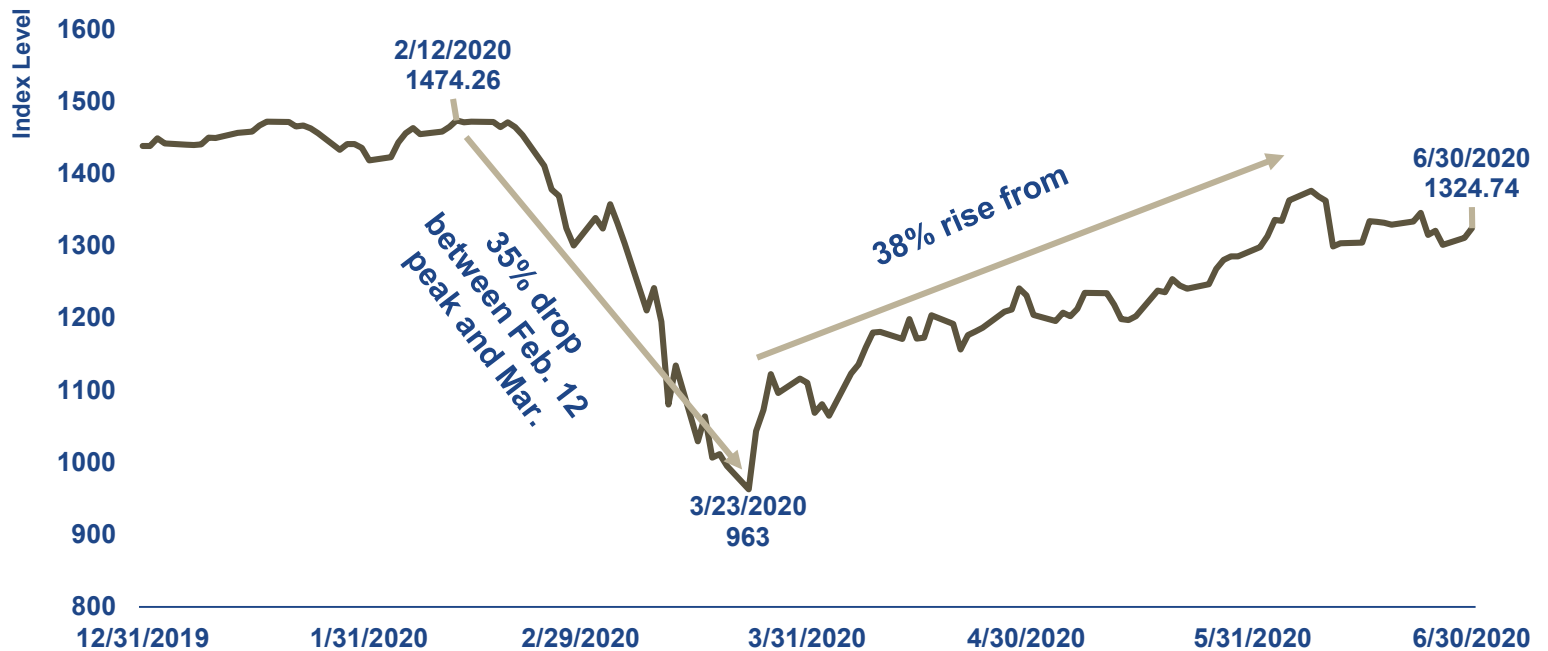
*One of the Best Funded Pension Systems in the Nation*



# A Turbulent 2020 – The Markets in Perspective

The global stock market declined sharply in 1Q, and has since reversed upward in spite of negative economic news and an erratic COVID-19 trend

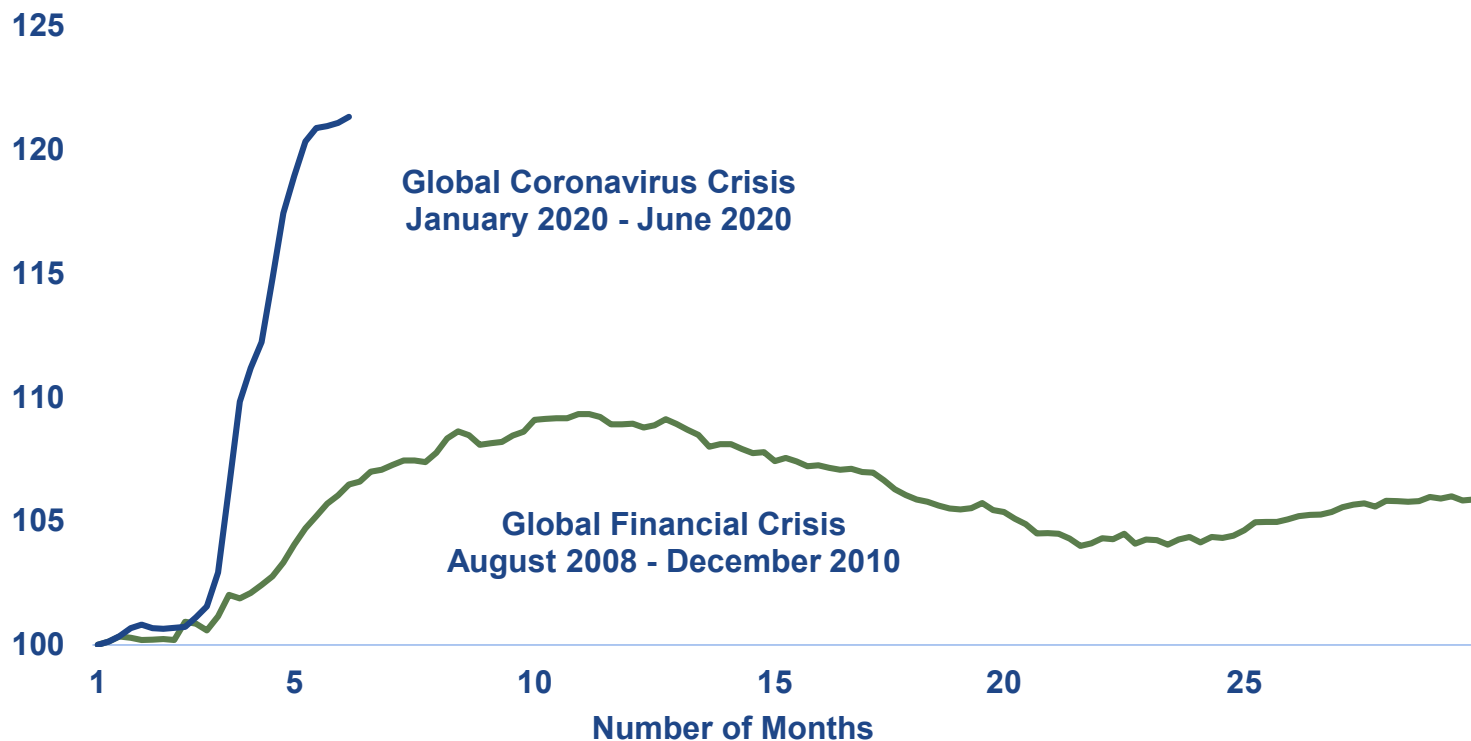
- ▣ The MSCI ACWI IMI index is shown below, January to June 2020
- ▣ A classic V-shaped recovery, but the story is far from over
- ▣ The speed of both decline and rebound were historically exceptional



# A Turbulent 2020 – The Market in Perspective

The speed and magnitude of monetary stimulus in 2020 was far more aggressive than what we saw in the crisis of 2008-2009

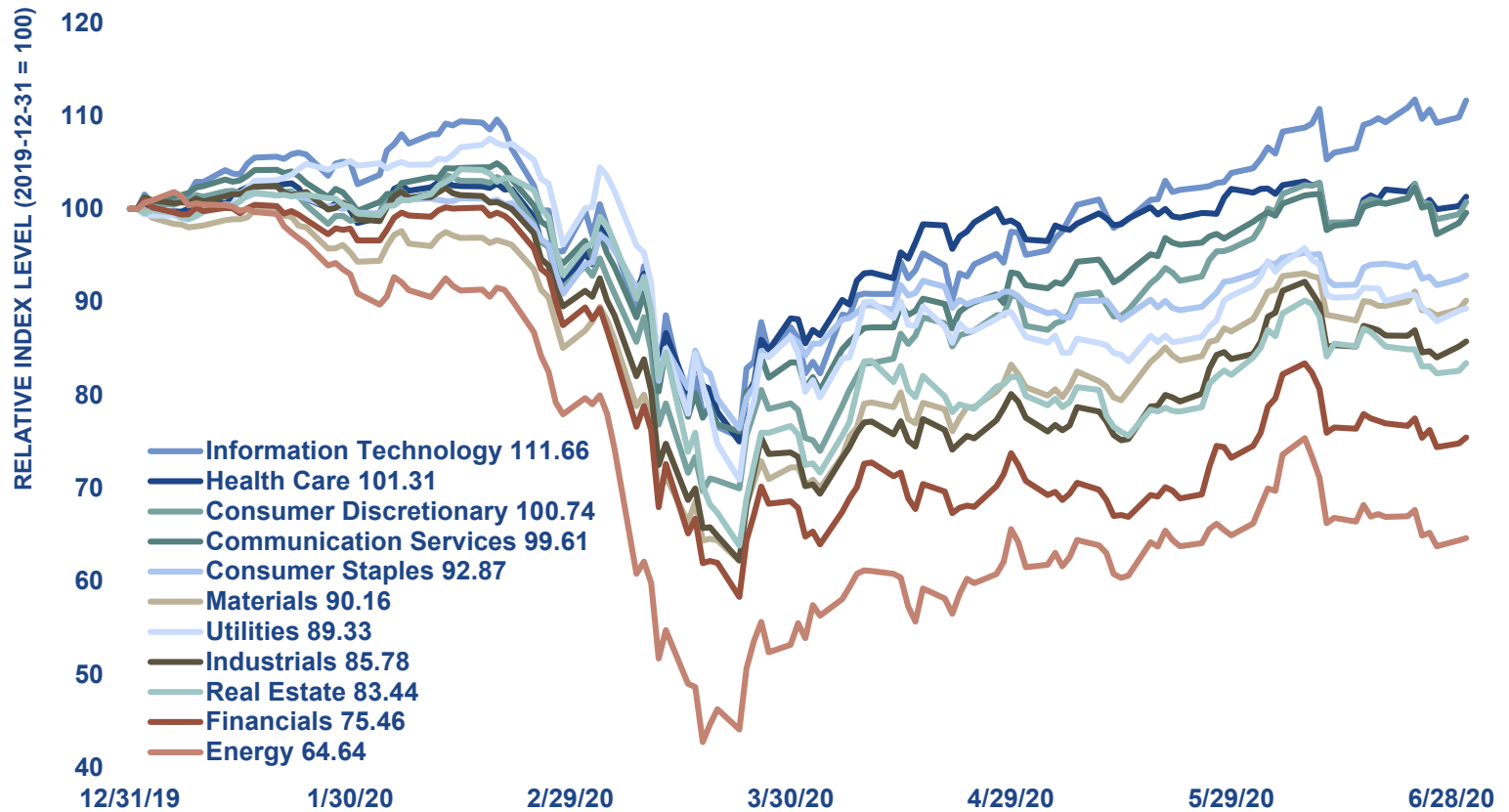
- ❑ Chart below shows the contrast in money supply + money market fund balances
- ❑ The Fed learned from the previous crisis and stepped in immediately
- ❑ U.S. government followed with commensurate fiscal stimulus



# A Turbulent 2020 – The Market in Perspective

## Economic sectors showed a wide disparity of performance in early 2020

- Chart below shows global stock market sectors (MSCI ACWI) through June 30 with performance indexed to December 31, 2019





## Updates on Key Initiatives

### Evaluating the COVID-19 economic impacts

- ❑ No V-shaped recovery for health impacts
- ❑ Watching for winners/losers and transformations
- ❑ Will need to evaluate Wall Street vs. Main Street implications long term
- ❑ Steadfast in our disciplines rather than introducing a wave of new initiatives

### Updating our Capital Market Assumptions (CMAs)

- ❑ New set of assumptions due in 2021; collaborating with the Office of the State Actuary (OSA)
- ❑ CMAs will be a vital part of the policy-making equation

### TAP into TDF for Plan 3 and Deferred Compensation Plan

- ❑ The Total Allocation Portfolio (TAP) will become one of the investment components in Target Date Funds (Plan 3 and DCP)
- ❑ Teaming up with the Department of Retirement Systems (DRS) now that new recordkeeper (Voya) is on board



## In Summary



- ▣ Mission, focus, and discipline will remain unchanged
- ▣ Adapt to new risks and opportunities in a reshaped economy
- ▣ Continue Board/staff/stakeholder collaboration and education
- ▣ Be realistic and transparent with market assumptions and our investment results
- ▣ Build a sustainable, diverse culture in-house and among our partners



Office of the Washington State Auditor  
Pat McCarthy

**Preliminary Draft - Please do not duplicate, distribute, or disclose.**

Financial Statement Audit Report  
**Law Enforcement Officers and Fire  
Fighters Plan 2 Retirement Board**

For the period July 1, 2019 through June 30, 2020

Published (Inserted by OS)

Report No. 1027443





**Office of the Washington State Auditor  
Pat McCarthy**

Issue Date – (Inserted by OS)

Steve Nelsen  
Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board  
Olympia, Washington

**Report on Financial Statements**

Please find attached our report on the Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board's Schedule of Expenditures – Budget Allotment to Actual.

We are issuing this report in order to provide information on specific financial activity of the Board.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board  
July 1, 2019 through June 30, 2020**

Steve Nelsen, Executive Director  
Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board  
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schedule of Expenditures – Budget Allotment to Actual and related notes (the schedule) of the Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board, as of and for the year ended June 30, 2020, and have issued our report thereon dated December 7, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the schedule, we considered the Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Board's schedule is free from material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy  
State Auditor  
Olympia, WA

December 7, 2020

# INDEPENDENT AUDITOR'S REPORT ON EXPENDITURE SCHEDULE

## Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board July 1, 2019 through June 30, 2020

Steve Nelsen, Executive Director  
Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board  
Olympia, Washington

### REPORT ON THE EXPENDITURE SCHEDULE

We have audited the accompanying Schedule of Expenditures – Budget Allotment to Actual of the Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board, as of and for the year ended June 30, 2020, and the related notes, which collectively comprise the Board's schedule as listed on page 9.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a schedule that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the schedule referred to above presents fairly, in all material respects, the budgeted and actual expenditures of the Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board, as of June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the schedule as a whole. The Supplemental Table – Prior Year Expenditure Comparison is presented for purposes of additional analysis and is not a required part of the schedule. Such information has not been subjected to the auditing procedures applied in the audit of the schedule, and accordingly, we do not express an opinion or provide any assurance on it.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 on our consideration of the Board's internal control over schedule reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over schedule reporting and compliance and the results of that testing, and not to

provide an opinion on internal control over schedule reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over schedule reporting and compliance.



Pat McCarthy  
State Auditor  
Olympia, WA

December 7, 2020

## FINANCIAL SECTION

### Law Enforcement Officers and Fire Fighters Plan 2 Retirement Board July 1, 2019 through June 30, 2020

#### SCHEDULE

Schedule of Expenditures – Budget Allotment to Actual – 2020

Notes to Schedule of Expenditures – 2020

#### OTHER INFORMATION

Supplemental Table – Table – Prior Year Expenditure Comparison – 2019

**Preliminary Draft - Please do not duplicate, distribute, or disclose.**

LAW ENFORCEMENT OFFICERS FIRE FIGHTERS PLAN 2 RETIREMENT BOARD  
SCHEDULE OF EXPENDITURES – BUDGET ALLOTMENT TO ACTUAL  
For the Fiscal Year Ending June 30, 2020

FISCAL YEAR 2020 EXPENDITURE TABLE (Actuals versus Budgeted)

<b>Line Item:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Salaries & Wages	\$780,136	\$774,486	\$5,650
Employee Benefits & Payroll Taxes	\$248,560	\$248,799	(\$239)
Professional Service Contracts	\$25,363	\$6,362	\$19,001
Supplies and Materials	\$7,100	\$6,873	\$227
Communications/Telecommunications	\$23,876	\$17,540	\$6,336
Utilities	\$6,180	\$6,843	(\$663)
Rentals and Leases - Land & Buildings	\$45,954	\$45,954	\$0
Repairs, Alterations & Maintenance	\$0	\$0	\$0
Printing and Reproduction	\$9,656	\$5,105	\$4,551
Professional Development & Training	\$36,130	\$44,504	(\$8,374)
Rental & Leases - Furniture & Equipment	\$4,084	\$3,896	\$188
Subscriptions	\$2,355	\$2,678	(\$323)
Facilities and Services	\$42,177	\$42,796	(\$619)
Data Processing Services (Interagency)	\$112,363	\$7,528	\$104,835
Attorney General Services	\$19,741	\$9,267	\$10,474
Personnel & HR Services	\$11,778	\$17,130	(\$5,352)
Insurance	\$2,100	\$2,099	\$1
Other Contractual Services	\$117,473	\$123,472	(\$5,999)
State Auditor Services	\$4,500	\$4,400	\$100
Archives & Records Management Services	\$176	\$176	\$0
Software Licenses and Maintenance	\$8,415	\$5,608	\$2,807
Other Goods and Services - <b>Note 1 Section B</b>	(\$3,199)	(\$3,353)	\$154
Travel, Lodging & Subsistence	\$64,330	\$24,493	\$39,837
Non-capitalized Assets	\$7,100	\$7,829	(\$729)
Other Grants & Benefits	0	\$1,311	(\$1,311)
<b>TOTALS</b>	<b>\$1,576,348</b>	<b>\$1,405,797</b>	<b>\$170,551</b>

Note: A positive variance represents an underspend in the category, while a (negative) variance represents an overspend.



LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES  
For the Fiscal Year Ending June 30, 2020

**Note 1 – Agency Description & Summary of Significant Accounting Policies**

A. Agency Description, Background & Activities

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The Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement (the board) was created through taxpayer initiative 790 in November of 2002. In 2003, the board was created as a state agency governed by its board of trustees. The board exists to research, develop and execute broad policies beneficial to the members of the Law Enforcement and Firefighters Retirement Plan 2 Pension Fund's present and future recipients. The board employs seven full time employees to act as administrative, technical, and advisory experts to aid in carrying out the board's mission.

The eleven-member board, appointed by the Governor of the State of Washington, governs the board. Board members are appointed from the following groups:

- Three must be active law enforcement officers who participate in the plan and one of the members may be a retired law enforcement officer and a member of the plan.
- Three must be active fire fighters who participate in the plan and one of the members may be a retired fire fighter that participates in the plan.
- Three must be representatives of employers.
- One must be a member of the State House of Representatives.
- One must be a member of the State Senate.

The board is empowered to oversee the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2). They do not maintain custody or manage the investments in the plan. The custody and investment function is the responsibility of the Washington State Investment Board (SIB). The board is required to; (1) adopt actuarial tables, assumptions and cost methodologies, (2) adopt contribution rates for LEOFF Plan 2, (3) and other related duties. The other related duties the board activity incurs expenditures for include:

Professionals & Technical Advisors – Retain professionals and technical advisors necessary to accomplish the board's duties. As provided by RCW 41.26.720, the board shall make an annual report to the governor, legislature, and state auditor setting forth a summary of the costs and expenditures of the plan for the preceding year. The board shall also retain the services of an independent, certified public accountant who shall annually audit the expenses of the fund and whose report shall be included in the board's annual report.

Actuary – Consulting with an enrolled actuary retained by the board (the state actuary shall provide assistance when the board requests). The actuary used must provide the state actuary with copies of its valuations, assumptions and cost methodology for a reasonableness review. If the two actuary do not agree, a third actuary must be appointed by the board and state actuary.

Other Costs – Retain administrative staff and acquire office space for operations. Process travel reimbursements for board members as provided by RCW 43.03.050 and 43.03.060.

LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES  
For the Fiscal Year Ending June 30, 2020

B. Basis of Accounting and Reporting

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The expense account used by the LEOFF 2 Plan Board is a governmental fund. The Board uses the modified-accrual basis of accounting with a measurement focus on current financial resources. The Schedule of Expenditures-Budget and Actual is not intended to be a complete presentation of the Board's assets, liabilities, and revenues nor does it constitute a complete set of financial statements in accordance with generally accepted accounting principles.

All of the Board's general accounting, reporting, payroll and budget functions are managed by the Washington State Department of Enterprise Service's Small Agency Financial Services and Human Resources Teams. All accounting data is maintained in the statewide Accounting & Financial Reporting System (AFRS) under agency 341.

The board relies heavily on the State Administrative and Accounting Manual (SAAM) in the development and execution of its accounting related policies.

Note for negative expenditure data: The "Other Goods and Services" category is reporting a negative balance for actual fiscal year 2020 results. This negative amount is caused by expense reimbursements from the U.S. Bank Purchase Card Rebate program. Rebate amounts are based on a fraction of expenditures from various expense categories and are consolidated into this category for reporting purposes.

Expenditure Authority (RCW 41.26.732):

The authority to establish all policies relating to the expense fund, other than the investment policies of the Washington State Investment Board (WSIB), resides with the board. With the exception of investments by, and expenses of, the (WSIB), disbursements from the expense fund may be only with the authorization of the board.

Expenditures of the board are paid out of a singular operation account (LEOFF Plan 2 Board Expense Account / Account Number: 548). This expense account is administered by the state treasury. The board retains no other accounts for official board business.

Expenditures from the expense account may only be used in the execution of board duties. Allowable expenses include, but are not limited to:

- Salaries, benefits and related payroll costs of personnel.
- Lease Payments
- Travel
- Good & Services
- Audits
- Other general and reasonable costs of conducting board business

LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES  
For the Fiscal Year Ending June 30, 2020

C. Budgetary Process

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The board must develop an annual budget consistent with the requirements of chapter 43.88 of the Revised Code of Washington. The budget for the board is funded from the investment income of the LEOFF Trust fund held by the State Investment Board.

The budget for the agency is subject to the allotment process directed by the Office of Financial Management (OFM) but is not subject to legislative appropriation. Allotments maybe updated as needed however, they are non-binding and are used as an expense monitoring tool so that biennial budgets are not exceeded.

**Note 2 Commitments & Non-Current Liabilities**

D. Major Lease Payments and Commitments

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The lease expenses incurred in fiscal year 2020 totaled \$45,954. The board is not currently under a long-term lease agreement for office space and is coordinating an office relocation to take place early in calendar year 2021. The annual lease obligate following the relocation is expected to be around \$80,000.

In 2014, the board, acting through the Washington State Department of Enterprise Services (DES), entered into a five year operating lease for office space which was effective until April 30, 2019. The agreement called for monthly lease payments of \$3,829.50. In addition to the monthly lease payments the agency was also required to pay the landlord for its prorated share (currently 5.36%) of water, sewer, garbage and restroom supplies as well as the cost of electricity and natural gas directly attributable to the office space occupied.

When the lease expired on April 30, 2019 the agency elected not to renew and current operates under a month-to-month arrangement with the same terms (\$3829.50/month). The board does not intend to enter into another long-term lease at the current location. Instead, the board is working with OFM and DES on a relocation plan with 4/1/2021 as the expected move date.

LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES  
For the Fiscal Year Ending June 30, 2020

E. Compensated Absences

Consistent with statewide employment practices the board maintains an ongoing cost of compensated absences for employees that accrue sick and vacation leave on a monthly basis. Costs associated with compensated absences are not recorded as expenditures until absences are taken and annually the agency records the future liability related to compensated leave. The below table summarized the changes in compensated absences expenses for the year ended June 30, 2020 and reflects the potential cost of compensated leave.

Compensated Absences Summary	Vacation Leave Liability	Sick Leave Liability	Total
Current Year Opening Balance	\$ 68,138	\$ 32,066	\$ 100,204
Net Increase in Liability for the Year	\$ 23,444	\$ 9,206	\$ 32,650
<b>Balance at year ending June 30, 2020</b>	<b>\$ 91,582</b>	<b>\$ 41,272</b>	<b>\$ 132,854</b>

**Note 3 – Related Party Transactions**

The board obtains a significant amount of goods and services from other agencies within the state of Washington in the form of interagency agreements. The cost of these agreements are developed during the State’s budget process and are generally structured to recover the cost of providing goods and services. The following table summarizes the most significant agreements/services provided with other state agencies and the cost of these agreements in fiscal year 2020.

**Interagency & Central Billing (State Rendered Services)**

Agency	Service	FY20 Charges	% of Total
Office of the State Actuary	Actuary Services	\$ 116,370	34.0%
Department of Enterprise Services (DES)	Multiple Services**	\$ 72,757	21.2%
WaTech/OCIO	IT Services	\$18,835	5.5%
Office of the Attorney General	Legal Services	\$ 9,267	2.7%
State Auditor’s Office	Audit Services	\$4,400	1.3%
Office of Financial Management	Multiple Services**	\$ 5,476	1.6%
<b>TOTALS</b>		<b>\$ 227,105</b>	<b>66.3%*</b>

\*Note % of total is a comparison of all goods and services expenditures for FY20 (\$342,516).

\*\*DES & OFM charges includes charges for: Financial Services, Training Services, Real Estate Contracting Services, Statewide systems charges, Mail Services, Personnel Services, Parking Services, and Risk Management Services.

LAW ENFORCEMENT OFFICERS & FIRE FIGHTERS PLAN 2 RETIREMENT BOARD  
NOTES TO SCHEDULE OF EXPENDITURES  
For the Fiscal Year Ending June 30, 2020

SUPPLEMENTAL TABLE:  
PRIOR YEAR (FISCAL YEAR 2019) EXPENDITURE TABLE FOR COMPARISON

<b>Line Item:</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Salaries & Wages	\$670,014	\$671,421	(\$1,407)
Employee Benefits & Payroll Taxes	\$218,653	\$222,942	(\$4,289)
Professional Service Contracts	\$10,000	\$4,330	\$5,670
Supplies and Materials	\$7,020	\$5,153	\$1,867
Communications/Telecommunications	\$24,340	\$23,781	\$559
Utilities	\$6,180	\$5,522	\$658
Rentals and Leases - Land & Buildings	\$45,960	\$45,954	\$6
Repairs, Alterations & Maintenance	\$0	\$0	\$0
Printing and Reproduction	\$7,600	\$8,249	(\$649)
Employee Prof Dev & Training	\$20,255	\$25,095	(\$4,840)
Rental & Leases - Furniture & Equipment	\$5,720	\$3,260	\$2,460
Subscriptions	\$1,320	\$2,184	(\$864)
Facilities and Services	\$39,092	\$39,373	(\$281)
Data Processing Services (Interagency)	\$7,881	\$8,122	(\$241)
Attorney General Services	\$22,860	\$11,626	\$11,234
Personnel & HR Services	\$6,456	\$6,456	\$0
Insurance	\$25	\$25	\$0
Other Contractual Services	\$110,220	\$110,222	(\$2)
State Auditor Services	\$4,000	\$4,370	(\$370)
Archives & Records Management Services	\$172	\$156	\$16
Software Licenses and Maintenance	\$12,216	\$8,511	\$3,705
Other Goods and Services - <b>Note 1 Section B</b>	(\$6,496)	(\$3,044)	(\$3,452)
Travel, Lodging & Subsistence	\$51,870	\$33,676	\$18,194
Non-capitalized Assets	\$0	\$13,198	(\$13,198)
Other Grants & Benefits	0	\$200	(\$200)
<b>TOTALS</b>	<b>\$1,265,358</b>	<b>\$1,250,782</b>	<b>\$14,576</b>

Note: A positive variance represents an underspend in the category, while a (negative) variance represents an overspend.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(564) 999-0950
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>



Office of the Washington State Auditor

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Pat McCarthy

# Exit Conference

Presented to LEOFF Plan 2 Retirement  
Board

December 16, 2020

# About Our Office

- The Washington State Auditor's Office's vision is an increased trust in government.
- Our goal is to make government work better through increased accountability, efficiency and transparency.



# Your Audit Team



**Jim Brownell, Audit Manager** – Jim has been with the Office of the Washington State Auditor since 2005 and manages the Single Audit teams. His notable work experiences include audits of the state's Comprehensive Annual Financial Report (CAFR), Statewide Single Audit - including Medicaid and financial statement audits for the Departments of Labor and Industries, Ecology and Health. He has also managed accountability audits at multiple state agencies and the state employee whistleblower program.



**Cavan Busch, Assistant Audit Manager**- Cavan Busch, Assistant Audit Manager, has been with the Washington State Auditor's Office since 2008. Notable work experiences include supervising the Statewide Single Audit for six years, supervising the Medicaid single audit and acting as a sampling specialist for the Office.

Cavan supervised this engagement.



**Justin Brackett, Assistant State Auditor**- Justin has been with the Office since 2015. Notable work experiences include Whistleblower investigations, Statewide Single and Medicaid Audits, and various accountability audits.

Justin was the audit lead for this engagement.

# SAO Executive Management



**Sadie Armijo, CFE, Director of State Audit** – Sadie has been with the Washington State Auditor’s Office since 1998. She oversees most of the state audits our Office performs. Teams under her direction include the Financial Audit team, which conducts accountability audits, as well as the annual audit of the State of Washington Comprehensive Annual Financial Report and other financial statement audits. The Single Audit team performs accountability audits and the State of Washington Single Audit, which examines state agencies’ compliance with federal grant requirements. The third team Sadie leads is the Whistleblower team, which investigates assertions of improper governmental actions at state agencies. She previously was an Assistant Director of Local Audit for five years.



**Troy Niemeyer, Assistant Director of State Audit** – Troy has been with the Washington State Auditor’s Office since 2006. As Assistant Director he assists with the statewide oversight and management of most audits of state government, including fraud and whistleblower investigations. He previously managed two local audit teams, along with the Whistleblower Program, and the Statewide Technology Audit Team (STAT). Troy is a member of the Institute of Internal Auditors.

# Audit Scope

- We performed a financial statement audit of the LEOFF Board's Schedule of Expenditures
- The schedule included expenditures that occurred for the fiscal year ending June 30, 2020

## Financial Statement Audit Results

***Unmodified*** (clean) opinion on the financial statement

- The financial statement was presented fairly, in all material respects.

# Audit Highlights

- Board staff responded to audit requests in a timely manner and were helpful and cooperative throughout the audit process.
- There were no uncorrected misstatements in the audited financial statement.
- There were no material misstatements in the financial statement corrected by management during the audit.

# What happens during a financial statement audit?

- We evaluate state agency internal controls over key financial systems and processes
- We evaluate whether there are adequate internal controls over the financial statement preparation process
- We test transactions (expenditures)
- We examine note disclosures to ensure they are fairly and clearly presented

# Areas of focus for your audit

## **Completeness -**

**Were all expenses recorded in the financial statement?**

- ❑ Testing of Board salaries & wages

## **Classification -**

**Were expenses properly classified in the financial statement?**

- ❑ Random selection and tests of Board expenses for other purchased services

# More areas of focus for your audit

## Presentation and disclosures

- ❑ Was the financial statement clearly and appropriately presented?
- ❑ Were note disclosures complete and accurate?
- ❑ If significant financial events occurred, were they properly disclosed in the statement notes?



# Audit Recommendations

We made no recommendations to management.

# Required Communications

- In your materials is a draft copy of the audit report
- The final report is scheduled to be published on our public website next week.
  - <https://portal.sao.wa.gov/saoportal/Login.aspx>
- We are pleased to report the audit identified no material misstatements requiring correction

# Audit Cost

- The cost of the audit was \$4,440
  - 40 hours x \$110 per hour
- Should the Board choose to contract with our Office next year, we estimate the number of hours and cost to be the same as this year.

# Concluding remarks

We appreciate the opportunity to work with the Board and your staff



December 16, 2020  
King County EMT Study

TO: Senator Christine Rolfes, Chair  
Senate Ways and Means Committee  
Senator John Braun, Ranking Minority Member  
Senate Ways and Means Committee  
Representative Timm Ormsby, Chair  
House Appropriations Committee  
Representative Drew Stokesbary, Ranking Minority Member  
House Appropriations Committee

FROM: Dennis Lawson, Chair  
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

SUBJECT: 2020 King County EMT Study

The 2020 Legislature directed the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board to study the pension benefits provided to Emergency Medical Technicians (EMTs) who provided services in King County between October 1, 1978 and January 1, 2003. The board shall examine the legal and fiscal implications of extending membership in the plan for these periods, including King County employers that might be included, the benefits that would be paid to members on a prospective and retroactive basis, and the contribution requirements and plan liability that would be created for employers, employees, and the State.

The results of this study are included herein and available on the LEOFF Plan 2 website.

## ISSUE STATEMENT

Are EMTs who provided services from 1978 to 2003, in King County through intergovernmental consortium with Evergreen Hospital, eligible for retirement service credit in the Public Employees Retirement System (PERS)?

## OVERVIEW

King County was a pioneer in EMT services:

In 1970, the Seattle Fire Department, in cooperation with Harborview Medical Center and the University of Washington, trained the first class of firefighters as paramedics. The program was quite a success, and later classes soon followed. In 1977, the first paramedics came to work in King County. The prehospital emergency medical care pioneered in Seattle has become famous around the world. The expression that "Seattle is the best place in the world to have a heart attack" was coined after a 1974 *60 Minutes* story that featured the fledgling paramedic program. King County Medic One continues this tradition. The Medic One programs throughout King County are considered models for much of the world.<sup>1</sup>

<sup>1</sup> <https://www.kingcounty.gov/depts/health/emergency-medical-services/medic-one/history.aspx>

King County, and other local governments, formed intergovernmental consortiums, also known as provider groups, to provide emergency medical services. These consortiums consist of counties, cities, and hospitals. They provide emergency medical services over their shared geographic area. The EMTs funded by the consortiums provide services to the citizens of all the consortium members. Some of the employees working for these consortiums were not reported as members in a state retirement plan, while others were. This inconsistency resulted in piece-meal legislation to provide state retirement benefits to some of these EMTs on an employer by employer basis.

## EXECUTIVE SUMMARY

King County delivered emergency medical services using a variety of methods starting in the 1970s. Many of the employees who delivered those services were reported in LEOFF or PERS. However, one group which was not reported into LEOFF, PERS, or any other state pension plan, were EMTs for the King County/Evergreen Public Hospital District consortium.

This group of EMTs worked for a consortium that included King County and Evergreen Public Hospital District. Evergreen Public Hospital District was not a PERS employer, while King County was a PERS employer. The consortium believed the EMTs were employees of Evergreen Public Hospital District and therefore, did not report them as PERS members.

During the 2020 legislative session legal concerns were raised regarding whether these EMTs were eligible for PERS membership. These legal concerns included whether the EMTs could receive service credit in PERS if their employer was not a PERS employer. This raised the question of whether the EMTs' employer, for purposes of determining eligibility in PERS, was Evergreen Public Hospital District or King County.

As part of this study, the LEOFF 2 Board's tax counsel, Ice Miller LLP (Ice Miller), completed a legal analysis to determine whether these EMTs should have been reported in PERS (see Appendix A). Their analysis concluded these EMTs were correctly determined to be employees of the Evergreen Public Hospital District and therefore, not eligible for PERS.

Also, as part of this study, the Office of the State Actuary (OSA) completed an actuarial analysis of the fiscal impact to PERS Plan 2 if these EMTs were eligible for PERS Plan 2. They determined that past service credit granted to Evergreen Hospital EMTs would increase PERS Plan 2 liabilities by \$12.2 million, causing a contribution rate impact of one basis point to PERS Plan 2.

## BACKGROUND AND POLICY ISSUES

### EMT LEOFF Plan 2 History

As described above, starting with King County, some local governments moved their EMT positions to fire departments. Upon meeting requirements to become firefighters, such as training and applicable examinations, these EMTs employed at fire departments become members of LEOFF Plan 2.<sup>2</sup>

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<sup>2</sup> In 2003, House Bill 1202 was enacted, permitting members of LEOFF whose jobs as EMT's were moved into fire departments the opportunity to transfer past service credit from PERS into LEOFF. The LEOFF members who elect to transfer service credit earned as an EMT in PERS are required to pay the difference between the contributions they paid into PERS, and the contributions that they would have paid into LEOFF, plus interest.

In 2005, Substitute House Bill 1936, was enacted amending the definition of "fire fighter" in LEOFF to include any person employed on a full-time, fully compensated basis as an EMT by a city, town, county or district. Prior to 2005, EMTs employed by local governments in health departments or other divisions of local governments were members of PERS if their employer opted into PERS membership.

Members of PERS Plan 2 employed as EMTs were transferred to LEOFF Plan 2 for purposes of future service. An EMT transferred to LEOFF Plan 2 could also elect to transfer past service earned as an EMT in PERS into LEOFF 2.<sup>3</sup> After 2005, there remained a question of whether Public Hospital Districts met the definition of "employer" in LEOFF. In 2017, Substitute House Bill 2202 was enacted to clarify that Public Hospital Districts are LEOFF Plan 2 employers and that their EMTs were eligible for past service credit retroactive to 2005, when they would have been made eligible under Substitute House Bill 1936 (2005). However, these EMTs would still not have been eligible for service credit in PERS prior to 2005 for their employment at the Public Hospital District, if the Public Hospital District had not opted into PERS.

### **Legislation regarding EMTs working for consortiums**

In 2016, Senate Bill 6423, was enacted which provided that an employee providing emergency medical services to a consortium of local governments may choose to establish service credit in PERS for service performed prior to July 23, 2003, if the service was performed in Snohomish County.<sup>4</sup>

In 2020, Senate Bill 6616 sought to provide a similar benefit to a group of EMTs who worked in King County. This group of EMTs worked for a consortium that included King County and Evergreen Public Hospital District. Evergreen Public Hospital District was not a PERS employer, while King County was a PERS employer. The consortium believed the EMTs were employees of Evergreen Public Hospital District and therefore, did not report them as PERS members.

During the legislative session legal concerns were raised regarding whether these EMTs were eligible to be allowed PERS membership. These legal concerns included whether the EMTs could receive service credit in PERS, if their employer was not a PERS employer. This raised the question of whether the EMTs' employer, for purposes of determining eligibility in PERS, was Evergreen Public Hospital District or King County.

After this legal issue was raised, House Bill 2902 was introduced to provide the same group of EMTs membership in LEOFF Plan 2, instead of PERS. Similar legal concerns were also raised regarding this bill. The legal concerns regarding these two bills and the ongoing issues regarding EMTs in similar situations resulted in the legislature funding this LEOFF Plan 2 Board Study.

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<sup>3</sup> For the period of past service a member transferred, the member was required to pay the difference between the employee contributions made to PERS, and the contributions that would have been made had the service been performed in LEOFF 2, plus interest. The employee was required to complete this payment within five years. Upon completing the required payment, the member's service credit and accumulated contributions, and an equal amount of employer contributions would be transferred from PERS Plan 2 to LEOFF Plan 2. Within five years of the completing payment for the transfer of service credit, the employer is required to pay into LEOFF Plan 2 an amount sufficient to ensure that the contribution rates for LEOFF Plan 2 will not increase due to the transfer of service.

<sup>4</sup> The employee must pay both the employer and employee contribution, as calculated by DRS, within five years of making the election to establish service credit.

## TAX COUNSEL ANALYSIS

The LEOFF Plan 2 Board requested the following legal advice from Ice Miller:

1. Whether the EMT employees can be considered employees of an employer other than Evergreen Hospital?
2. Whether the employees may receive retroactive coverage in LEOFF or PERS if Evergreen Hospital opts to become a participating employer retroactively?
3. Whether the employees may purchase service credit for the pre-2003 employment time?

In response to question 1, Ice Miller advised that “based on the extensive information provided to [them], it appears that the EMS employees were properly classified as Evergreen Hospital employees using analysis provided by the Internal Revenue Service (“IRS”)” (See Appendix A).

In response to question 2, Ice Miller advised that:

Federal law would not prevent the EMT employees from receiving retroactive coverage. However, PERS or LEOFF 2 would need to collect the retroactive mandatory employer and employee contributions with interest. This could prove administratively complicated and burdensome on the retirement systems, the employer, and the employee (See Appendix A).

In response to question 3, Ice Miller advised that “[i]f the employees are members in PERS or LEOFF 2, the members may be eligible to purchase some or all of their respective pre-2003 EMT employment service” (See Appendix A).

## ACTUARIAL ANALYSIS

The LEOFF Plan 2 Board made the following price request to OSA:

- The increase in liabilities to PERS of adding EMTs who were employed at the intergovernmental consortium between King County and Evergreen Public Hospital District between October 1, 1978 and January 1, 2003; and,
- If the employer and member contributions are paid by the employer and/or member, does the interest (lost investment earnings) being paid by the system trigger a contribution rate increase?

OSA’s analysis (see Appendix B) estimated PERS liabilities increase by \$12.2 million as a result of past service granted to Evergreen Hospital EMTs. As requested by the LEOFF Plan 2 Board, OSA’s analysis assumed the employer and member contributions were paid, and that the lost investment earnings for those contributions was socialized across the plan. The Department of Retirement Systems calculated that these past employer and member contributions totaled \$2.6 million. OSA used the investment return assumption of 7.5 percent to determine the amount of lost investment earnings. OSA estimated a one basis point contribution rate increase in PERS Plan 2/3 charged to all employers and Plan 2 members to fund the cost of benefit improvements measured at June 30, 2019. Costs from granting this past service occur because the past contributions are provided without the investment returns, they would have otherwise earned over time. Contributions provided to the trust fund are expected to be made at the time the service is earned and then grow by 7.5 percent annually.

## SUPPORTING INFORMATION

Appendix A: Ice Miller Legal Advice Memo Re: Classification of EMTs Employed by Evergreen Hospital, November 12, 2020.

Appendix B: Office of the State Actuary Memo Re: Evergreen Hospital Pricing Request, December 9, 2020.





One American Square | Suite 2900 | Indianapolis, IN 46282-0200  
Chicago Columbus DuPage County, Ill.  
Indianapolis New York Philadelphia Washington, D.C.

**PRIVILEGED AND CONFIDENTIAL MEMORANDUM**

**TO:** Steve Nelsen, Executive Director  
**FROM:** Audra Ferguson-Allen and Robert L. Gauss, Ice Miller LLP  
**CC:** Jacob White, Senior Research and Policy Manager  
**DATE:** November 12, 2020  
**RE:** Classification of EMTs Employed by Evergreen Hospital

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*This Memorandum is provided in confidence and subject to the attorney-client privilege. We have not provided copies to anyone other than the individuals named above. To preserve the attorney-client privilege, you should disclose the contents of this Memorandum only to persons making decisions on the matters discussed herein.*

**I. QUESTIONS PRESENTED AND BRIEF ANSWERS**

Please allow this Memorandum to address the questions posed during our call on July 27, 2020. In particular, and as authorized by SSB 6168, you asked us to consider the employment status and plan eligibility status for certain individuals who provided emergency medical services ("EMS") in King County through Evergreen Hospital before 2003. As we understand it, there is an interest in providing retroactive service credit for such EMS employees. As set forth below, we have considered the following questions and provide the following short answers:

1. Whether the EMS employees can be considered employees of an employer other than Evergreen Hospital? **No. Based on the extensive information provided to us, it appears that the EMS employees were properly classified as Evergreen Hospital employees using analysis provided by the Internal Revenue Service ("IRS").**
2. Whether the employees may receive retroactive coverage in LEOFF or PERS if Evergreen Hospital opts to become a participating employer retroactively? **Yes. Federal law would not prevent the EMT employees from receiving retroactive coverage. However, PERS or LEOFF 2 would need to collect the retroactive mandatory employer and employee contributions with interest. This could prove administratively complicated and burdensome on the retirement systems, the employer, and the employee.**
3. Whether the employees may purchase service credit for the pre-2003 employment time? **Yes. If the employees are members in PERS or LEOFF 2, the**

**members may be eligible to purchase some or all of their respective pre-2003 EMT employment service.**

## **II. BACKGROUND<sup>1</sup>**

- Since the 1970s, mobile Advance Life Support (ALS) services in King County have been delivered to county residents through local jurisdiction consortiums that provide those services with funding and administrative support from King County.
- In 1973, the King County Emergency Medical Services ("EMS") Division was created to develop implement and administer a mobile ALS program throughout the county.
- King County Medic One was established in 1976, with six ALS provider groups designated to serve specific geographical coverage areas.
- The Evergreen Provider Group was the contractually established EMS consortium in Northeast King County. It served Redmond, Bothell, King County Hospital District No. 2 (Evergreen Hospital) and King County Fire Districts 34, 36, 41, and 42.
- King County provided significant funding to the consortium through local levies.
- Evergreen Hospital was the lead agency for the Evergreen Provider Group consortium.
- Even though Evergreen Hospital is a PERS-*eligible* employer, it never elected to be a PERS employer. Instead, Evergreen Hospital offered an employer-sponsored defined benefit retirement plan managed by Fidelity Investments.
- In 2002, the EMS contract with the Evergreen Provider Group was discontinued. A new consortium, Redmond Medic One, was contractually created by Redmond, Kirkland, King County Fire Districts 45 and 47, and Woodinville Fire and Life Safety Districts, to continue providing ALS services to a part of the geographic area that had formerly been served by the Evergreen Hospital paramedics.
- The City of Redmond is the lead agency for Redmond Medic One. ALS services to the remainder of the geographic areas formerly served by the Evergreen Provider Group were assumed by the Shoreline Medic One consortium.
- Evergreen Paramedics chose, by seniority, whether they would work for Redmond or for Shoreline. Upon starting as paramedics for Redmond Medic One or Shoreline Medic One, the former Evergreen Paramedics became members of the Law Enforcement Officers' and Fire Fighters' Retirement System, Plan 2

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<sup>1</sup> For purposes of this Memorandum, we have considered the facts as described in the Washington State Department of Retirement Systems Petition Decision (August 25, 2015).

("LEOFF 2") – because both Redmond and Shoreline are LEOFF 2 participating employers.

### **III. INFORMATION CONSIDERED**

As part of our analysis, we also have considered the following information provided to us by LEOFF 2 and/or the Department of Retirement Services ("DRS"):

- Letter from Mr. Paul Neal to Mr. Dave Nelson (DRS) dated April 3, 2013 regarding PERS eligibility for Evergreen Consortium Emergency Medical Technicians and supporting documentation.
- DRS determination issued by Mr. Ted Taylor, Plan Administrator dated January 7, 2014 to Mr. Michael Hilley.
- Petition for Redress filed by King County dated February 26, 2014.
- Supplemental information submitted by Mr. Michael Hilley to DRS dated April 3, 2014.
- King County's Brief in Opposition to the Plan Administrator's January 7, 2014 Decision, dated July 1, 2014.
- Mr. Michael Hilley's letter in Response to Petition of King County dated September 23, 2014.
- DRS' Petition Decision dated August 25, 2015 (referred to as the "Petition Decision").
- According to the Petition Decision, Mr. Hilley contacted DRS in September 2007 to request that he and other Evergreen paramedics be granted PERS service credit for their employment with the Evergreen Provider Group. On August 19, 2008, DRS entered an administrative decision which denied Mr. Hilley's request for PERS service credit because Evergreen Hospital was not a PERS employer.<sup>2</sup>
- The Petition Decision reflects the finding that King County did not supervise, direct, control, hire, fire, discipline, pay and/or instruct Mr. Hilley. Instead, those functions were performed by Evergreen Hospital.
- Ultimately, the Petition Decision determined that Mr. Hilley was not an employee of a PERS employer during the period relevant to the Petition and, therefore, he was not eligible to be a PERS member for the years in question.

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<sup>2</sup> Although we received extensive materials as part of our review, we did not receive either Mr. Hilley's request from September 2007 or DRS' Administrative Decision dated August 19, 2008.

- Indeed, the Petition Decision notes that if Mr. Hilley was a King County employee when he provided the services in question, he would have been mandated into PERS membership because King County was a PERS employer.

We also considered the following pieces of legislation:

- SSB 6168 adopted February 27, 2020.
- HB 2902 (2020 regular session).
- SB 6616 (2020 regular session).
- Substitute Senate Bill 6523 (effective June 9, 2016).
- Engrossed House Bill 2771 (filed March 30, 2012).
- Substitute House Bill 1936 (filed May 13, 2005).
- Substitute House Bill 2202 (filed May 16, 2017).

#### **IV. EMPLOYEE CLASSIFICATION UNDER FEDERAL LAW**

While respecting the analysis reflected in the Petition Decision, we have been asked to consider these issues under federal tax law pertinent to qualified plans. In this regard, a qualified plan may provide benefits only for employees and their beneficiaries. Treasury Regulation § 1.401-1(a)(2). If a plan covers an individual, but the individual is not actually the common law employee of the participating employer, the coverage of such individual can result in the disqualification of the plan. Specifically, Internal Revenue Code ("Code") § 401(a)(2), the exclusive benefit rule, requires that the trust cannot be used for any purpose "other than for the exclusive benefit of . . . employees or their beneficiaries . . . ." (Emphasis added). In addition, Code Section 414(d) defines a governmental plan as one which is "established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing." Code § 414(d). Thus, unless there is a Code exception that permits coverage of an individual who is not a common law employee of the employer (*see* Code § 401(c) (regarding self-employed individuals and Code § 414(n) (regarding leased employees)), the individual is not permitted to participate in the employer's plan.

Effective in 2015, the Internal Revenue Service ("IRS") no longer will allow a determination letter application with respect to a request for a determination regarding the existence of an employer-employee relationship. *See* Rev. Proc. 2015-6, § 6.12.

##### **A. Federal Law Regarding Common Law Employee**

The IRS has developed a list of twenty factors to help determine whether sufficient control is present to establish an employer-employee relationship, the degree of importance of each factor varying depending on the occupation and the factual context in which the services are

performed. The employee-employer relationship is determined under common law principles. Rev. Rul. 87-41, 1987 1 C.B. 296.<sup>3</sup> The receipt of compensation is not the only measure of whether an individual is an employee.

The IRS factors are as follows:

1. *Instructions.* A worker who is required to comply with other persons' instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions. *See e.g.*, Rev. Rul. 68-598, 1968-2 C.B. 464; Rev. Rul. 66-381, 1966-2 C.B. 449.
2. *Training.* Training a worker by requiring an experienced employee to work with the worker, by corresponding with the worker, by requiring the worker to attend meetings, or by using other methods, indicates that the person or persons for whom the services are performed wants the services performed in a particular method or manner. *See* Rev. Rul. 70-630, 1970-2 C.B. 229.
3. *Integration.* Integration of the worker's services into the business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business. *See United States v. Silk*, 331 U.S. 704 (1947), 1947-2 C.B. 167.
4. *Services Rendered Personally.* If the services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results. *See* Rev. Rul. 55-695, 1955-2 C.B. 410.
5. *Hiring, Supervising, and Paying Assistants.* If the person or persons for whom the services are performed hire, supervise, and pay assistants, that factor generally shows control over the workers on the job. However, if one worker hires, supervises, and pays the other assistants pursuant to a contract under which the worker agrees to provide materials and labor and under which the worker is responsible only for the attainment of a result, this factor indicates an independent contractor status. *Cf.* Rev. Rul. 63-115, 1963-1 C.B. 178; Rev. Rul. 55-593, 1955-2 C.B. 610.
6. *Continuing Relationship.* A continuing relationship between the worker and the person or persons for whom the services are performed indicates that an employer-employee relationship exists. A continuing relationship may exist where work is performed at frequently recurring although irregular intervals. *See United States v. Silk*, 331 U.S. 704 (1947).

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<sup>3</sup> Although this 20-factor test is often used to determine whether the individual is an employee or an independent contractor, we think it also can be useful in determining what entity is the proper employer of the employee.

7. *Set Hours of Work.* The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating control. *See* Rev. Rul. 73-591, 1973-2 C.B. 337.
8. *Full Time Required.* If the worker must devote substantially full time to the business of the person or persons for whom the services are performed, such person or persons have control over the amount of time the worker spends working and impliedly restrict the worker from doing other gainful work. An independent contractor, on the other hand, is free to work when and for whom he or she chooses. *See* Rev. Rul. 56-694, 1956-2 C.B. 694.
9. *Doing Work on Employer's Premises.* If the work is performed on the premises of the person or persons for whom the services are performed, that factor suggests control over the worker, especially if the work could be done elsewhere. Rev. Rul. 56-660, 1956-2 C.B. 693; *see also* Rev. Rul. 56-694.
10. *Order or Sequence Set.* If a worker must perform services in the order or sequence set by the person or persons for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the person or persons for whom the services are performed. Often, because of the nature of an occupation, the person or persons for whom the services are performed do not set the order of the services or set the order infrequently. It is sufficient to show control, however, if such person or persons retain the right to do so. *See* Rev. Rul. 56-694.
11. *Oral or Written Reports.* A requirement that the worker submit regular or written reports to the person or persons for whom the services are performed indicates a degree of control. *See* Rev. Rul. 70-309, 1970-1 C.B. 199; Rev. Rul. 68-248, 1968-1 C.B. 431.
12. *Payment by Hour, Week, Month.* Payment by the hour, week, or month generally points to an employer-employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. Payment made by the job or on a straight commission generally indicates that the worker is an independent contractor. *See* Rev. Rul. 74-389, 1974-2 C.B. 330.
13. *Payment of Business and/or Traveling Expenses.* If the person or persons for whom the services are performed ordinarily pay the worker's business and/or traveling expenses, the worker is ordinarily an employee. An employer, to be able to control expenses, generally retains the right to regulate and direct the worker's business activities. *See* Rev. Rul. 55-144, 1955-1 C.B. 483.
14. *Furnishing of Tools and Materials.* The fact that the person or persons for whom the services are performed furnish significant tools, materials, and other equipment tends to show the existence of an employer-employee relationship.

*See Rev. Rul. 71-524, 1971-2 C.B. 346.*

15. *Significant Investment.* If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by employees (such as the maintenance of an office rented at fair value from an unrelated party), that factor tends to indicate that the worker is an independent contractor. On the other hand, lack of investment in facilities indicates dependence on the person or persons for whom the services are performed for such facilities and, accordingly, the existence of an employer-employee relationship. *See Rev. Rul. 71-524.* Special scrutiny is required with respect to certain types of facilities, such as home offices.
16. *Realization of Profit or Loss.* A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee. *See Rev. Rul. 70-309.* For example, if the worker is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, that factor indicates that the worker is an independent contractor. The risk that a worker will not receive payment for his or her services, however, is common to both independent contractors and employees and thus does not constitute a sufficient economic risk to support treatment as an independent contractor.
17. *Working for More Than One Firm at a Time.* If a worker performs more than de minimis services for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor. *See Rev. Rul. 70-572, 1970-2 C.B. 221.* However, a worker who performs services for more than one person may be an employee of each of the persons, especially where such persons are part of the same service arrangement.
18. *Making Service Available to General Public.* The fact that a worker makes his or her services available to the general public on a regular and consistent basis indicates an independent contractor relationship. *See Rev. Rul. 56-660.*
19. *Right to Discharge.* The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications. *Rev. Rul. 75-41, 1975-1 C.B. 323.*
20. *Right to Terminate.* If the worker has the right to end his or her relationship with the person for whom the services are performed at any time he or she wishes without incurring liability, that factor indicates an employer-employee relationship. *See Rev. Rul. 70-309.*

*See also*, IRS Pub. 15-A, Employer's Supplemental Tax Guide, p. 5 (For use in 2020) (stating "anyone who performs services for you is generally your employee if you have the right to control what will be done and how it will be done. . . . What matters is that you have the right to control the details of how the services are performed.").

**B. Federal Law Regarding Leased Employees**

Code § 414(n), which addresses "leased employees", was added by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"). Code § 414(n) provides that for certain retirement plan purposes, a leased employee is treated as an employee of the recipient of the leased employee's services, even though the leased employee is not the recipient's common law employee. A leased employee will be treated as the employee of the recipient under Code § 414(n) if the following four conditions are met:

- (1) the recipient pays a fee to the leasing organization for the services of the individual,
- (2) the individual provides services to the recipient on a substantially full-time basis for at least one year (this includes any time that the individual provided to the recipient as a common law employee),
- (3) the recipient has primary direction or control over the individual's services, and
- (4) the leasing organization, not the recipient, is the common law employer of the individual.

Code § 414(n). If an individual is determined to be a leased employee under Code § 414(n), then that leased employee will be treated as the employee of the recipient for a number of retirement plan qualification requirements. Most of these qualification requirements do not apply to governmental retirement plans. The qualification requirements that do apply to governmental plans include (i) the minimum vesting rules under Code §§ 401(a)(7) and 411, (ii) the compensation limit under Code § 401(a)(17), and (iii) the contribution limits under Code § 415.

Please note that although Code § 414(n) requires that a leased employee be treated as an employee for certain retirement plan purposes, it is not required that the leased employee participate in the recipient's retirement plan. *See* Notice 84-11, Q&A-14. The IRS guidance provides that a plan should explicitly provide for the treatment of leased employees under Code § 414(n). *Id.*, Q&A-16 (stating that "if an organization utilizes the services of leased employees, the plan must specifically provide how leased employees will be treated under the recipient's plan").

**C. Analysis**

Based on the facts we have identified through our review of the information outlined in Section III of this Memorandum, including the Petition Decision, it appears that Evergreen Hospital was the common law employer for the EMS employees prior to 2003. In this regard, the



facts establish that Evergreen Hospital was the lead agency for the EMS consortium. As a result, we presume (based on one of the findings in the Petition Decision) that Evergreen Hospital withheld and paid all employer taxes. Although we have not reviewed the contract, we understand that, in 2002, the EMS contract with Evergreen Hospital was discontinued. If the EMS employees were not employees of Evergreen Hospital, then it is difficult to understand how the discontinuance of the contract with the hospital would have impacted those employees. Accordingly, we conclude that this fact (and the record) supports that the EMS employees were the common law employees of Evergreen Hospital. After the discontinuance of the EMS contract, a new consortium was created by the City of Redmond and the Shoreline Medic One consortium. We understand this to mean that the EMS employees became employees of either the City of Redmond or Shoreline Medic One. As a result of the change in the employer, after 2002, the EMS employees were covered by LEOFF because they were employed by the City of Redmond and Shoreline Medic One, both which are participating employers in LEOFF.

If the EMS employees were, in fact, employees of the County or other agency, then the discontinuance of the EMS contract with Evergreen Hospital should not have impacted the employment status of the EMS employees. Given that it did, in fact, impact the employment status and the EMS employees became employees of the City of Redmond and Shoreline Medic One, it seems logical to conclude the EMS employees were employees of Evergreen Hospital; this is consistent with the finding in DRS' Petition Decision.

Based on the legislative history, we understand that there has been some desire for the EMS employees to be "deemed" County employees solely for purposes of participation in LEOFF or PERS. As stated above, pursuant to federal law, a qualified plan generally may only provide benefits for employees and their beneficiaries. As we understand it, pre-2003, the EMS employees were participants in a defined benefit plan sponsored by Evergreen Hospital. Notably, Evergreen Hospital, although a PERS-eligible employer, never elected to be a PERS employer. Given that the EMS employees were participating in the Evergreen Hospital plan as Evergreen Hospital employees, they are not eligible to participate in PERS or LEOFF 2 as County employees for the same service period.

Finally, it does not appear that the EMS employees could be classified as "leased employees" of the County or any other employer because neither the County nor any other employer (aside from Evergreen Hospital) had primary control over the EMS employees. We also note that there is no record of any leasing fee being paid to Evergreen Hospital for the use of the EMS employees.

For these reasons, and based upon the records provided to us, it appears that the EMS employees were properly classified as Evergreen Hospital employees for the period prior to 2003. Accordingly, the EMS employees cannot be reclassified as employees of another governmental entity for the sole purpose of providing PERS or LEOFF eligibility.

## **V. ALTERNATIVE OPTIONS**

As noted above, we advise against classifying the EMS employees as County employees solely for purposes of eligibility in PERS or LEOFF. However, there are a couple other options

to consider which would provide service coverage in PERS or LEOFF for the EMS employees for their pre-2003 service.

**A. Retroactive Coverage**

PERS or LEOFF could allow Evergreen Hospital to retroactively become a participating employer during the pre-2003 time period. Evergreen Hospital's participation could be limited to the EMS employees. However, in order to receive coverage, the employer and employee contributions for the coverage period would need to be made to the retirement system with interest (we believe this requirement is consistent with the requirements under Substitute House Bill 2202 (effective July 23, 2017) for service rendered on or after July 24, 2005). Given the expansive time period from the 70s – 2003, the cost could be quite expensive for both the employer and employee. Additionally, to avoid an impermissible cash or deferred arrangement ("CODA"), the employee contributions would need to be made with after-tax dollars. If pre-tax dollars were accepted, this would be considered a "pick-up" and would require mandatory contributions from the eligible employees.

Providing retroactive coverage may prove to be administratively challenging. Furthermore, there may be resistance from Evergreen Hospital. Certainly, Evergreen Hospital may be reluctant to provide the employer contribution for the EMS employees, who are all former employees, and for whom, presumably, Evergreen Hospital has already made contributions on behalf of the EMS employees to the defined benefit plan sponsored by Evergreen Hospital with Fidelity. In addition, locating the participants or beneficiaries who are entitled to additional service credit may be time consuming and difficult. In fact, based on the expansive time period, and the fact many of the affected employees have retired (or may have deceased), this likely would create a substantive group of lost/missing participants.

**B. Service Purchase**

**1. *Code Section 415(n)***

Code § 415(n), added by the Taxpayer Relief Act of 1997 ("TRA '97"), improved the flexibility of governmental plans to offer service purchase programs and established a new limitation structure for "permissive service credit." Specifically, permissive service credit can be categorized into two types. First, the Code defines "non-qualified service credit" as all permissive service credit that does not fall within one of the itemized types listed in Code Section 415(n)(3)(C), below (although the Code does not use this term, we refer to the types of service included in this list as "qualified permissive service"):

- Service (including parental, medical, sabbatical, and similar leave) for the US government, any state or political subdivision thereof, or any agency or instrumentality of any of the foregoing.
- Service (including parental, medical, sabbatical, and similar leave) for an educational organization which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12) as determined under state laws.

- Service for an association of employees of the U.S., state or political subdivision thereof, or an agency or instrumentality of the foregoing.
- Military service (non-USERRA covered) recognized by the governmental plan.

**However, the first three types of qualified permissive service listed above will be nonqualified service if recognition of the service would cause the member to receive a retirement benefit for the same service under more than one plan (this provision does not apply to military service).**

In addition, **if a member is making the service purchase with after-tax dollars**, Code Section 415(n) does not permit a plan to take more than 5 years of nonqualified service into account, or to give members credit for any nonqualified service before the member has at least 5 years of participation in the plan. Thus, only 5 years of non-qualified service can be purchased under Code § 415(n) and only by an individual with 5 years or more of service in the plan (the "5-5 Rule"). The 5-5 Rule does **not** apply to rollovers or 403(b)/457(b) trustee-to-trustee transfers.

## **2. *Rollovers***

Effective in 2002, the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") eliminated many of the restrictions on rollovers to qualified retirement plans like LEOFF and PERS. Thus, LEOFF and PERS could permit members to roll over eligible distributions from various retirement plans, including 403(b) plans, 457 governmental deferred compensation plans, and IRAs, in order to purchase service credit. Additionally, EGTRRA permits direct trustee-to-trustee transfers from a 403(b) plan or a governmental 457 plan to a governmental defined benefit plan if the transferred amount is used to purchase permissive service credit (as defined in section 415(n)(3)(A)) or to repay previously withdrawn contributions. Thus, there are a variety of options available under the new tax law to enhance the ability of members to purchase service credit. Although the records are incomplete, there is some discussion of the LEOFF plan prohibiting the Evergreen EMTs from being able to roll over funds from the Evergreen retirement plan. This should be further evaluated if a rollover to LEOFF is a desired option.

## **3. *Potential Permissive Service Credit Options***

### **Current Members of PERS or LEOFF**

Current EMT employees who are members of PERF or LEOFF can be provided the option to purchase the service credit for the pre-2003 EMT time. With respect to a rollover or direct trustee-to-trustee transfer, we do not think that a member would have to be currently employed by a PERS or LEOFF covered employer in order to make a rollover or transfer to PERS or LEOFF. If the service purchase is made via a rollover or trustee to trustee transfer, then the 5-5 Rule will not apply. However, if the service purchase is made with after-tax dollars, then the service purchase will be limited by the 5-5 Rule if the member(s) also is(are) eligible for a retirement benefit under Evergreen's defined benefit plan.

In lieu of the member making the service purchase, the current employer (Redmond Medic One or Shoreline Medic One) could pay for the service purchase on behalf of the eligible employees or former employees.

Former EMTs – Not Members in PERF or LEOFF

We do think that an individual would have to be a member of PERS or LEOFF—either active or inactive—in order to make a rollover or transfer to PERS or LEOFF. While the rollover provisions of the Code do not spell out this requirement, we think that the general qualification requirements for 401(a) plans—that the plan be for the exclusive benefit of employees or their beneficiaries, that contributions be made by the employer or employees, etc.—require this result.

Thus, an individual who is not a member of PERS or LEOFF would not be eligible to purchase the EMT service in PERS or LEOFF.

**VI. CONCLUSION**

Based on the period of coverage which predates 2003, the fact the EMTs were provided with a defined benefit from Evergreen Hospital, and the fact that Evergreen Hospital was a PERS *eligible* employer but did not opt in to PERS, we do not believe that the employees in question should be considered employees of King County. We also note that seeking to provide additional service to these individuals is unconventional if they already are receiving a retirement benefit from Evergreen Hospital. However, as set forth in this Memorandum, there are a couple alternative that may be considered. Of course, each alternative has administrative challenges. After you have had a chance to review this Memorandum, we would be happy to discuss potential legislative changes and any other facts that you would like us to consider.



# Office of the State Actuary

*“Supporting financial security for generations.”*

December 9, 2020

Steve Nelsen  
Executive Director  
LEOFF Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, Washington 98504-0918

## **SUBJECT: EVERGREEN HOSPITAL PRICING REQUEST**

Dear Steve:

At the request of the Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plan 2 Board, we have calculated the total liability added to the Washington State retirement plans if past Public Employees’ Retirement System (PERS) service is granted to Evergreen Hospital Emergency Medical Technicians (EMTs) for the time period October 1, 1978 to January 1, 2003. Per your request, we determined whether the additional service results in a contribution rate impact to the retirement systems, assuming past contributions without interest are paid to the corresponding PERS system in which that service is granted. For your reference, LEOFF Plan 2’s written work request to the Office of the State Actuary (OSA) can be found in **Appendix A**.

### ***Summary of Results***

We estimate PERS liabilities increase by \$12.2 million as a result of past service granted to Evergreen Hospital EMTs measured at June 30, 2019, our most recent Actuarial Valuation Report (AVR). We further assumed past contributions, without interest, of \$2.60 million are contributed to the PERS trust fund on June 30, 2021. The Department of Retirement Systems (DRS) calculated and provided the past contributions for each impacted PERS plan. We discounted the contributions two years to the measurement date of June 30, 2019, using the investment return assumption of 7.5 percent. Based on this information, we estimate a one basis point contribution rate increase in PERS Plan 2/3 charged to all employers and Plan 2 members to fund the cost of benefit improvements measured at June 30, 2019. We found the contribution impact to the PERS 1 UAAL did not round to a basis point, however, the unfunded liability created would be paid for in future PERS 1 UAAL rate adoptions.

Costs arise from granting this past service because the past contributions are provided without the investment returns that they would have earned over time. Contributions provided to the trust fund are expected to be made at the time the service is earned and then grow by 7.5 percent annually. The amount of the lost investment earnings is collected as additional contribution rates charged to all members and employers of PERS.



We also expect that LEOFF Plan 2 will experience a liability reduction of \$0.3 million as of our 2019 AVR if past service is granted to Evergreen Hospital EMTs. This occurs because many of these EMTs are currently active in LEOFF 2. By providing them with past service in PERS, their total years of service worked will increase, and our valuation model will apply a different set of assumptions, yielding a small savings. For more information on the impacts to LEOFF 2, see **Appendix C**.

The table below summarizes the expected liability impact (increase) to the PERS system as of the measurement date, June 30, 2019. We present this liability as two components: (1) the expected value of benefits payable from the measurement date forward; and (2) the expected value of benefits paid from the members' normal retirement date in PERS to the measurement date (retroactive payments).

Impact on Pension Liability (PERS) as of June 30, 2019			
(Dollars in Millions)	Current	Increase	Total
Present Value of Future Benefits	\$63,168	\$10.2	\$63,179
Retroactive Payments	0	2.0	2.0
Value of All Liabilities	\$63,168	\$12.2	\$63,181

This pricing rounds to a one basis point contribution rate impact for PERS 2/3, which results in a supplemental rate collected in the 2021-23 Biennium. However, if past contributions provided to the PERS trust fund were greater than the amount calculated by DRS, a supplemental rate may not be charged. See **Appendix C** and **D** for more information on the contribution rate impacts.

The actuarial results presented in this letter were based on data provided by DRS in the fall of 2020. If the Evergreen Hospital EMTs in this data are eligible for more/less past service or if more/fewer EMTs are found to be eligible for past service, the results of this pricing would increase/decrease. Also, if the amount of past contributions paid into the trust fund for this group is more/less than expected, the net impact will be lower/higher than what is presented in this communication.

If other groups are added to PERS in a similar manner, the aggregate impact could result in additional contribution rate increases for all employers and Plan 2 members in PERS.

### ***How the Results Change When the Assumptions Change***

We estimate the total liability added at June 30, 2019, is \$12.2 million if actual experience occurs as expected. If actual experience doesn't occur as expected, the actual liabilities will be more or less. Please see **Appendix E** for sensitivity analysis and additional context on how the results of this pricing could vary under a different set of assumptions.

Please see **Appendix B** for supporting information including a description of the data, assumptions, and methods we used to prepare this analysis.



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## ***Actuarial Disclosures and Certification***

We intend this analysis to assist the LEOFF 2 Board in studying the fiscal impacts of providing past PERS service to Evergreen Hospital EMTs as required in the 2020 Supplemental Budget. This analysis should not be used for other purposes.

In my opinion, the data, assumptions, and methods we used to prepare this actuarial analysis are reasonable and appropriate for the purpose stated above. The use of another set of data, assumptions, and methods could also be reasonable and could result in materially different results. To the extent that future experience varies from the assumptions we used in this analysis, the actual costs will vary from the expected costs provided in this letter.

This analysis, like most actuarial analysis, will quickly become outdated. Changes to the demographics of the impacted plans, the assets, or the assumptions used to develop this analysis can impact the results presented here. To that end, we do not advise the use of this analysis once a new actuarial valuation or updated data is available. If a bill is introduced during the 2021 Session, we would request updated data and calculate impacts consistent with the language of the bill. The results of that analysis could vary materially from the results documented in this letter.

We advise readers of this analysis to seek professional guidance as to its content and interpretation and not to rely on this communication without such guidance. Please read the analysis shown in this letter as a whole. Distribution of, or reliance on, only parts of this analysis could result in its misuse and may mislead others.

We prepared this analysis and provided opinions in accordance with Washington State law and accepted actuarial standards of practice as of the date shown above.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Please let me know if you have any questions or need additional information.

Sincerely,

Lisa Won, ASA, FCA, MAAA  
Deputy State Actuary

cc: Jacob White, Senior Research and Policy Manager  
LEOFF Plan 2 Retirement Board  
Matt Smith, FCA, EA, MAAA, State Actuary  
Office of the State Actuary

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## **APPENDIX A – WORK REQUEST TO OSA**

On September 11, 2020, OSA received the following work request from the LEOFF 2 Board (Jacob White).

*The 2020 Supplemental Budget included a proviso of \$50,000 for the LEOFF Plan 2 Board to complete a ‘study of the pension benefits provided to emergency medical technicians providing services in King county between October 1, 1978 and January 1, 2003. The board shall examine the legal and fiscal implications of extending membership in the plan for these periods, including King county employers that might be included, the benefits that would be paid to members on a prospective and retroactive basis, and the contribution requirements and plan liability that would be created for employers, employees, and the state.’*

*The LEOFF 2 Board would like the following price request in order to complete our study:*

- ❖ *The increase in liabilities to PERS of adding EMTs, who were employed at the intergovernmental consortium between King County and Evergreen Public Hospital District between October 1, 1978 and January 1, 2003, to PERS.*
- ❖ *If the employer and member contributions are paid for by the employer and/or member does the interest (lost investment earnings) being paid by the system trigger a contribution rate increase?*





## APPENDIX B - DATA, ASSETS, ASSUMPTIONS, AND METHODS WE USED

### Data

All data was provided to us by DRS, and we relied on their expertise as the plan administrator. We did not audit the data, but we did review it for reasonableness and found it to be appropriate for the purposes of this analysis.

DRS provided us with information on which EMTs are impacted, the amount of past PERS service they may be eligible to receive, and the PERS plan in which they may receive this service. Since most of these EMTs are currently in LEOFF 2, we were able to pull their demographic information from our 2019 AVR data. OSA worked with DRS to determine the PERS employment statuses of these EMTs. DRS calculated, and OSA reviewed, the potential prospective and retroactive PERS annual benefits of these EMTs.

Five individuals were not found in the 2019 AVR data. For these members, we added them to the AVR for purposes of this pricing exercise and relied on DRS for their plan, employment status, benefit, and demographic information.

One individual eligible for past PERS 1 service has passed away. This member's beneficiary or estate may be eligible for a refund of their contributions, or the amount of contributions that the employer pays on behalf of the member.

Nine individuals are eligible for a lump sum retroactive benefit for missed pension payments from first retirement eligibility to the measurement date. The average lump sum benefit is approximately \$225,000 at June 30, 2019.

The results of this pricing are based on a measurement date of June 30, 2019, the date of our most recent actuarial valuation. We did not reflect changes to the impacted population which may have occurred after the measurement date.

Summary of Demographics for Impacted Evergreen Hospital Members										
	Count	Age	Before Pricing			After Pricing				
			Avg PERS Service	Avg Total Service	Avg Annual Benefit	Count	Age	Avg PERS Service	Avg Total Service	Avg Annual Benefit
<b>Actives</b>										
Plan 2	1	59	1.3	16.5	N/A	1	59	9.6	24.7	N/A
<b>Terminated Vested**</b>										
Plan 2	4	58	10.7	16.8	\$23,500	30	56	10.7	23.1	\$25,600
Plan 3	1	54	9.3	14.4	*	1	54	18.8	23.8	*
<b>Annuitants</b>										
Plan 1	0	N/A	N/A	N/A	N/A	3	69	19.5	29.3	\$51,500
Plan 2	0	N/A	N/A	N/A	N/A	6	71	15.9	25.8	\$34,800

\*Benefit amount omitted for privacy reasons.

\*\*For some terminated vested individuals, annual benefits at retirement were approximated based on the last reported salary and service level.



## ***Assets***

At the time of this analysis, DRS has indicated that the payment for past employee and employer contributions, excluding interest, would total approximately \$2.60 million, with \$0.96 million allocated to PERS 1 and \$1.64 million allocated to PERS 2/3.

## ***Assumptions***

We assumed past service would be granted in PERS, per the work request in **Appendix A**.

We assumed all new PERS retirees will receive a Single Life benefit form.

We assumed all impacted members and surviving beneficiaries would select a retirement annuity instead of a return of contributions, except for the one PERS 1 member who has passed away. For this reason, we did not estimate a PERS savings fund for these members.

We assumed no future Evergreen EMTs will enter PERS so there is no change in the current PERS Entry Age Normal Cost contribution rates.

We assumed contributions for the past service granted to the eligible EMTs will be paid to the trust fund on June 30, 2021, in the amount calculated by DRS. We discounted the contributions two years to the measurement date of June 30, 2019, using the investment returns assumption of 7.5 percent. This adjustment reduced the past contributions from \$2.60 to \$2.25 million.

Otherwise, we developed these costs using the same assumptions as disclosed in the [June 30, 2019, Actuarial Valuation Report](#).

## ***Methods***

We calculated the liabilities for the base and pricing as follows. The base liabilities reflect the AVR results before granting any past service to Evergreen Hospital EMTs. The pricing liabilities reflect both the value of benefits payable in the future to EMTs if they receive past PERS service and the value of retroactive payments that may be made to eligible EMTs. The difference between the pricing and base represents the impact of granting past service benefits to Evergreen Hospital EMTs. The pricing also includes an increase to the PERS assets to reflect the payment of past employee and employer contributions.

We did not include any impact of potential payments for a legal order payee. We expect the impact of reflecting this to be immaterial.

Unless noted otherwise, the participant and financial data, assets, assumptions, and methods we used to prepare this analysis are consistent with those used to prepare the 2019 AVR. Please see the AVR for complete disclosures.



## APPENDIX C - ACTUARIAL RESULTS

### *How the Liabilities Changed*

Granting past service to Evergreen Hospital EMTs will impact the actuarial liabilities of PERS and LEOFF 2 as detailed in the following table.

<b>Impact on Pension Liability</b>				
<i>(Dollars in Millions)</i>	<b>Current</b>	<b>Future Benefits</b>	<b>Retroactive Payments</b>	<b>Total</b>
<b>Actuarial Present Value of Projected Benefits</b> <i>(The Value of the Total Commitment to All Current Members)</i>				
PERS 1	\$11,575	\$1.4	\$0.6	\$11,577
PERS 2/3	\$51,593	\$8.8	\$1.4	\$51,603
<b>PERS Total</b>	<b>\$63,168</b>	<b>\$10.2</b>	<b>\$2.0</b>	<b>\$63,181</b>
<b>LEOFF 2</b>	\$16,096	(\$0.3)	\$0.0	\$16,096
<b>Unfunded Actuarial Accrued Liability</b> <i>(The Portion of the Plan 1 Liability that is Amortized According to Funding Policy)*</i>				
PERS 1	\$3,759	\$0.6	\$0.6	\$3,761
<b>Unfunded Entry Age Accrued Liability</b> <i>(The Value of the Total Commitment to All Current Members Attributable to Past Service that is Not Covered by Current Assets)</i>				
PERS 1	\$4,074	\$0.6	\$0.0	\$4,074
PERS 2/3	\$1,833	\$7.2	\$0.0	\$1,841
<b>PERS Total</b>	<b>\$5,907</b>	<b>\$7.8</b>	<b>\$0.0</b>	<b>\$5,915</b>
<b>LEOFF 2</b>	(\$1,302)	(\$0.0)	\$0.0	(\$1,302)

Note: Totals may not agree due to rounding.

\*PERS 1 is amortized over a ten-year period.

### *How the Assets Changed*

Past contributions made into the PERS trust fund on behalf of Evergreen Hospital EMTs increases the plan assets. The amount of these contributions is an approximation based on data provided by DRS and discounted two years to the measurement date of June 30, 2019. See **Appendix D** for alternative funding scenarios.

<b>Actuarial Value of Assets</b>			
<i>(Dollars in Millions)</i>	<b>Current</b>	<b>Increase</b>	<b>Total</b>
<b>Actuarial Value of Assets</b> <i>(The Smoothed Value of Assets Used in Contribution Rate Calculations)</i>			
PERS 1	\$7,461	\$0.8	\$7,462
PERS 2/3	40,766	\$1.4	40,768
<b>PERS Total</b>	<b>\$48,228</b>	<b>\$2.2</b>	<b>\$48,230</b>

Note: Totals may not agree due to rounding.



### ***How the Present Value of Future Salaries (PVFS) Changed***

PVFS is today’s value of all future salaries over a member’s working lifetime which reflects future salary increases, as well as the likelihood of remaining in the plan. This measure is used to calculate the contribution rates to fund all future benefits not covered by today’s assets.

<b>Present Value of Future Salaries</b>			
<i>(Dollars in Millions)</i>	<b>Current</b>	<b>Increase</b>	<b>Total</b>
<b>Actuarial Present Value of Future Salaries</b>			
<i>(The Value of the Future Salaries Expected to be Paid to Current Members)</i>			
PERS 2	\$73,788	(\$0.1)	\$73,788
PERS 3	22,565	0.0	22,565
<b>PERS 2/3</b>	<b>\$96,352</b>	<b>(\$0.1)</b>	<b>\$96,352</b>
<b>LEOFF 2</b>	<b>\$24,130</b>	<b>(\$0.5)</b>	<b>\$24,130</b>
<b>UAAL Present Value of Future Salaries</b>			
<i>(The Value of the Future Salaries Used to Fund the UAAL)</i>			
<b>PERS</b>	<b>\$127,043</b>	<b>(\$0.0)</b>	<b>\$127,043</b>

*Note: Totals may not agree due to rounding.*

PVFS may increase or decrease for each impacted member due to the recognition of past service. For example, members with fewer years of service are expected to receive larger salary merit increases at the beginning of their career, so adding service will reduce their expected future salary increases which results in a decrease in PVFS.

Assumed exits from the plan (such as terminations) will have an impact on PVFS as well. Members with fewer years of service are less likely to reach retirement due to higher termination rates. We would expect the members to be more likely to reach retirement if they added additional service. However, a member may also become eligible for retirement earlier under this pricing, so they may be expected to work fewer years. These exits from the plan may increase or decrease the PVFS depending on the member’s age and service.

### ***How Contribution Rates Changed***

The following tables show the Normal Cost and Unfunded Actuarial Accrued Liability (UAAL) contribution rate impacts from this pricing. PERS, SERS, and PSERS employers all contribute toward the PERS 1 UAAL.



Impact on Contribution Rates				
System/Plan	PERS	SERS	PSERS	LEOFF
<b>Current Members</b>				
<b>Employee (Plan 2)</b>	0.0051%	0.0000%	0.0000%	(0.0004%)
<b>Employer</b>				
Normal Cost	0.0051%	0.0000%	0.0000%	(0.0003%)
Plan 1 UAAL	0.0010%	0.0010%	0.0010%	0.0000%
<b>Total</b>	<b>0.0061%</b>	<b>0.0010%</b>	<b>0.0010%</b>	<b>(0.0003%)</b>
<b>New Entrants*</b>				
<b>Employee (Plan 2)</b>	0.0000%	0.0000%	0.0000%	0.0000%
<b>Employer</b>				
Normal Cost	0.0000%	0.0000%	0.0000%	0.0000%
Plan 1 UAAL	0.0010%	0.0010%	0.0010%	0.0000%
<b>Total</b>	<b>0.0010%</b>	<b>0.0010%</b>	<b>0.0010%</b>	<b>0.0000%</b>

\*Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.

### ***How this Impacts Budgets and Employees***

The following table shows the impact to Employer and Employee budgets from this pricing. Since this pricing does not round to a basis point, no supplemental rate will be charged, and thus there are no budget impacts for the 2021-23 Biennium.

Budget Impacts			
(Dollars in Millions)	PERS	LEOFF	Total
<b>2021-2023</b>			
General Fund	\$0.5	\$0.0	\$0.5
Non-General Fund	0.7	0.0	0.7
<b>Total State</b>	<b>\$1.1</b>	<b>\$0.0</b>	<b>\$1.1</b>
Local Government	1.1	0.0	1.1
<b>Total Employer</b>	<b>\$2.3</b>	<b>\$0.0</b>	<b>\$2.3</b>
<b>Total Employee</b>	<b>\$1.8</b>	<b>\$0.0</b>	<b>\$1.8</b>
<b>2023-2025</b>			
General Fund	\$0.2	(\$0.0)	\$0.2
Non-General Fund	0.3	0.0	0.3
<b>Total State</b>	<b>\$0.5</b>	<b>(\$0.0)</b>	<b>\$0.5</b>
Local Government	0.5	(0.0)	0.5
<b>Total Employer</b>	<b>\$1.0</b>	<b>(\$0.0)</b>	<b>\$1.0</b>
<b>Total Employee</b>	<b>\$0.8</b>	<b>(\$0.0)</b>	<b>\$0.7</b>
<b>2021-2046</b>			
General Fund	\$1.9	(\$0.1)	\$1.9
Non-General Fund	2.9	0.0	2.9
<b>Total State</b>	<b>\$4.9</b>	<b>(\$0.1)</b>	<b>\$4.8</b>
Local Government	4.9	(0.1)	4.8
<b>Total Employer</b>	<b>\$9.7</b>	<b>(\$0.2)</b>	<b>\$9.5</b>
<b>Total Employee</b>	<b>\$7.4</b>	<b>(\$0.2)</b>	<b>\$7.2</b>

Note: Totals may not agree due to rounding. We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.



## **APPENDIX D - FUNDING SCENARIOS**

At the time of this analysis, the payment of past employee and employer contributions, excluding interest, would total approximately \$2.25 million, with \$0.83 million allocated to PERS 1 and \$1.42 million allocated to PERS 2/3, measured at June 30, 2019. The past contributions partially offset the liability increase of this pricing, resulting in a lower unfunded liability. The unfunded liability is the increased liability not covered by contributions (assets), and it will be paid for through contribution rate increases to all members and employers of the plan. Based on our analysis, a one basis point supplemental rate for PERS 2/3 would be collected in the 2021-23 Biennium to pay for the increased unfunded liability. The unfunded liability in PERS 1 falls below the threshold to trigger a one basis point supplemental rate. Instead, the unfunded liability of about \$0.43 million (\$1.26 m - \$0.83 m) is paid for with contribution rate increases in future PERS 1 UAAL rate adoption cycles.

If the past contributions received by DRS are greater than expected, then this pricing would result in a lower unfunded liability and may result in no supplemental contribution rate impact in the 2021-23 Biennium. For example, if the full contributions and past interest of \$4.03 million, as estimated by DRS and measured at June 30, 2019, were collected for the PERS 2/3 service granted in this pricing, then we estimate that a supplemental rate would no longer be necessary.



## **APPENDIX E – SENSITIVITY ANALYSIS**

Our best estimate results presented above can vary under a different set of assumptions. We considered the impact of changes to the investment returns, mortality rates, and salary increases assumptions on the best estimate results. We found the investment returns assumption had the most significant impact on the liability estimate. Increasing or decreasing the investment returns assumption by 1.0 percent changed the liability estimate by approximately 10 percent. Decreasing the liability by 10 percent resulted in no supplemental contribution rate increase in the 2021-23 Biennium for PERS 2/3. The sensitivity to the other assumptions we considered had significantly smaller impacts.



# King County EMT Study

Final Report  
December 16, 2020



# Study

- The 2020 budget included a proviso of \$50,000 for the LEOFF Plan 2 Board to complete a study of the pension benefits provided to emergency medical technicians providing services in King county between October 1, 1978 and January 1, 2003
- The Board shall examine the legal and fiscal implications of extending membership in the plan for these periods, including:
  - King county employers that might be included
  - Benefits that would be paid to members on a prospective and retroactive basis
  - Contribution requirements and plan liability that would be created for employers, employees, and the state

# EMT LEOFF Plan 2 History

- In 2005, definition of "fire fighter" in LEOFF was amended to include EMTs employed by a city, town, county or district
  - Prior to 2005, EMTs employed by local governments in health departments or other divisions of local governments were members of PERS if their employer was either mandated or opted into PERS membership

# Key Issue

- For the King County/Evergreen Public Hospital District intergovernmental consortium who is the employer?
  - King County – PERS Employer
  - Evergreen Public Hospital – Not a PERS Employer

# Ice Miller Analysis

- Ice Miller advised that “based on the extensive information provided to [them], it appears that the EMS employees were properly classified as Evergreen Hospital employees using analysis provided by the Internal Revenue Service (“IRS”)”
  - Employer/Independent Contractor Test – Weigh multiple factors to determine who the employer is

# Request for Actuarial Analysis

- The LEOFF 2 Board requested OSA to provide:
  - The increase in liabilities to PERS of adding EMTs, who were employed at the intergovernmental consortium between King County and Evergreen Public Hospital District between October 1, 1978 and January 1, 2003, to PERS
  - If the employer and member contributions are paid for by the employer and/or member does the interest (lost investment earnings) being paid by the system trigger a contribution rate increase?

# Actuarial Analysis

- PERS liabilities increase by \$12.2 million
- Past employer and member contributions total \$2.6 million
- One basis point contribution rate increase in PERS Plan 2/3 charged to all employers and Plan 2 members to fund the cost of lost investment earnings on the past employer and member contributions

# Next Steps

- **LEOFF 2 Board Study is due to the Legislature January 2021**
  - Draft study is included in your materials
  - The Board is not required to recommend a bill



**Thank You**

**Jacob White**

**Senior Research & Policy Manager**

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December 16, 2020

## Interruptive Military Service Credit Study

**TO:** Senator Christine Rolfes, Chair  
Senate Ways and Means Committee  
Senator John Braun, Ranking Minority Member  
Senate Ways and Means Committee  
Representative Timm Ormsby, Chair  
House of Appropriations Committee  
Representative Drew Stokesbary, Ranking Minority Member  
House Appropriations Committee

**FROM:** Dennis Lawson, Chair  
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

**SUBJECT: 2020 Interruptive Military Service Credit Study**

The legislature directed the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board to complete a study of interruptive military service credit for LEOFF Plan 2 members and the impact of expanding fully subsidized service credit eligibility to those members who have been awarded an expeditionary medal.

The results of this study are included herein and available on the LEOFF Plan 2 website.

### STUDY REQUIREMENTS

The legislature tasked the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board and the Select Committee on Pension Policy (SCPP) to complete a study of interruptive military service credit and the impact of expanding fully subsidized service credit eligibility to those who have been awarded an expeditionary medal.

To encourage consistency among the treatment of military service throughout the Washington state retirement systems, the LEOFF Plan 2 Board and the SCPP must communicate their preliminary recommendations to each other prior to October 30, 2020. Considering the preliminary recommendations of the other body, the LEOFF Plan 2 Board and the SCPP must issue final reports containing recommendations and analysis of the potential cost of those recommendations to the appropriate committees of the legislature by January 2, 2021.<sup>1</sup>

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<sup>1</sup> Substitute House Bill 2544 (2020). *Definition of Veteran*. [online] Available at: <http://lawfilesexternal.wa.gov/biennium/2019-20/Pdf/Bills/House%20Bills/2544-S.pdf?q=20200908100212>

## EXECUTIVE SUMMARY

LEOFF Plan 2 members may establish service credit for military service interrupting their LEOFF service. Member contributions are waived for LEOFF Plan 2 members whose interruptive military service was: 1) during a period of war; or 2) during a specified conflict for which they earned a campaign badge or medal.

The cost impact for expanding fully subsidized service credit eligibility to those who have been awarded an expeditionary medal prospectively is \$1.3 million total employer 25-year cost for all systems and plans (\$0.7 million for LEOFF Plan 2). The cost impact for expanding the benefit retroactively is \$16 million total employer 25-year cost for all systems and plans (\$9 million for LEOFF Plan 2).

## BOARD RECOMMENDATION

The Board voted to defer making a recommendation to expand the no-cost interruptive military service credit benefit to service where the member earned an expeditionary medal until next year.

Board members expressed support of the policy to expand; however, they also expressed concerns regarding the cost of the benefit and the expected state and local budget environment due to revenue impacts from Covid-19.

## BACKGROUND AND POLICY ISSUES

### General Background

Interruptive military service credit applies to all Washington State retirement systems, including LEOFF Plan 2. A member qualifies for this benefit when they take a leave of absence from a DRS covered position to serve in the United States military, and the member returns to employment with their employer within 90 days of being honorably discharged. When this occurs, membership in the retirement system is considered to be interrupted.

There are two types of pension benefits for interruptive military service: fully subsidized (“no-cost interruptive military service credit”) and partially subsidized (“reduced-cost interruptive military service credit”).

No-cost interruptive military service credit is awarded if the service took place during a period of war, or certain armed conflicts in which an approved campaign medal or badge was obtained. A member can qualify for up to five years of no-cost interruptive military service credit. The employer and state pay their contributions plus interest and the system subsidizes the member contributions and interest.

Reduced-cost interruptive military service credit is awarded if the service did not take place during a period of war, or an armed conflict in which an approved campaign medal was

obtained.<sup>2</sup> In order to receive reduced-cost interruptive military service credit, a member must have been honorably discharged from their service and unable to qualify for no-cost credit. A member can qualify for up to five years of reduced-cost interruptive military service credit. The member must pay the member contribution cost; however, the interest on the member contributions is subsidized by the plan. The member has five years from when they return to work to pay their contributions or they must pay those contributions prior to retirement, whichever occurs first. After the member pays their contributions, the employer and state are billed for the employer contributions plus interest.

A member may receive a total of 10 years of interruptive military service credit (up to five years no-cost interruptive military service credit and up to five years of reduced-cost interruptive military service credit). The member must fully pay the required contributions within five years of reemployment.

### **Qualifying for No-Cost Interruptive Military Service Credit**

To qualify for no-cost interruptive military service credit the member's service must have been during a "period of war", as defined in RCW 41.04.005(2). "Period of war" is defined under this statute as:

World War I; World War II; The Korean conflict; The Vietnam era<sup>3</sup>; The Persian Gulf War<sup>4</sup>; The period beginning on the date of any future declaration of war by the congress and ending on the date prescribed by presidential proclamation or concurrent resolution of the congress; and

Any armed conflicts, if the participant was awarded the respective campaign badge or medal, or if the service was such that a campaign badge or medal would have been awarded, except that the member already received a campaign badge or medal for a prior deployment during that same conflict.

The DoD awards a campaign badge or medal to service members who served during a specified conflict and were stationed in a designated war zone.<sup>5</sup>

Campaign medals, as defined by the DoD manual 1348.33 Volume 2, are medals which:

"recognize service members who are deployed to the geographic area where the combat is actually occurring. Members awarded campaign medals have the highest

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<sup>2</sup> Responsibility for payment varies by the dates of service. If the military service was completed: Between October 1, 1977, and March 31, 1992, the member pays both the employer and member contributions plus interest; After March 31, 1992, and before October 6, 1994, the member pays the member contributions plus interest and the employer and state pay their contributions plus interest; After October 6, 1994, a member pays the member contributions (no interest) and the employer and state pays their contribution plus interest.

<sup>3</sup> Which means: The period beginning on February 28, 1961, and ending on May 7, 1975, in the case of a veteran who served in the Republic of Vietnam during that period; the period beginning August 5, 1964, and ending on May 7, 1975.

<sup>4</sup> Which was the period beginning August 2, 1990, and ending on February 28, 1991, or ending on November 30, 1995, if the participant was awarded a campaign badge or medal for such period.

<sup>5</sup> Defined conflicts include: the crisis in Lebanon, the invasion of Grenada, Operation Just Cause in Panama, Operation Restore Hope in Somalia, Operation Uphold Democracy in Haiti, Operation Joint Endeavor in Bosnia, Operation Noble Eagle, Operation Enduring Freedom in Southern or Central Asia, Operation Iraqi Freedom; Iraq and Syria, Operation Inherent Resolve; and Afghanistan, Operation Freedom's Sentinel.

degree of personal risk and hardship as they are conducting the combat operations and are deployed to the area where the combat is actually occurring.”

Interruptive military service that does not meet the definition of “period of war” does not qualify for no-cost interruptive military service credit. However, it does qualify for reduced-cost interruptive military service credit.

### Legislative History

No-cost interruptive military service credit was created in 2009, with the passage of HB 1548. HB 1548 was endorsed by the SPCP and the LEOFF Plan 2 Board. The legislative history of HB 1548 does not explicitly state the policy goals of the legislature in creating a no-cost interruptive military service credit benefit, or the reasons for placing the lines of demarcation between reduced-cost and no-cost interruptive military service credit at receiving a campaign badge.

In 2008, the LEOFF Plan 2 Board report<sup>6</sup> on this proposed benefit stated:

Arguments for eliminating the cost to the member include encouraging military service, supporting the ability to recruit military personnel into state/local government service, benefits (direct and indirect) to the State from military service rendered by public employees, recognition and support for Plan members serving the public at large in a high risk situation, and supplementing federal benefits which may be viewed as inadequate.

Some of the policy pros and cons of providing special or increased benefits to members based on military service, identified in presentations to the LEOFF Plan 2 Board and the SPCP in 2008 and 2009, included:

No Additional Benefits	Additional Benefits
Members serve voluntarily; no draft requires them to leave employment	Encourage military service; help avoid need for a draft
Members already receive adequate federal compensation and benefits for military service	Support ability to recruit more military personnel into state service and more state personnel into military service
Other members and employers would not have to absorb extra costs for these members	Support view that all WA citizens benefit, directly or indirectly, from military service rendered by public employees
More favorable service credit treatment is already given to these members (partially subsidized service credit)	Recognize that members who serve in conflicts are at higher risk for injury or death; pension Plans typically offer extra support for high risk occupations that serve the public at large
Military service is unrelated to the service rewarded by state pension Plans	Supplement federal benefits, which may not be viewed as adequate

<sup>6</sup> *Interruptive Military Service Credit Final Proposal*. [online] Available at: [https://leoff.wa.gov/sites/default/files/2020-02/121708.6\\_Interruptive-Military-Service-Credit.pdf](https://leoff.wa.gov/sites/default/files/2020-02/121708.6_Interruptive-Military-Service-Credit.pdf).

During the 2017 legislative session, SB 5661 required the LEOFF Plan 2 Board to study interruptive military service credit for members not awarded a campaign badge or medal. As a result of that study the LEOFF Plan 2 Board endorsed legislation (HB 2701) in 2018. This legislation added a provision to ensure eligibility for no-cost interruptive military service credit for multiple deployments to the same conflict; added an end date in statute for the end of the Gulf War; and made two additional combat operations (Inherent Resolve, Iraq and Syria; and Freedom's Sentinel, Afghanistan) eligible for no-cost interruptive military service credit. This legislation became effective June 7, 2018.

The statute which defines "period of war", for purposes of not only receiving interruptive military service credit but also other non-pension benefits, has been amended eleven times since its adoption in 1969. Most of these amendments updated the list of periods of war and armed conflicts.

Most recently, HB 2544 (2020) redefined "period of war" in RCW 41.04.005 to no longer identify specific conflicts and instead recognize all service from which a campaign badge or medal was earned. The LEOFF Plan 2 Board endorsed this legislation because it removes the need to amend "period of war" for each new conflict that qualifies for no-cost interrupt military service credit.

### **Department of Defense**

Campaign, Expeditionary, and Service (CE&S) medals recognize service members' participation in military campaigns, expeditions, or other significant military operations, and for otherwise meritorious military service. Eligibility criteria for CE&S medals are based on a service member's:

- Degree of personal risk (e.g., proximity to the enemy, service in a combat zone, imminent threat of hostilities);
- Degree of personal hardship;
- Participation in designated military operations; and,
- Extent of military service during specified time periods, duration, or types of duty.<sup>7</sup>

There are four categories of CE&S medals:

- **Campaign Medals** - Campaign medals recognize deployed participation in large-scale or long-duration combat operations. Campaign medals are associated with the highest level of personal risk and hardship. They are awarded to members who are deployed to the geographic areas where the combat is actually occurring. Service members deployed to areas where combat is occurring as a result of prolonged or large-scale military combat operations should be recognized with a separate and distinct campaign medal.
- **Expeditionary Medals** - Expeditionary medals recognize deployed participation in small scale and/or short-duration combat operations or military operations where there is an imminent threat of hostilities. Expeditionary medals are also awarded to members deployed in support of combat operations, but who are not in the geographic area

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<sup>7</sup> DOD MANUAL 1348.33, VOLUME 2. [online] Available at: [https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodm/1348.33\\_Vol2.pdf?ver=2018-03-29-102726-900](https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodm/1348.33_Vol2.pdf?ver=2018-03-29-102726-900)

where the actual combat is occurring. Expeditionary medals are associated with high levels of personal risk and hardship.

- **Deployed Service Medals** - Deployed service medals recognize deployment or assignment to a designated Area of Eligibility (AOE) to participate in, or directly support, a designated military operation where there is no foreign armed opposition or imminent threat of hostile action.
- **Individual Service Medals** - Individual service medals recognize individual merit, direct participation in a DoD approved military activity, undertaking, event or operation, or service during a specified period. Some individual service medals, such as the Prisoner of War (POW) medal, may recognize service involving significant personal risk and hardship, while others only recognize being in active military service during a particular period of time.<sup>8</sup>

Below is a table from the DoD Manual 1348.33, Volume 2, of current and recent CE&S medals:

**Table 1: Categories of CE&S Medals**

Title of Decoration <sup>1</sup>	Sub-category of CE&S Medals
Southwest Asia Service Medal <sup>2</sup>	Campaign Medal
Kosovo Campaign Medal	Campaign Medal
Afghanistan Campaign Medal	Campaign Medal
Iraq Campaign Medal	Campaign Medal
Inherent Resolve Campaign Medal	Campaign Medal
Armed Forces Expeditionary Medal	Expeditionary Medal
Global War on Terrorism Expeditionary Medal	Expeditionary Medal
Antarctic Service Medal	Deployed Service Medal
Armed Forces Service Medal	Deployed Service Medal
Korea Defense Service Medal	Deployed Service Medal
National Defense Service Medal	Individual Service Medal
Armed Forces Reserve Medal	Individual Service Medal
Humanitarian Service Medal	Individual Service Medal
Prisoner of War Medal	Individual Service Medal
Military Outstanding Volunteer Service Medal	Individual Service Medal
Global War on Terrorism Service Medal	Individual Service Medal
<p>Note 1: This list is not all-inclusive. Military Departments also have CE&amp;S medals (e.g., Navy Expeditionary Medal; Air Force Good Conduct Medal; Army Good Conduct Medal). Refer to each Military Department’s specific award guidance for additional information.</p> <p>Note 2: Before DoD established comprehensive CE&amp;S medal policy, the naming conventions for DoD CE&amp;S medals were inconsistent. This resulted in several medals with names that do not match the CE&amp;S medal category to which they are assigned.</p>	

### **LEOFF Plan 2 Interruptive Military Service Credit Data**

According to the data provided by DRS, between 2009 and 2019, 534 LEOFF Plan 2 members received no-cost interruptive military service credit. Those members received an average of 9.75 months of service credit.

<sup>8</sup> id.

During that same time period, 24 LEOFF Plan 2 members purchased partially subsidized interruptive military service credit. Those members purchased an average of 8.85 months of service credit. 40 LEOFF Plan 2 members requested a bill from DRS to purchase partially subsidized interruptive military service credit, but elected not to purchase the service credit. Those members would have received an average of 11.68 months of service credit.

**Cost of Expanding to Expeditionary Medals**

During the 2020 legislative session, as well as previous legislative sessions, the legislature considered expanding the no-cost interruptive military service credit benefit to members who earned expeditionary medals. However, OSA and the LEOFF Plan 2 Board were unable to gather the necessary data to identify the cost of expanding the benefit. Thus, the fiscal notes for expanding the benefit were indeterminate.

As part of this study, OSA and the LEOFF Plan 2 Board worked with the agencies identified in the study (DRS, Washington State Military Department, and Department of Veterans Affairs) to gather data to identify the cost of expanding the benefit (see Appendix B, C, and D. Each of these State agencies responded to our requests for data (see Appendix E, F, and G).

MIL provided the number of air force and army national guard members in Washington State that received expeditionary medals and campaign medals.

	<b>Air National Guard (2016-2020)</b>	<b>Army National Guard (Based on Currently Serving Members)</b>
<b>Expeditionary Medals</b>	476	991
<b>Campaign Medals</b>	159	1,995
<b>Ratio</b>	2.99	0.50

DRS provided billing data on members who had requested either no-cost or partially subsidized interruptive military service credit (see Appendix E).

In addition to the data provided by state agencies, the DoD provided data in response to a Freedom of Information Act request made by the LEOFF Plan 2 Board for the total number of campaign and expeditionary medals awarded since 2001 (see Appendix I).

Based on the data provided by MIL and DRS, OSA identified the following contribution rate impacts of expanding no-cost interruptive military service credit:



Impact on Contribution Rates – Prospective				
System/Plan	PERS 2/3	PSERS 2	LEOFF 2	WSPRS 1/2
Current Members				
Employee (Plans 1/2)	0.0002%	0.0001%	0.0013%	0.0053%
Employer	0.0002%	0.0001%	0.0008%	0.0053%
State			0.0005%	

Impact on Contribution Rates - Retroactive				
System/Plan	PERS 2/3	PSERS 2	LEOFF 2	WSPRS 1/2
Current Members				
Employee (Plans 1/2)	0.003%	0.004%	0.019%	0.099%
Employer	0.003%	0.004%	0.012%	0.099%
State			0.008%	

The cost impact for expanding the benefit prospectively is \$1.3 million total employer 25-year cost for all systems and plans (\$0.7 million for LEOFF Plan 2). The cost impact for expanding the benefit retroactively is \$16 million total employer 25-year cost for all systems and plans (\$9 million for LEOFF Plan 2).

## OTHER STATES

LEOFF Plan 2 contacted staff from other state retirement systems for information and data regarding their members' receipt of interruptive military service credit, as well as the requirements for receiving such credit.

Idaho PERS allows their members a maximum of five years of no-cost military service credit, similar to Washington. Wisconsin Retirement Systems allows a maximum of four years of no-cost military service credit, unless the service is involuntary. Minnesota Retirement Systems and Oregon PERS do not offer no-cost interruptive military service credit. Research and communications with staff members from other state retirement systems shows that none of these states require their members to have earned a specific medal, or to have served in a specific conflict in order to receive no-cost or reduced-cost interruptive military service credit. Among the states that offer no-cost interruptive military service credit, the requirements for earning no-cost credit are broader than Washington State.



Below is a comparison among other states based on total members, members receiving interruptive military service credit, average no-cost service credit received, maximum amount of no-cost service granted, and qualifications to receive no-cost military service credit.

STATE	TOTAL MEMBERS	MEMBERS WITH INTERRUPTIVE MILITARY SERVICE CREDIT	AVERAGE SERVICE CREDIT RECEIVED	MAXIMUM NO-COST SERVICE CREDIT GRANTED	QUALIFICATIONS FOR NO-COST SERVICE CREDIT
CALIFORNIA (CALPERS)	2,006,369	–	–	–	Member must enter military service within 90 days of leaving CalPERS and return to CalPERS within six months of discharge date.
IDAHO (PERSI)	160,000	500	5-6 months	5 years	Member must enter military service within 90 days of leaving PERSI employment, and must return to PERSI employment within 90 day of release from active duty.
MINNESOTA (MSRS)	134,000	12	–	n/a	No-cost credit not offered.
OREGON (PERS)	374,000	1,083	–	n/a	No-cost credit not offered. Must be purchased by member or employer.
WASHINGTON (DRS)	523,000	8,339	9 months	5 years	Must have been awarded a campaign medal from serving in combat zones.
WASHINGTON (LEOFF 2)	24,000	574	10 months	5 years	Must have been awarded a campaign medal from serving in combat zones.
WISCONSIN (WRS)	642,000	784	2 years	4 years	Left WRS employment to serve in the armed forces and return to employment within 180 days. Member may be responsible for employee contributions, under some circumstances.

## SUPPORTING INFORMATION

**Appendix A:** 01.07.20 DRS Fiscal Note HB 2544 (2020)

**Appendix B:** 07.10.20 Data Request to DRS

**Appendix C:** 07.10.20 Data Request to MIL

**Appendix D:** 07.10.20 Data Request to MIL

**Appendix E:** 07.13.20 DRS Response to Data Request

**Appendix F:** 07.14.20 MIL Response to Data Request

**Appendix G:** 07.30.20 DVA Response to Data Request

**Appendix H:** 08.17.20 MIL Response Follow Up to Data Request

**Appendix I:** 10.09.20 DoD FOIA Response

**Appendix J:** 10.13.20 LEOFF Preliminary Recommendation Letter to SCPP

**Appendix K:** 10.29.20 SCPP Preliminary Recommendation Letter to LEOFF

**Appendix L:** 12.07.20 Actuarial Analysis Summary

## DRS Fiscal Note – 2021 Legislative Session

Bill Number: HB 2544	Title: Definition of Veteran in RCW 41.04.005	Agency: 124-Dept of Retirement Systems
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**Part I: Estimates**
 No Fiscal Impact
**Estimated Cash Receipts to:**

ACCOUNT	FY 2022	FY 2023	2021-23	2023-25	2025-27
			0		
			0		
			0		
			0		
			0		
<b>Total \$</b>	0	0	0	0	0

**Estimated Expenditures from:**

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4		0.2		
<b>Account</b>					
DRS Admin Account (600-1)	39,110		39,110		
			0		
			0		
			0		
<b>Total \$</b>	39,110	0	39,110	0	0

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.  
 If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).  
 Capital budget impact, complete Part IV.  
 Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date:
Agency Preparation: Seth Miller	Phone: 360-664-7304	Date:
Agency Approval: Tracy Guerin	Phone: 360-664-7312	Date:
OFM Review:	Phone:	Date:

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill would amend RCW 41.04.005 to expand the definition of veteran to include those who have received an expeditionary medal, campaign badge or medal in any armed conflict, rather than limiting it to a campaign badge or medal in certain listed conflicts.

### II. B - Cash Receipts Impact

No impact.

### II. C - Expenditures

#### Administrative Assumptions

- The revised definition would apply to all members with eligible military service credit in all systems, including those who have previously applied for and been denied service credit because their service did not meet the current definition.
- DRS should review past military service credit requests to determine if they would be eligible for service credit under the new definition.
- DRS estimates that there are over 900 accounts to review for eligibility.

#### Benefits/Customer Service

Retirement Specialists (RSs) will assist in updates to member communications and internal reference and training materials. RSs will research accounts with prior military service credit that may be affected by this definition change, to create any service credit purchases that were previously ineligible and to adjust any accounts, as needed.

**Retirement Specialist 3 – 529 hours (salaries/benefits) \$22,308**

#### Member Communications

DRS' Communication Team will update wording in member handbooks and publications, and will update areas of the agency's website to communicate changes to impacted customers. Communications consultants will also create letter templates to accompany any new bills or to notify customers of account changes.

**Communications Consultant 5 – 300 hours (salaries/benefits) \$16,802**

**ESTIMATED TOTAL COST TO IMPLEMENT THIS BILL: \$39,110**

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years	0.4		0.20		
A-Salaries and Wages	28,465		28,465		
B-Employee Benefits	10,645		10,645		
C-Personal Service Contracts			0		
E-Goods and Services			0		
G-Travel			0		
J-Capital Outlays			0		
N-Grants, Benefits and Client Svcs			0		
P-Debt Service			0		
S-Interagency Reimbursement			0		
<b>Total:</b>	<b>\$39,110</b>	<b>\$0</b>	<b>\$39,110</b>	<b>\$0</b>	<b>\$0</b>

#### III. B - FTE Detail:

Job Classification	Salary	FY 2022	FY 2023	2021-23	2023-25	2025-27
RETIREMENT SPECIALIST 3	63,058	0.25		0.13		
COMMUNICATIONS CONSULTANT 5	86,923	0.14		0.07		
				0.00		
				0.00		
<b>Total FTE's</b>	<b>149,981</b>	<b>0.39</b>	<b>0.00</b>	<b>0.20</b>	<b>0.00</b>	<b>0.00</b>

#### III. C - Expenditures By Program (optional)

N/A – optional.

### Part IV: Capital Budget Impact

No impact.

### Part V: New Rule Making Required

No impact.

## Select Committee on Pension Policy

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

July 10, 2020

Mr. Seth Miller  
Retirement Services Division Assistant Director  
Department of Retirement Systems  
P.O. Box 48380  
Olympia, WA 98504-8380  
[seth.miller@drs.wa.gov](mailto:seth.miller@drs.wa.gov)

*Delivered via Email*

**SUBJECT: INTERRUPTIVE MILITARY SERVICE CREDIT  
STUDY – DATA REQUEST**

Dear Mr. Miller,

The Select Committee on Pension Policy (SCPP) and the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board formally request the assistance of the Washington State Department of Retirement Systems (DRS) in completing the 2020 Interruptive Military Service Credit Study, as required under [Chapter 178, Laws of 2020](#).

The SCPP and LEOFF 2 Board is required to study the provision of interruptive military service credit. Specifically, examining the expansion of fully subsidized interruptive military service credit to individuals who have been awarded an expeditionary medal. DRS, the Office of the State Actuary (OSA), the Washington State Military Department, and the Washington State Department of Veterans Affairs are required to provide information and/or conduct research as needed to support the SCPP's and LEOFF 2 Board's respective studies.

In order to model the past and future potential cost of expanding this pension benefit to individuals with expeditionary medals, OSA would like to quantify the cost of expanding interruptive military service credit. OSA received data as part of the 2020 Legislative Session to aid in the preparation of actuarial fiscal notes for Substitute House Bill 2544, concerning the definition of veteran. If there are any significant updates to the data previously provided, please share an updated file.

We would also appreciate any additional data you can think of that may assist in our analysis. For example, it would be helpful to receive

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

**Senator John Braun**

**Senator Steve Conway**

**Annette Creekaum**  
*PERS Employers*

**Randy Davis**  
*TRS Actives*

**\*Representative Joe Fitzgibbon, Vice Chair**

**Beverly Freeman**  
*PERS Employers*

**\*Tracy Guerin, Director**  
*Department of Retirement Systems*

**\*Bev Hermanson**  
*PERS Retirees*

**Senator Steve Hobbs**

**Leanne Kunze**  
*PERS Actives*

**Anthony Murrietta**  
*PERS Actives*

**\*Byron Olson**  
*PERS Employers*

**Representative Timm Ormsby**

**\*Senator Mark Schoesler, Chair**

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

**Mark Soper**  
*WSPRS Retirees*

**Representative Drew Stokesbary**

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

**Representative Mike Volz**

*\*Executive Committee*

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Fax: (360) 586-8135  
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Interruptive Military Service Credit Study – Data Request

July 10, 2020

Page 2

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information related to the amount of service credit that can be attributed to members or retirees who have experienced a break in service from their employer for purposes of interruptive military service.

In order to meet the required deadlines of this study, the SCPP and LEOFF 2 Board staff ask that any updated data, new data/resources, or confirmation that data is not available, is provided by August 10, 2020, to our email addresses located below. Should you require additional time to compile or prepare information, please let us know.

Please contact SCPP and LEOFF 2 Board staff if you have any questions or concerns with this request.

Sincerely,



Melinda Aslakson  
Policy Analyst  
Office of the State Actuary  
[melinda.aslakson@leg.wa.gov](mailto:melinda.aslakson@leg.wa.gov)



Jacob White  
Senior Research & Policy Manager  
LEOFF Plan 2 Retirement Board  
[jacob.white@leoff.wa.gov](mailto:jacob.white@leoff.wa.gov)

## Select Committee on Pension Policy

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

July 10, 2020

Ms. Nancy Bickford  
Intergovernmental Affairs and Policy Director  
Washington Military Department  
Building 1  
1 Militia Drive  
Camp Murray, WA 98430-5000  
[Nancy.Bickford@mil.wa.gov](mailto:Nancy.Bickford@mil.wa.gov)

*Delivered via Email*

**SUBJECT: INTERRUPTIVE MILITARY SERVICE CREDIT  
STUDY – DATA REQUEST**

Dear Ms. Bickford,

The Select Committee on Pension Policy (SCPP) and the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board formally request the assistance of the Washington State Military Department in completing the 2020 Interruptive Military Service Credit Study, as required under [Chapter 178, Laws of 2020](#).

The SCPP and LEOFF 2 Board is required to study the provision of interruptive military service credit. Specifically, examining the expansion of fully subsidized interruptive military service credit to individuals who have been awarded an expeditionary medal. The Department of Retirement Systems, the Office of the State Actuary (OSA), the Washington State Military Department, and the Washington State Department of Veterans Affairs are required to provide information and/or conduct research as needed to support the SCPP's and LEOFF 2 Board's respective studies.

Thank you for the information you have provided thus far. If possible, OSA would like information that would assist the actuaries in estimating the past and future potential cost of expanding this pension benefit to include expeditionary medals. The actuaries are requesting data that would help them quantify the ratio of medals awarded in a given armed conflict (or specified time period), split between campaign and expeditionary medals.

To the extent possible, we are requesting the following information:

- ❖ The total number of medals awarded over a specified time period, or operation, on an annual basis categorized

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

**Senator John Braun**

**Senator Steve Conway**

**Annette Creekpaum**  
*PERS Employers*

**Randy Davis**  
*TRS Actives*

**\*Representative Joe Fitzgibbon, Vice Chair**

**Beverly Freeman**  
*PERS Employers*

**\*Tracy Guerin, Director**  
*Department of Retirement Systems*

**\*Bev Hermanson**  
*PERS Retirees*

**Senator Steve Hobbs**

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**Anthony Murrietta**  
*PERS Actives*

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*Office of Financial Management*

**Mark Soper**  
*WSPRS Retirees*

**Representative Drew Stokesbary**

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

**Representative Mike Volz**

*\*Executive Committee*

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by campaign or expeditionary medal. For example, in 2010 there were 1,000 campaign medals and 1,500 expeditionary medals awarded.

- ❖ Average length of deployment an individual served when they were awarded a campaign medal versus an expeditionary medal. For example, of the medals awarded in 2010, the average recipient spent eight months in conflict for the campaign medal and 12 months in conflict for the expeditionary medal.
- ❖ Comprehensive list of campaign and expeditionary medals that are available and criteria for receiving those.

In order to meet the required deadlines of this study, the SCPP and LEOFF 2 Board staff ask that this data, or confirmation the data is not available, is provided by August 10, 2020, to our email addresses located below. Should you require additional time to compile or prepare information, please let us know. We would also appreciate any additional resources or data you can think of to assist in modeling the past and future potential cost of expanding this pension benefit.

Please contact SCPP and LEOFF 2 Board staff if you have any questions or concerns with this request.

Sincerely,



Melinda Aslakson  
Policy Analyst  
Office of the State Actuary  
[melinda.aslakson@leg.wa.gov](mailto:melinda.aslakson@leg.wa.gov)



Jacob White  
Senior Research & Policy Manager  
LEOFF Plan 2 Retirement Board  
[jacob.white@leoff.wa.gov](mailto:jacob.white@leoff.wa.gov)



# APPENDIX D

## Select Committee on Pension Policy

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

July 10, 2020

Mr. Steven J. Gill  
Veteran Services Administrator  
Washington State Department of Veterans Affairs  
P.O. Box 41150  
Olympia, WA 98504  
[steveng@dva.wa.gov](mailto:steveng@dva.wa.gov)

*Delivered via Email*

**SUBJECT: INTERRUPTIVE MILITARY SERVICE CREDIT  
STUDY – DATA REQUEST**

Dear Mr. Gill,

The Select Committee on Pension Policy (SCPP) and the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board formally request the assistance of the Washington State Department of Veterans Affairs in completing the 2020 Interruptive Military Service Credit Study, as required under [Chapter 178, Laws of 2020](#).

The SCPP and LEOFF 2 Board is required to study the provision of interruptive military service credit. Specifically, examining the expansion of fully subsidized interruptive military service credit to individuals who have been awarded an expeditionary medal. The Department of Retirement Systems, the Office of the State Actuary (OSA), the Washington State Military Department, and the Washington State Department of Veterans Affairs are required to provide information and/or conduct research as needed to support the SCPP's and LEOFF 2 Board's respective studies.

It is my understanding you may have requested from the Department of Defense information to assist with this study. We appreciate your assistance. In continuing discussions with our actuarial team, the following information would be helpful to model the future potential cost of expanding this pension benefit and quantify the ratio of medals awarded in a given armed conflict. To the extent possible, we are requesting the following information:

- ❖ The total number of medals awarded over a specified time period, or operation, on an annual basis categorized by campaign or expeditionary medal. For example, in

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

**Senator John Braun**

**Senator Steve Conway**

**Annette Creekpaum**  
*PERS Employers*

**Randy Davis**  
*TRS Actives*

**\*Representative Joe Fitzgibbon, Vice Chair**

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*Department of Retirement Systems*

**\*Bev Hermanson**  
*PERS Retirees*

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*PERS Actives*

**\*Byron Olson**  
*PERS Employers*

**Representative Timm Ormsby**

**\*Senator Mark Schoesler, Chair**

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

**Mark Soper**  
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**Representative Mike Volz**

*\*Executive Committee*

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[leg.wa.gov/SCPP.htm](http://leg.wa.gov/SCPP.htm)

2010 there were 1,000 campaign medals and 1,500 expeditionary medals awarded.

- ❖ Average length of deployment an individual served when they were awarded a campaign medal versus an expeditionary medal. For example, of the medals awarded in 2010, the average recipient spent eight months in conflict for the campaign medal and 12 months in conflict for the expeditionary medal.
- ❖ Comprehensive list of campaign and expeditionary medals that are available and criteria for receiving those.

In order to meet the required deadlines of this study, the SCPP and LEOFF 2 Board staff ask that this data, or confirmation the data is not available, is provided by August 10, 2020, to our email addresses located below. Should you require additional time to compile or prepare information, please let us know. We would also appreciate any additional resources or data you can think of to assist in modeling the past and future potential cost of expanding this pension benefit.

Please contact SCPP and LEOFF 2 Board staff if you have any questions or concerns with this request.

Sincerely,



Melinda Aslakson  
Policy Analyst  
Office of the State Actuary  
[melinda.aslakson@leg.wa.gov](mailto:melinda.aslakson@leg.wa.gov)



Jacob White  
Senior Research & Policy Manager  
LEOFF Plan 2 Retirement Board  
[jacob.white@leoff.wa.gov](mailto:jacob.white@leoff.wa.gov)

The data within the spreadsheet provided by DRS is summarized in part within the Actuarial Analysis Summary on Expeditionary Medals, contained in Appendix X.

## Aslakson, Melinda

---

**From:** Miller, Seth (DRS) <seth.miller@drs.wa.gov>  
**Sent:** Monday, July 13, 2020 4:31 PM  
**To:** Office State Actuary, WA  
**Cc:** Aslakson, Melinda; White, Jacob (LEOFF)  
**Subject:** RE: Data Request: Interruptive Military Service Credit Study  
**Attachments:** optbill July 13 2020.xlsx

## APPENDIX E

An updated data set is attached. Please let me know if you need anything else.

-Seth

---

**From:** Office State Actuary, WA <State.Actuary@leg.wa.gov>  
**Sent:** Friday, July 10, 2020 12:33 PM  
**To:** Miller, Seth (DRS) <seth.miller@drs.wa.gov>  
**Cc:** Aslakson, Melinda <Melinda.Aslakson@leg.wa.gov>; White, Jacob (LEOFF) <jacob.white@leoff.wa.gov>  
**Subject:** Data Request: Interruptive Military Service Credit Study

Please see attached.

### Office of the State Actuary

P.O. Box 40914

Olympia, Washington 98504-0914

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*This e-mail, related attachments, and any response may be subject to public disclosure under state law (Chapter 42.56 RCW).*

**White, Jacob (LEOFF)**

---

**From:** Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
**Sent:** Tuesday, July 14, 2020 12:00 PM  
**To:** Office State Actuary, WA  
**Cc:** Aslakson, Melinda; White, Jacob (LEOFF); Baumgart, Jim (GOV); Brewer, Daniel N. LTC (MIL); Bickford, Nancy (MIL)  
**Subject:** RE: Data Request: Interruptive Military Service Credit Study  
**Attachments:** Campaign and Expeditions - Veterans.pdf; DoD Manual of Military Decorations and Awards.pdf; JCS Pub 1-02 DoD Dictionary of Military and Associated Terms.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good morning,

Thank you for your inquiry.

It is important to know for the basis of the study that the Washington Military Department has only the Washington National Guard and not the entire military. We do not have the associated expertise or data but have been doing the best we can over an extended period of time to answer the many questions related to this study. I have asked both the Army and Air National Guard to answer within their capabilities and have additional research below that I have been able to further find.

1. Attached above is information on all the campaigns and expeditionary medals. The first attachment lists the medals and when they were awarded (periods of time). Both attachment 1 and 2 will answer a few of your questions.
2. The second attachment includes all of the criteria to award the medal to include the qualifying periods of time. Typically they will have served longer and this study shows in Table 12 the average length of a deployment by service.
3. The third attachment is a reference for you to look up any military terms or acronyms that are not fully explained in the DOD manual.
4. I did find a deployment study that did document service specific (Army, Navy, etc.) average period lengths but that data was only as of 2010 (see table 12 [https://www.ncbi.nlm.nih.gov/books/NBK206861/table/tab\\_3\\_12/?report=objectonly](https://www.ncbi.nlm.nih.gov/books/NBK206861/table/tab_3_12/?report=objectonly) ). You can see it varies by service. The length of the deployment isn't too meaningful because these services typically have a greater frequency of deployments.

I have sent your requests and questions off to the Defense Manpower Data Center (DMDC), but am uncertain if they will be able to answer. This is the direct website contact for the DMDC <https://www.dmdc.osd.mil/appj/dwp/index.jsp> and am uncertain they will answer with your needed information, but am working to see what they have the capability to document. It may work better for you as actuaries to contact the DMDC directly. This information attachments should answer quite a bit of your three questions. I'd like to suggest you survey the LEOFF 2 members to see what deployments and they have expeditionary medals for the deployment lengths to better estimate the costs of expanding interruptive service credit to this category. Department of Defense overall data may not neatly extrapolate to the typical population that is in the LEOFF 2 coverage area.

I will forward any information I receive from the Washington National Guard or the Defense Manpower Data Center

Nancy A. Bickford

Intergovernmental Affairs and Policy Director  
Washington Military Department  
253-512-7712 or 253-255-8620 (cell)  
Nancy.bickford@mil.wa.gov

*Email communications with state employees are public records and may be subject to disclosure, pursuant to Ch. 42.56 RCW.*

---

**From:** Office State Actuary, WA <State.Actuary@leg.wa.gov>  
**Sent:** Friday, July 10, 2020 12:33 PM  
**To:** Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
**Cc:** Aslakson, Melinda <Melinda.Aslakson@leg.wa.gov>; White, Jacob (LEOFF) <jacob.white@leoff.wa.gov>  
**Subject:** Data Request: Interruptive Military Service Credit Study

Please see attached.

**Office of the State Actuary**

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STATE OF WASHINGTON  
DEPARTMENT OF VETERANS AFFAIRS

1102 Quince Street, Box 41150 • Olympia, Washington 98504-1150 • 1-800-562-0132

July 30, 2020

Ms. Melinda Aslakson  
Policy Analyst  
Select Committee on Pension Policy  
Office of the State Actuary  
PO BOX 40914  
Olympia WA 98504-0914

Re: Interruptive Military Service Credit Study – Data Request

Dear Ms. Aslakson,

I am in receipt of your letter dated July 10, 2020 requesting assistance and data for the Interruptive Military Service Credit Study. Your office requested assistance with obtaining the following information:

- The total number of medals awarded over a specific time period, or operation, on an annual basis categorized by campaign or expeditionary medal. For example, in 2010 there were 1,000 campaign medals and 1,500 expeditionary medals awarded.
- Average length of deployment an individual served when they were awarded a campaign medal versus an expeditionary medal. For example, of the medals awarded in 2010, the average recipient spent eight months in conflict for the campaign medal and 12 months in conflict for the expeditionary medal.
- Comprehensive list of campaign and expeditionary medals that are available and criteria for receiving those.

Our Department does not have access to this information or other similar information that I believe would assist in modeling the past and future potential cost of expanding this pension benefit. This type of information may be available from the U.S. Department of Defense, Defense Manpower Data Center, 4800 Mark Center DR, Alexandria VA 22350.

You may contact me directly at (360) 789-5886 or [steveng@dva.wa.gov](mailto:steveng@dva.wa.gov) if you have any questions or if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. J. Gill', written in a cursive style.

Steven J. Gill, MPA  
Veterans Services Administrator

cc: Jacob White, Senior Research & Policy Manager, LEOFF Plan 2 Retirement Board

## White, Jacob (LEOFF)

---

**From:** Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
**Sent:** Monday, August 17, 2020 9:14 AM  
**To:** Aslakson, Melinda  
**Subject:** FW: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)  
**Attachments:** 141ARW Award Data Call.pdf; 194WG Award Data Call.pdf

Melinda,

I was able to get the awards data for a five year period from the Washington Air National Guard. Each of the two Air National Guard members attached has about 1000 members. You can see the medals awarded and the deployment lengths.

Sincerely,  
Nancy

Nancy A. Bickford  
Intergovernmental Affairs and Policy Director Washington Military Department  
253-512-7712 or 253-255-8620 (cell)  
Nancy.bickford@mil.wa.gov

Email communications with state employees are public records and may be subject to disclosure, pursuant to Ch. 42.56 RCW.

-----Original Message-----

From: ABBOTT, PAIGE T Col USAF ANG 194 WG/DoS <paige.abbott@us.af.mil>  
Sent: Thursday, August 13, 2020 3:55 PM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
Cc: ABBOTT, PAIGE T Col USAF ANG 194 WG/DoS <paige.abbott@us.af.mil>; BOYDSTON, DARLLENE L CMSgt US Air Force ANG WAANG HQ/JFHQ <darllene.boydston.1@us.af.mil>  
Subject: FW: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

Nancy,

WA ANG input to the Office of the state Actuary request for interruptive Military Service Credit Study.

V/R

PAIGE T. ABBOTT, Colonel, WA ANG  
Director of Staff  
Comm: 253-512-3353  
DSN: 370-3353

\*As of 9 June 2020 my email address has changed to Paige.abbott@us.af.mil

-----Original Message-----

From: BOYDSTON, DARLLENE L CMSgt US Air Force ANG WAANG HQ/JFHQ <darllene.boydston.1@us.af.mil>  
Sent: Thursday, August 13, 2020 2:44 PM



To: ABBOTT, PAIGE T Col USAF ANG 194 WG/DoS <paige.abbott@us.af.mil>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

Ma'am,

Apologize for the delay in compiling the requested data.

Since no parameters were given, the provided data is from the last five years, 2016-2020.

The data below is for the entire WA ANG, and attached is the data broken out by each wing.

1. The total number of medals awarded over a specified time period, or operation, on an annual basis categorized by campaign or expeditionary medal.

Calendar Year

2016 - 272 Expeditionary Medals awarded and 15 Campaign Medals awarded

2017 - 120 Expeditionary Medals awarded and 17 Campaign Medals awarded

2018 - 50 Expeditionary Medals awarded and 54 Campaign Medals awarded

2019 - 29 Expeditionary Medals awarded and 63 Campaign Medals awarded

2020 - 5 Expeditionary Medals awarded and 10 Campaign Medals awarded

\*\*Last 5 year total: 476 Expeditionary Medals and 159 Campaign Medals awarded in the last 5 years

2. Average length of deployment an individual served when they were awarded a campaign medal versus an expeditionary medal. For example, of the medals awarded in 2010, the average recipient spent eight months in conflict for the campaign medal and 12 months in conflict for the expeditionary medal.

Calendar Year

2016 - The average recipient spent 4.5 months in conflict for a campaign medal and 3 months in conflict for the expeditionary medal.

2017 - The average recipient spent 4.5 months in conflict for a campaign medal and 4 months in conflict for the expeditionary medal.

2018 - The average recipient spent 4.5 months in conflict for a campaign medal and 1.5 months in conflict for the expeditionary medal.

2019 - The average recipient spent 5 months in conflict for a campaign medal and 2.5 months in conflict for the expeditionary medal.

2020 - The average recipient spent 4.5 months in conflict for a campaign medal and 3.5 months in conflict for the expeditionary medal.

3. Comprehensive list of campaign and expeditionary medals that are available and criteria for receiving those.

Expeditionary Medal

1. Global War on Terrorism (GWOT) Expeditionary Medal -

For eligibility of the GWOT-E, individuals must have deployed abroad, on or after September 11, 2001 and a future date to be determined, for service in Operations Enduring Freedom or Operation Iraqi Freedom, and meet one of the following:

. Assigned, attached, or mobilized to a unit participating in OEF/OIF and serving for 30 consecutive days or 60 nonconsecutive days (there is no time limit required for nonconsecutive days to be accumulated)

. Be engaged in actual combat against the enemy and under circumstances involving grave danger or death or serious bodily injury from enemy action, regardless of time served in OEF/OIF

. Killed, wounded or injured requiring medical evacuation from

## Operations OEF/OIF

### 2. Armed Forces Service Medal -

This award, authorized by Executive Order 12985, Jan. 11, 1996, is awarded to members of the armed forces of the U.S. who, after June 1, 1992: (1) participate, or have participated, as members of U.S. military units, in a U.S. military operation that is deemed to be a significant activity by the Joint Chiefs of Staff; and (2) encounter no foreign armed opposition or imminent threat of hostile action.

### 3. Humanitarian Service Medal -

The number of eligible operations are too numerous to mention and have included a wide variety of services from the first operation of the Guyana Disaster Relief in Jonestown, Guyana in 1978 and have included disaster, flood, tornado, and earthquake relief work and snow removal work. Also included were Operation BOAT PEOPLE, Evacuation of Laos, Cuban Refugee Resettlement, Beirut Evacuation, Cholera Epidemic in Turk Islands and operations of humanitarian aid in the United States and every corner of the world.

## Campaign Medal

### 1. Iraq Campaign Medal -

Eligibility for the ICM requires service members to have served in direct support of Operation Iraqi Freedom. The period of eligibility is on or after March 19, 2003, to a future date to be determined by the Secretary of Defense or the cessation of OIF.

Service members qualified for the Global War on Terrorism Expeditionary Medal by reasons of service between March 19, 2003 and Feb. 28, 2005, in an area for which the ICM was subsequently authorized, shall remain qualified for that medal. Upon application, any such service members may be awarded the ICM in lieu of the GWOT-E for such service. No service members shall be entitled to both medals for the same deployment, action, achievement, or period of service. Service members must have been assigned, attached, or mobilized to units operating in the area of eligibility for 30 consecutive days or for 60 non-consecutive days or meet one of the following criteria:

- . Be engaged in combat during an armed engagement, regardless of the time in the area of eligibility
- . While participating in an operation or on official duties, is wounded or injured and requires medical evacuation from the area of eligibility
- . While participating as a regularly assigned aircrew member flying sorties into, out of, within or over the area of eligibility in direct support of the military operations; each day of operations counts as one day of eligibility

### 2. Korean Defense Service Medal (KDSM) -

Individuals must have been assigned, attached, or mobilized to units operating or serving on all the land area of the Republic of Korea, and the contiguous waters out to 12 nautical miles, and all airspace above the stated land and water areas. To be eligible for the KDSM, personnel must have been physically present in the stated areas for 30 consecutive or 60 nonconsecutive days, or must meet one of the following:

- . Be engaged in actual combat during an armed engagement, regardless of the time in the areas of eligibility
- . Be killed, wounded, or injured in the line of duty and required medical evacuation from the area of eligibility
- . While participating as a regularly assigned aircrew member flying sorties into, out of, within, or over the area of eligibility in support of military operations. Each day that one or more sorties are flown in accordance with these criteria shall count as 1 day toward the 30 or 60 day requirement.

### 3. Inherent Resolve Campaign Medal -

The IRCM shall be awarded to each Service member who, on or after 15 June 2014, was permanently assigned, attached, or detailed for 30 consecutive or non-consecutive days to a unit operating in the area of eligibility, or who meets one of the following criteria regardless of time spent in the AOE:

- . Was engaged in combat during an armed engagement
- . While participating in an operation or on official duties was killed or wounded/injured and medically evacuated from the AOE The AOE encompasses the land area of the countries of Iraq and Syria, the contiguous waters of each extending out to 12 nautical miles, and the air space above the land area and contiguous waters. Aircrew members accrue one day of eligibility for each day they fly into, out of, within, or over the AOE. The IRCM is not authorized for foreign military personnel.

#### CAMPAIGNS AND INCLUSIVE DATES

Operation INHERENT Resolve June 15, 2014 - TBD Abeyance June 15, 2014 - November 24, 2015 Intensification November 25, 2015 - April 14, 2017 Defeat April 15, 2017 - TBD

#### 4. Afghanistan Campaign Medal -

A) To be eligible for the Afghanistan Campaign Medal, a service member must be assigned or attached to a unit participating in Operation ENDURING FREEDOM for 30 consecutive days or 60 nonconsecutive days in Afghanistan or meet one of the following criteria:

- . Be engaged in actual combat against the enemy and under circumstances involving grave danger of death or serious bodily injury from enemy action, regardless of the time in Afghanistan.
- . While participating in Operation ENDURING FREEDOM or on official duties, regardless of time, is killed, wounded, or injured requiring medical evacuation from Afghanistan.
- . While participating as a regularly assigned aircrew member flying sorties into, out of, within, or over Afghanistan in direct support of Operation ENDURING FREEDOM; each day that one or more sorties are flown in accordance with these criteria shall count as one day towards the 30 consecutive or 60 nonconsecutive day requirement.

Service members who qualified for the Global War on Terrorism Expeditionary Medal by reason of service in Afghanistan between Oct. 24, 2001 and April 30, 2005 shall remain qualified for that medal. However, any service member who wishes to do so may be awarded the Afghanistan Campaign Medal in lieu of the Global War on Terrorism Expeditionary Medal for that timeframe of service. Additionally, any Army Soldier authorized the arrowhead device may be awarded the Afghanistan Campaign Medal with arrowhead device in lieu of the Global War on Terrorism Expeditionary Medal with arrowhead device.

No service member shall be entitled to both the Global War on Terror Expeditionary Medal and the Afghanistan Campaign Medal for the same act, achievement, or period of service. Only one award of the Afghanistan Campaign Medal may be authorized for any individual.

#### 4. Remote Combat Effects Campaign Medal -

The medal is awarded to Air Force military members who, on or after Sept.

11, 2001, distinguished themselves by direct participation in a DOD combat operation, under the following conditions:

- . Was assigned or attached to a unit directly supporting a DOD combat operation as approved by the Chief of Staff of the Air Force,
- . Was serving in a remotely piloted aircraft; cyber; space; or Intelligence, Surveillance and Reconnaissance career field,
- . Personally provided hands-on employment of a weapon system that had direct and immediate impact on a named combat operation ("hands-on" defined as employment of a weapons system, including remote employment, or other activities that had a direct, immediate and on-site effect on the outcome of an engagement or similar operation), and
- . Was not physically exposed to hostile actions or at risk of exposure to hostile action.

Airmen will wear the first Remote Combat Effects Campaign Medal awarded and will wear a bronze service star for any subsequent medal awarded to recognize each qualifying DOD combat operation in which the Airman participated for one or more days.

\*If any further information and/or clarification is needed, please let me know.

V/r

CMSgt Boydston

-----Original Message-----

From: ABBOTT, PAIGE T Col USAF ANG 194 WG/DoS <paige.abbott@us.af.mil>

Sent: Tuesday, July 28, 2020 2:48 PM

To: BOYDSTON, DARLENE L CMSgt US Air Force ANG WAANG HQ/JFHQ <darlene.boydston.1@us.af.mil>

Cc: ABBOTT, PAIGE T Col USAF ANG 194 WG/DoS <paige.abbott@us.af.mil>

Subject: FW: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

Chief,

Per our conversation, the attachment is a date request from the office of the State Actuary (WA). In the attachment at the end of page 1 and beginning of page 2 are the 3-4 questions which the actuary office needs data for. Lt Col Blanco (G1) has provided the ARNG response to the question, and I recommend that the ANG follows as close to suit as possible.

I acknowledge that ANG may have limited or different data available due to difference in administrative systems.

Suspense back to Nany Bickford is 10 August.

If I could get ANG data by Friday, 7 August, that would work. State POC for follow on questions is Nancy Bickford (her contact info is below.

Let me know how I can assist.

PAIGE T. ABBOTT, Colonel, WA ANG

Director of Staff

Comm: 253-512-3353

DSN: 370-3353

\*As of 9 June 2020 my email address has changed to Paige.abbott@us.af.mil

-----Original Message-----

From: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>

Sent: Tuesday, July 28, 2020 12:01 PM

To: Abbott, Paige T Col USAF (USA) <paige.t.abbott.mil@mail.mil>

Subject: FW: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

Col Abbott,

Would the ANG systems be able to give me this type of information so I could forward to the study?

Sincerely,

Nancy

Nancy A. Bickford

Intergovernmental Affairs and Policy Director Washington Military Department

253-512-7712 or 253-255-8620 (cell)

Nancy.bickford@mil.wa.gov

Email communications with state employees are public records and may be subject to disclosure, pursuant to Ch. 42.56 RCW.

-----Original Message-----

From: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>  
Sent: Tuesday, July 28, 2020 11:56 AM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

CLASSIFICATION: UNCLASSIFIED

Yes Ma'am. See below. They are in the body of this email.

Respectfully,

Jon

JONATHAN P. BEDDALL  
COL, IN  
Chief of Staff

WAARNG  
NGWA-Z

Work: 253-512-8210  
Government Mobile: 253-330-0574  
iPhone: 509-721-0079

-----Original Message-----

From: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
Sent: Tuesday, July 28, 2020 09:54  
To: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

All active links contained in this email were disabled. Please verify the identity of the sender, and confirm the authenticity of all links contained within the message prior to copying and pasting the address to a Web browser.

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Could I get the numbers for us then please that you have in our system?

Nancy A. Bickford  
Intergovernmental Affairs and Policy Director Washington Military Department  
253-512-7712 or 253-255-8620 (cell)  
Nancy.bickford@mil.wa.gov

Email communications with state employees are public records and may be subject to disclosure, pursuant to Ch. 42.56 RCW.

-----Original Message-----

From: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>  
Sent: Tuesday, July 28, 2020 9:47 AM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

CLASSIFICATION: UNCLASSIFIED

No. Just what we have in our systems.

Respectfully,

Jon

JONATHAN P. BEDDALL  
COL, IN  
Chief of Staff

WAARNG  
NGWA-Z

Work: 253-512-8210  
Government Mobile: 253-330-0574  
iPhone: 509-721-0079

-----Original Message-----

From: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
Sent: Tuesday, July 28, 2020 07:56  
To: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>  
Cc: Brewer, Daniel N COL USARMY NG WAARNG (USA) <daniel.n.brewer.mil@mail.mil>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

All active links contained in this email were disabled. Please verify the identity of the sender, and confirm the authenticity of all links contained within the message prior to copying and pasting the address to a Web browser.

----

Thank you! -- are they able to get the # of medals awarded either through NGB or the Defense Manpower Data Center?

Sincerely,  
Nancy

Nancy A. Bickford

Intergovernmental Affairs and Policy Director Washington Military Department  
253-512-7712 or 253-255-8620 (cell)  
Nancy.bickford@mil.wa.gov

Email communications with state employees are public records and may be subject to disclosure, pursuant to Ch. 42.56 RCW.

-----Original Message-----

From: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>  
Sent: Tuesday, July 28, 2020 7:22 AM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>  
Cc: daniel.n.brewer.mil <daniel.n.brewer.mil@mail.mil>  
Subject: FW: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

CLASSIFICATION: UNCLASSIFIED

Ma'am,

Here is the requested data for the query on campaign medals from the WAARNG.

Respectfully,

Jon

JONATHAN P. BEDDALL  
COL, IN  
Chief of Staff

WAARNG  
NGWA-Z

Work: 253-512-8210  
Government Mobile: 253-330-0574  
iPhone: 509-721-0079

-----Original Message-----

From: Blanco, Christopher A LTC USARMY NG WAARNG (USA) <christopher.a.blanco3.mil@mail.mil>  
Sent: Friday, July 24, 2020 11:28  
To: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>  
Cc: Braddock, Matthew Joel LTC USARMY NG WAARNG (USA) <matthew.j.braddock2.mil@mail.mil>; Dean, David M CW4 USARMY NG WAARNG (USA) <david.m.dean14.mil@mail.mil>; Zaharevich, Nicholas J MAJ USARMY NG WAARNG (USA) <nicholas.j.zaharevich.mil@mail.mil>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

Sir,

Here is the data the G1 can provide from the WA Army Guard.

Q: The total number of medals awarded over a specified time period, or operation, on an annual basis categorized by campaign or expeditionary medal. For example, in 2010 there were 1,000 campaign medals and 1,500 expeditionary medals awarded.

A: The data currently available in our database gives us the total number of awards per Soldier. If an individual Soldier received multiple awards there is no way to pull aggregate data based on past deployments or service.

Afghanistan Campaign Medal - 690

Antarctica Service Medal - 25

Armed Forces Expeditionary Medal - 85

Armed Forces Service Medal - 95

Armed Forces Reserve Medal - 1650

Global War On Terrorism Expeditionary Medal - 906 Global War On Terrorism Service Medal - 2306 Humanitarian Service Medal - 869 Inherent Resolve Campaign Medal - 129 Iraq Campaign Medal - 1148 Korea Defense Service Medal - 253 Kosovo Campaign Medal - 28 Military Outstanding Volunteer Service Medal - 75 National Defense Service Medal - all personnel who've served since 11 September 2001 Prisoner of War Medal - 0 Southwest Asia Service Medal - 24

Q: Average length of deployment an individual served when they were awarded a campaign medal versus an expeditionary medal. For example, of the medals awarded in 2010, the average recipient spent eight months in conflict for the campaign medal and 12 months in conflict for the expeditionary medal.

A: The average deployment length for a campaign medal verses an expeditionary medal is not relevant unless the criteria specify. The geographic location and date of the deployment generally determines which medal is authorize for wear. For example, a Soldier who serves at least 30 consecutive days between 19 March 2003 and 31 December 2011 in Iraq is authorized the Iraq Campaign Medal. Beginning 15 June 2014 all Soldiers who serve in Iraq are now authorized the Inherent Resolve Campaign Medal.

Alternatively, there are a myriad of locations and named operations where there is no campaign medal authorized, however the Global War on Terrorism Expeditionary Medal may be.

Q: Comprehensive list of campaign and expeditionary medals that are available and criteria for receiving those.

A: The comprehensive list of campaign and expeditionary medals available and criteria are listed in DoD Manual 1348.33, Volume 2, Manual of Military Decorations and Awards: DoD Service Awards - Campaign, Expeditionary, and Service Medals. Below are the list of medals, but the criteria vary for each.

Afghanistan Campaign Medal

Antarctica Service Medal

Armed Forces Expeditionary Medal

Armed Forces Service Medal

Armed Forces Reserve Medal

Global War On Terrorism Expeditionary Medal Global War On Terrorism Service Medal Humanitarian Service Medal

Inherent Resolve Campaign Medal Iraq Campaign Medal Korea Defense Service Medal Kosovo Campaign Medal Military Outstanding Volunteer Service Medal National Defense Service Medal Prisoner of War Medal Southwest Asia Service Medal

I hope this helps.

R1

-----Original Message-----



From: Beddall, J P COL USARMY NG WAARNG (USA)

Sent: Thursday, July 23, 2020 2:34 PM

To: Blanco, Christopher A LTC USARMY NG WAARNG (USA) <christopher.a.blanco3.mil@mail.mil>

Cc: Braddock, Matthew Joel LTC USARMY NG WAARNG (USA) <matthew.j.braddock2.mil@mail.mil>; Dean, David M CW4 USARMY NG WAARNG (USA) <david.m.dean14.mil@mail.mil>

Subject: FW: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

CLASSIFICATION: UNCLASSIFIED

Gents,

Where are we on this?

Respectfully,

Jon

JONATHAN P. BEDDALL

COL, IN

Chief of Staff

WAARNG

NGWA-Z

Work: 253-512-8210

Government Mobile: 253-330-0574

iPhone: 509-721-0079

From: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov>

Sent: Thursday, July 23, 2020 14:20

To: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil>; Abbott, Paige T Col USAF (USA) <paige.t.abbott.mil@mail.mil>; Brewer, Daniel N COL USARMY NG WAARNG (USA) <daniel.n.brewer.mil@mail.mil>  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

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Just checking to see if any research has been completed? I contacted the Defense Manpower Data Center a couple weeks ago and have received no response. Probably because I do not have a mail.mil email address, but I anticipate NGB and/or the A1/G1 can inquiry to the Defense Manpower Data Center.

Nancy A. Bickford

Intergovernmental Affairs and Policy Director

Washington Military Department

253-512-7712 or 253-255-8620 (cell)

Nancy.bickford@mil.wa.gov <Caution-Caution-mailto:Nancy.bickford@mil.wa.gov>

Email communications with state employees are public records and may be subject to disclosure, pursuant to Ch. 42.56 RCW.

From: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil <Caution-Caution-mailto:jonathan.p.beddall.mil@mail.mil> >  
Sent: Monday, July 13, 2020 2:54 PM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov <Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov> >; Blanco, Christopher A LTC USARMY NG WAARNG (USA) <christopher.a.blanco3.mil@mail.mil <Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil> >; daniel.n.brewer.mil <daniel.n.brewer.mil@mail.mil <Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil> >; anthony.t.lieggi.civ <anthony.t.lieggi.civ@mail.mil <Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil> >; paige.t.abbott.mil <paige.t.abbott.mil@mail.mil <Caution-Caution-mailto:paige.t.abbott.mil@mail.mil> >  
Subject: RE: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study (UNCLASSIFIED)

CLASSIFICATION: UNCLASSIFIED

Ma'am,

I asked the G1 to pull the data from our IPPS-A system on the Army side.

Should not be too difficult.

However, depending on the award, we MAY not be able to compile the data by year. Not all awards are annotated with a period/date. Seems unusual, but that's how it is. We simply mark that the Soldier is qualified or has earned the campaign credit.

Respectfully,

Jon

JONATHAN P. BEDDALL

COL, IN

Chief of Staff

WAARNG

NGWA-Z

Work: 253-512-8210

Government Mobile: 253-330-0574

iPhone: 509-721-0079

From: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov < Caution-Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov  
<Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov %3c Caution-Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov >>>

Sent: Sunday, July 12, 2020 12:49

To: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil < Caution-Caution-Caution-mailto:jonathan.p.beddall.mil@mail.mil  
<Caution-Caution-mailto:jonathan.p.beddall.mil@mail.mil %3c Caution-Caution-Caution-mailto:jonathan.p.beddall.mil@mail.mil >>>; Blanco, Christopher A LTC USARMY NG WAARNG (USA) <christopher.a.blanco3.mil@mail.mil < Caution-Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil  
<Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil %3c Caution-Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil >>>; Brewer, Daniel N COL USARMY NG WAARNG (USA) <daniel.n.brewer.mil@mail.mil < Caution-Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil  
<Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil %3c Caution-Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil >>>; Lieggi, Anthony T CIV NG WAARNG (USA) <anthony.t.lieggi.civ@mail.mil < Caution-Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil  
<Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil %3c Caution-Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil >>>; Abbott, Paige T Col USAF (USA) <paige.t.abbott.mil@mail.mil < Caution-Caution-Caution-mailto:paige.t.abbott.mil@mail.mil  
<Caution-Caution-mailto:paige.t.abbott.mil@mail.mil %3c Caution-Caution-Caution-mailto:paige.t.abbott.mil@mail.mil >>>

Subject: Re: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study

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Federal

From the letter it looks like all of them

Get Outlook for iOS < Caution-Caution-Caution-Caution-  
<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Faka.ms%2FoUkef&data=02%7C01%7CMelinda.Asلاكسون%40leg.wa.gov%7C2e6d9a8d8a1941ca789808d842c88927%7C848b0e6c94894d83b31e4fde99732b09%7C0%7C0%7C637332776504621836&sdata=c8sxrScKP1KpPKjGT9YzcZbn1nCFDBX1vAeFKx8Pghg%3D&reserved=0>

>

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From: Beddall, J P COL USARMY NG WAARNG (USA) <jonathan.p.beddall.mil@mail.mil < Caution-Caution-Caution-mailto:jonathan.p.beddall.mil@mail.mil <Caution-Caution-mailto:jonathan.p.beddall.mil@mail.mil %3c Caution-Caution- Caution-mailto:jonathan.p.beddall.mil@mail.mil > > >  
Sent: Sunday, July 12, 2020 11:51:29 AM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov < Caution-Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov <Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov %3c Caution-Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov > > >; Blanco, Christopher A LTC USARMY NG WAARNG (USA) <christopher.a.blanco3.mil@mail.mil < Caution-Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil <Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil %3c Caution-Caution-Caution-mailto:christopher.a.blanco3.mil@mail.mil > > >; daniel.n.brewer.mil <daniel.n.brewer.mil@mail.mil < Caution-Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil <Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil %3c Caution-Caution-Caution-mailto:daniel.n.brewer.mil@mail.mil > > >; anthony.t.lieggi.civ <anthony.t.lieggi.civ@mail.mil < Caution-Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil <Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil %3c Caution-Caution-Caution-mailto:anthony.t.lieggi.civ@mail.mil > > >; paige.t.abbott.mil <paige.t.abbott.mil@mail.mil < Caution-Caution-Caution-mailto:paige.t.abbott.mil@mail.mil <Caution-Caution-mailto:paige.t.abbott.mil@mail.mil %3c Caution-Caution-Caution-mailto:paige.t.abbott.mil@mail.mil > > >  
Subject: Re: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study

Nancy,

Which medals? State or Federal?

On the Federal side, do we include medals issued by WANG only or those also issued to our Soldiers under separate commands?

For example, the Inherent Resolve Medal is not issued by the WANG, but is issued to our Soldiers/Airmen participating in the operation by the headquarters they were assigned to while deployed.

Secondly, what year or years do you need?

JONATHAN P. BEDDALL

COL, IN

Chief of Staff

NGWA-Z

WAARNG

Office: 253-512-8210

iPhone: 509-721-0079

Gov't Mobile: 253-330-0574

From: "Bickford, Nancy (MIL)" <Nancy.Bickford@mil.wa.gov < Caution-Caution-Caution-Caution-  
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Subject: [Non-DoD Source] Fwd: Data Request: Interruptive Military Service Credit Study

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Good morning

I need help answering this.

Sincerely

Nancy

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From: Office State Actuary, WA <State.Actuary@leg.wa.gov < Caution-Caution-Caution-mailto:State.Actuary@leg.wa.gov

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Sent: Friday, July 10, 2020 12:33:02 PM  
To: Bickford, Nancy (MIL) <Nancy.Bickford@mil.wa.gov < Caution-Caution-Caution-mailto:Nancy.Bickford@mil.wa.gov  
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>  
Subject: Data Request: Interruptive Military Service Credit Study

Please see attached.

Office of the State Actuary

P.O. Box 40914

Olympia, Washington 98504-0914

leg.wa.gov/osa <

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**DEPARTMENT OF DEFENSE  
FREEDOM OF INFORMATION DIVISION  
1155 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1155**

Ref: 20-F-0466  
October 9, 2020

Mr. Jacob White  
Law Enforcement Officers' and Fire Fjghters' Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, WA 98504

Dear Mr. White:

This is a final response to your December 20, 2019 Freedom of Information Act (FOIA) request, a copy of which is enclosed for your convenience. We received your request on January 3, 2020, and assigned it case number 20-F-0466. We ask that you use this number when referring to your request.

The Defense Manpower Data Center (DMDC), a component of the Office of the Secretary of Defense (OSD), conducted a search of their records systems and provided the enclosed document. Mrs. Jennifer L. Walker, Division Director, IT Governance, in her capacity as the Initial Denial Authority for DMDC, has determined this one page document to be responsive to your request and appropriate for release in its entirety, without excision.

This constitutes a full grant of your request and closes your case file in this office. There are no assessable fees associated with this response.

If you have any questions or concerns about the foregoing or about the processing of your request, please do not hesitate to contact Xavier Salame at [xavier.p.salame.ctr@mail.mil](mailto:xavier.p.salame.ctr@mail.mil) or 571-372-0419. Our FOIA Public Liaison is also available to assist you and may be reached at 571-372-0464

Sincerely,

*for Pamela Andrews*  
Stephanie L. Carr  
Chief

Enclosures:  
As stated



STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'  
PLAN 2 RETIREMENT BOARD**

*P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329*

12/20/2019

FOIA Requester Service Center  
Defense Freedom of Information Division  
1155 Defense Pentagon  
Washington, DC 20301-1155

Dear FOIA Officer:

This is a request under the Freedom of Information Act (5 U.S.C. § 552).

I request that a copy of the following document(s) be provided to me: the total number of Campaign Medals awarded each year and the total number of Expeditionary Medals awarded each year. If possible I would like the data for each year going back to 2001.

I am not looking for any data on the individuals who were awarded the medals, just the rolled up total number who received the medals.

In order to help you determine my status for the purpose of assessing fees, you should know that I work for a state agency with the State of Washington, the Law Enforcement Officers' and Fire Fighters Plan 2 Retirement Board, and that this data is needed to assist with determining the potential cost of expanding a pension benefit to our members with military service. The current benefit is awarded for members with Campaign Medals and there is consideration to extend the benefit to those who have received Expeditionary Medals.

My phone number is (360) 586-2327, I can be contacted if necessary to discuss any aspect of my request.

Sincerely,

Jacob White  
PO Box 40918  
Olympia, WA 98504

## Campaign and Expeditionary Medals Awarded Between 2001 and 2019

Data as of: End of December 2019

Source: Workforce Transaction File

Award Year	Armed Forces Expeditionary Medal	Kosovo Campaign Medal	Afghanistan Campaign Medal
2001	3,949	1,103	102
2002	2,489	711	504
2003	2,492	597	629
2004	2,368	1,004	839
2005	1,292	667	1,985
2006	875	736	2,302
2007	754	890	2,815
2008	678	966	9,106
2009	682	1,113	8,844
2010	705	1,431	14,911
2011	686	653	23,176
2012	713	1,411	30,871
2013	554	944	33,728
2014	734	519	26,952
2015	996	374	19,596
2016	1,640	462	19,738
2017	966	303	18,666
2018	1,360	302	25,256
2019	998	306	16,698
<b>TOTAL</b>	<b>24,931</b>	<b>14,492</b>	<b>256,718</b>

Produced by the Defense Manpower Data Center on January 27, 2020.

For FOIA case number 20-F-0466

DRS #133677

Iraq Campaign Medal	Global War on Terrorism Expeditionary Medal	Navy Expeditionary Medal
71	281	45
91	869	28
3,237	4,662	32
5,158	17,277	38
13,000	29,918	46
14,217	8,414	39
13,297	6,498	33
32,775	7,443	24
26,834	8,657	51
30,020	9,822	53
22,476	15,371	34
11,392	15,987	46
5,348	19,043	37
4,354	20,980	30
4,138	35,718	22
4,504	26,140	21
3,509	47,606	24
2,239	30,499	27
1,789	22,876	25
<b>198,449</b>	<b>328,061</b>	<b>655</b>

<b>Marine Corps Expeditionary Medal</b>	<b>TOTAL</b>
0	<b>5,551</b>
0	<b>4,692</b>
1	<b>11,650</b>
0	<b>26,684</b>
0	<b>46,908</b>
0	<b>26,583</b>
0	<b>24,287</b>
0	<b>50,992</b>
0	<b>46,181</b>
0	<b>56,942</b>
0	<b>62,396</b>
0	<b>60,420</b>
1	<b>59,655</b>
1	<b>53,570</b>
1	<b>60,845</b>
0	<b>52,505</b>
0	<b>71,074</b>
0	<b>59,683</b>
0	<b>42,692</b>
<b>4</b>	<b>823,310</b>

STATE OF WASHINGTON  
LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'  
PLAN 2 RETIREMENT BOARD

*P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329*

October 13, 2020

Senator Mark Schoesler, Chair  
Select Committee on Pension Policy  
P.O. Box 40914  
Olympia, WA 98504-0914

Re: SHB 2544 – Interruptive Military Service Credit Study

Dear Mr. Chair and Members of the Select Committee on Pension Policy:

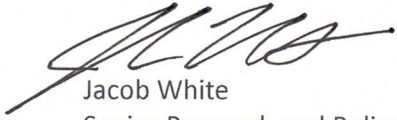
Substitute House Bill 2544 (2020) requires the LEOFF Plan 2 Board (“Board”) and Select Committee on Pension Policy (“SCPP”) to study interruptive military service credit, in particular the cost of expanding No-Cost (fully subsidized) Interruptive Military Service Credit to members who received an expeditionary medal but not a campaign medal. Furthermore, SHB 2544 requires the Board and SCPP to share their preliminary recommendations to each other prior to October 30, 2020, “[t]o encourage consistency among the treatment of military service among the Washington state retirement systems [...]” The final reports containing recommendations and analysis of the potential cost of those recommendations are due to the legislature by January 2, 2021.

Last year the Board sponsored legislation simplifying the definition of “Period of War” for purposes of determining eligibility of No-Cost Interruptive Military Service Credit. The Board considered legislation to expand this benefit to members who had earned a lower tier of medal (expeditionary medals) for their interruptive military service. At that time, the Board was unable to identify the cost of expanding the benefit. Therefore, the Board decided it was not comfortable supporting expanding the benefit without knowing the cost of doing so. Specifically, the Board was concerned about the relatively large number of plan members who potentially earned Global War on Terrorism expeditionary medals, and the cost impact to expand No-Cost Interruptive Military Service Credit to those members.

To complete the study required by SHB 2544, Board staff are working closely with staff to the SCPP to research and gather data and other information to identify the potential costs of expanding No-Cost Interruptive Military Service Credit. At the September Board meeting, the Board received an initial briefing on the progress of the study (see enclosed). During that meeting the potential costs of expanding the benefit had not yet been identified. The October Board meeting is a strategic planning meeting; therefore, the Board will receive follow-up presentations on the study at the November Board meeting and if necessary, at the December Board meeting. Board staff, as always, will be available at SCPP Meetings to provide updates on the Board’s study and answer any of your questions.

The Board appreciates the opportunity to partner with the SCPP on this complex and important issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'J White', with a long horizontal flourish extending to the right.

Jacob White  
Senior Research and Policy Manager  
LEOFF Plan 2 Retirement Board

Enclosure: LEOFF Plan 2 Board Initial Report, September 23, 2020



## Select Committee on Pension Policy

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

October 29, 2020

Dennis Lawson, Chair  
LEOFF Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, WA 98504-0918  
Sent via email only: [leoff.reception@leoff.wa.gov](mailto:leoff.reception@leoff.wa.gov)

### RE: SHB 2544 INTERRUPTIVE MILITARY SERVICE CREDIT STUDY

Chair Lawson and Members of the LEOFF 2 Board,

Substitute House Bill (SHB) 2544 as passed by the Legislature in the 2020 Regular Session requires the Select Committee on Pension Policy (SCPP) and the Law Enforcement and Fire Fighters' (LEOFF) Plan 2 Retirement Board (the Board) to study interruptive military service credit. In particular, the study is to explore the cost of expanding fully subsidized interruptive military service credit to members who receive an expeditionary medal, but not a campaign medal. Furthermore, "To encourage consistency among the treatment of military service among the Washington state retirement systems..." the SCPP and the Board must communicate their preliminary recommendations to each other prior to October 30, 2020.

Staff to the SCPP and the Board have been coordinating closely on the study to research, gather data, and identify the cost impacts of a benefit expansion. The SCPP was briefed on policy options at the September and October meetings. However, the SCPP has no preliminary recommendations to share at this time and will continue to study this issue.

The policy options below have been identified. Further consideration will be given by the SCPP at the November 17 meeting, giving weight to discussions that occur at the Board meeting on November 9.

- ❖ Expand fully subsidized interruptive military service credit benefits to individuals who received an expeditionary medal. If this option were pursued it could be prospective only. It could also include

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

**Senator John Braun**

**Senator Steve Conway**

**Annette Creekpaum**  
*PERS Employers*

**Randy Davis**  
*TRS Actives*

**\*Representative Joe Fitzgibbon, Vice Chair**

**Vacant**  
*PERS Employers*

**\*Tracy Guerin, Director**  
*Department of Retirement Systems*

**\*Bev Hermanson**  
*PERS Retirees*

**Senator Steve Hobbs**

**Leanne Kunze**  
*PERS Actives*

**Anthony Murrietta**  
*PERS Actives*

**\*Byron Olson**  
*PERS Employers*

**Representative Timm Ormsby**

**\*Senator Mark Schoesler, Chair**

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

**Mark Soper**  
*WSPRS Retirees*

**Representative Drew Stokesbary**

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

**Representative Mike Volz**

*\*Executive Committee*

(360) 786-6140  
Fax: (360) 586-8135  
TDD: 711  
[leg.wa.gov/SCPP.htm](http://leg.wa.gov/SCPP.htm)

retroactive benefits that would apply to active members and retirees of the state's pension system. Other variations could be developed.

- ❖ Maintain current policy and not pursue an expansion of fully subsidized interruptive military service credit to individuals who received an expeditionary medal.

The SPCP appreciates the continued coordination and partnership with the Board on this complex issue.

Sincerely,



Melinda Aslakson, Policy Analyst  
Office of the State Actuary, Staff to the SPCP

cc: Senator Mark Schoesler, Chair  
Select Committee on Pension Policy  
Representative Joe Fitzgibbon, Vice Chair  
Select Committee on Pension Policy  
Jacob White, Senior Research and Policy Manager  
LEOFF Plan 2 Retirement Board



# Office of the State Actuary

*“Supporting financial security for generations.”*

December 7, 2020

**TO:** Select Committee on Pension Policy (SCPP) Members  
Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)  
Plan 2 Board Staff

**FROM:** Michael T. Harbour, ASA, MAAA, Office of the State Actuary

**Subject: Actuarial Analysis Summary on Expeditionary Medals**

As directed by the 2020 Washington State Legislature under [Substitute House Bill \(SHB\) 2544](#), the Office of the State Actuary (OSA) has collected pertinent data, performed actuarial analysis, and estimated the pension costs associated with providing fully subsidized interruptive military service credit for members of the Department of Retirement Systems (DRS) plans who earn an Expeditionary medal while serving in the line-of-duty. This letter is intended to compile all of the actuarial work that has been completed during the 2020 Interim in collaboration with the SCPP and LEOFF 2 Board.

The remainder of this letter is comprised of the following sections:

- ❖ *An Executive Summary*, which highlights the key actuarial takeaways from the study;
- ❖ Several pages dedicated to *Data and Analysis*, detailing the information collected from the government agencies named in the study proviso, and how we utilized it to establish the assumptions we selected for this actuarial pricing;
- ❖ Our *Actuarial Results* section outlines the methods employed to estimate the pension costs associated with this benefit, as well as the resulting contribution rate and budget impacts shared at the October SCPP meeting;
- ❖ Finally, we share some *Other Considerations* that may be of interest, including the potential impact of data we recently received from the Department of Defense (DoD); along with some standard *Actuarial Disclosures*.

We caution that the analysis shown in this communication should be read as a whole; distribution of, or reliance on, only parts of this letter could result in its misuse and may mislead others. Please don’t hesitate to seek our guidance if we can be of further assistance should you decide to move forward with a proposal.



## ***Executive Summary***

Based upon data from DRS and the Washington State Military Department, we assumed a one-to-one relationship between the amount of service credit provided for Expeditionary and Campaign medals. Using this assumption, we estimated that providing interruptive military service credit to all members who earn an Expeditionary medal, both past and future, would likely result in a **25-year total employer cost of \$15-20 million.**

- ❖ These costs include providing benefits for both Prospective and Retroactive service, with the former component comprising less than 10 percent of the total.
- ❖ In terms of the impact to contribution rates, overall, we expect that a rounded impact of 0.01 percent or greater may occur only in LEOFF 2 and the Washington State Patrol Retirement System (WSPRS).
- ❖ For context, the Funded Status of each plan would correspondingly decrease by 0.1 percent or less for both components combined.

It's also important to note that we received limited data on how much service credit might be received for each type of medal. Based upon the circumstances under which Expeditionary vs. Campaign medals are earned, we think the estimated costs could also be lower since service rendered for Expeditionary medals may be less than Campaigns.

Since we completed our original analysis, we received additional data from the DoD which suggests our one-to-one assumption remains reasonable; however, it also indicates that Expeditionary medals have been granted at a higher rate in the early 2000's. As a result, we believe the Prospective cost estimate continues to be reasonable, but the Retroactive costs could be larger than initially anticipated.

For additional detail on the highlights presented in this section, please see the remainder of this communication.

## ***Data and Analysis***

Under current law, members are eligible to receive partially subsidized interruptive military service credit if they earn an Expeditionary, Service, or Reserve medal. We recognize that many may not elect this benefit because they are required to pay missed pension contributions. That said, we believe the partially subsidized counts can serve as a proxy for how Expeditionary medal counts have been changing over time.

On July 13, 2020, DRS provided updated data on the amount of fully and partially subsidized service credit awarded in the past; we've summarized this information in terms of headcounts by year in the following table. Upon review of this data, we confirmed that it is substantially similar to the data we received when preparing our actuarial analysis for SHB 2544.



Overall, the data indicates that fully subsidized counts for Campaign medals have been decreasing over the last decade. On the other hand, partially subsidized counts have been increasing, thus implying that Expeditionary medal counts have likely been increasing as well.

(Please note that the tables presented in this section of the letter are identical to those we shared with the SCPP at their October meeting.)

DRS Data		
Year	Fully Subsidized	Partially Subsidized
2011	107	2
2012	52	1
2013	136	0
2014	105	4
2015	103	6
2016	60	18
2017	50	14
2018	31	32
2019	46	26
2020*	19	11
Average		
10-Year	70.9	11.4
5-Year	41.2	20.2
Ratio**	1.72	0.56

\*Does not represent a full year.

\*\*Ratio of the 10-year average to the 5-year average.

The Washington State Military Department provided National Guard data on the number of Expeditionary and Campaign medals awarded over various time periods, as shown in the following two tables.

Army National Guard			
Campaign Medals	Afghanistan (2001-2014)	690	1,995
	Inherent Resolve (2014 to present)	129	
	Iraq (2003-2014)	1,148	
	Kosovo (1998-1999)	28	
Expeditionary Medals	Armed Forces (N/A)	85	991
	Global War on Terrorism (2011 to present)	906	
		Ratio	0.5

Note: Years in parentheses added by OSA.

Based upon the Army National Guard information, our initial understanding of this data suggested that Expeditionary medals were mostly a more recent phenomena; i.e., The Global War on Terrorism. We did not rely on the Army data for any other purpose due to limitations with how the information was reported to us.



Air National Guard		
	Campaign Medals	Expeditionary Medals
2016	15	272
2017	17	120
2018	54	50
2019	63	29
2020	10	5
<b>Total</b>	<b>159</b>	<b>476</b>
	<b>Ratio</b>	<b>2.99</b>

Comparatively, actual experience for the Air National Guard data may be skewed by the short-term window. For purposes of developing an assumed relationship between Expeditionary and Campaign medals, we utilized the DRS counts to normalize the Air National Guard data by taking a ratio of the 10-year average to the 5-year average for fully and partially subsidized figures, and applying it to the totals in the table above. This resulted in a modified ratio of 0.98 for Expeditionary-to-Campaign medals.

Based upon this analysis, we assumed service credit provided for Expeditionary medals would be similar to Campaign medals over the long-term. Please see OSA's [presentation](#) to the SSCP in October for additional details.

### ***Actuarial Results***

Based upon the high-level assumption identified above, we expect the cost of providing fully subsidized interruptive military service credit for Expeditionary medals is immaterial for the Public Employees' Retirement System (PERS) Plan 1, the Teachers' Retirement System (TRS) Plans 1/2/3, the School Employees' Retirement System (SERS) Plans 2/3, and LEOFF Plan 1.

For all other systems and plans, we expect:

- ❖ The Prospective costs (for Expeditionary medals awarded in the future) will mirror those from SHB 2544 that we identified for Campaign medals.
- ❖ The Retroactive costs (for Expeditionary medals awarded in the past) to be similar to the liabilities already captured in our current valuation for Campaign medal service awarded previously. We anticipate this estimate includes the cost for actives, retirees, and any refunds.

The following sub-sections outline how we arrived at the separate Prospective and Retroactive cost estimates.



**Prospective**

For this cost estimate, please see our actuarial fiscal note on SHB 2544 for all relevant disclosures related to the contribution rate and budget impact tables from that communication (as shown below).

Impact on Contribution Rates				
System/Plan	PERS 2/3	PSERS 2	LEOFF 2	WSPRS 1/2
	Current Members			
Employee (Plans 1/2)	0.0002%	0.0001%	0.0013%	0.0053%
Employer	0.0002%	0.0001%	0.0008%	0.0053%
State			0.0005%	

25-Year Budget Impacts					
(Dollars in Millions)	PERS	PSERS	LEOFF	WSPRS	Total
<b>2020-2045</b>					
General Fund	\$0.1	\$0.0	\$0.3	\$0.0	\$0.4
Non-General Fund	0.1	0.0	0.0	0.1	0.3
<b>Total State</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.6</b>
Local Government	0.2	0.0	0.4	0.0	0.7
<b>Total Employer</b>	<b>\$0.4</b>	<b>\$0.0</b>	<b>\$0.7</b>	<b>\$0.2</b>	<b>\$1.3</b>
<b>Total Employee</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>\$0.7</b>	<b>\$0.2</b>	<b>\$1.2</b>

*Note: Totals may not agree due to rounding.*

Please note that actual levels of Expeditionary medals granted in the future may vary from what we assume. For example, if costs quadrupled, then the contribution rate impact in LEOFF 2 would result in a rounded 0.01 percent increase; if costs tripled, then the contribution rate impact in WSPRS would result in a rounded 0.02 percent increase.

We’ve included these results because we assume the assumptions and methods used would be consistent for any new analysis. If this Prospective component is included in a bill during the 2021 Legislative Session, we would update this analysis based upon the most recent DRS data and our latest valuation which includes new demographic assumptions, the [June 30, 2019 Actuarial Valuation Report](#) (AVR).

**Retroactive**

For this cost estimate, we used the following methods:

- ❖ Our initial understanding was that Expeditionary medals have mostly been granted since 2011 (based upon Washington State National Guard data), so we estimated the value of the fully subsidized service credit previously given for Campaign medals over that period.
  - We calculated a liability per year of service by taking the total active liability for each plan (from the 2019 AVR) and dividing by total plan service credit. This amount was then multiplied by the fully subsidized service credit granted for Campaign medals.





- ❖ The Retroactive cost estimate we developed is based on the assumption that the same level of fully subsidized Expeditionary medal service credit would develop as what was observed for Campaign medals. We anticipate a limited number of members (who earned an Expeditionary medal in the past) will emerge from the current population who received partially subsidized service credit; this implies we’re assuming a vast majority did not apply for interruptive military service credit.
- We also recognize that some historical fully subsidized service credit may be attributable to retirees; our simplified methods don’t allow us to distinguish between these groups, but we don’t anticipate the difference in cost to be significant to the overall Retroactive cost estimate.

Impact on Contribution Rates				
System/Plan	PERS 2/3	PSERS 2	LEOFF 2	WSPRS 1/2
Current Members				
Employee (Plans 1/2)	0.003%	0.004%	0.019%	0.099%
Employer	0.003%	0.004%	0.012%	0.099%
State			0.008%	

25-Year Budget Impacts					
(Dollars in Millions)	PERS	PSERS	LEOFF	WSPRS	Total
<b>2021-2046</b>					
General Fund	\$1	\$0	\$4	\$0	\$5
Non-General Fund	1	0	0	2	3
<b>Total State</b>	<b>\$2</b>	<b>\$0</b>	<b>\$4</b>	<b>\$2</b>	<b>\$8</b>
Local Government	2	0	5	0	8
<b>Total Employer</b>	<b>\$5</b>	<b>\$0</b>	<b>\$9</b>	<b>\$2</b>	<b>\$16</b>
<b>Total Employee</b>	<b>\$4</b>	<b>\$0</b>	<b>\$9</b>	<b>\$2</b>	<b>\$15</b>

*Note: Totals may not agree due to rounding.*

We assumed an effective date of 90 days after the 2021 Legislative Session for purposes of preparing this Retroactive cost estimate. If a bill is introduced during the 2021 Legislative Session that includes this component, the results presented in a fiscal note may vary from this cost estimate.

### **Other Considerations**

By definition, Expeditionary medals tend to materialize as part of “small scale and/or short-duration combat operations”; whereas Campaign medals are typically earned in “large-scale or long-duration combat operations”. We received limited data on how much service credit might be received when each type of medal is earned. As a result, based on this high-level characterization, the estimated costs could also be lower than we initially anticipated.

In terms of risk, we do not expect either the Prospective or Retroactive components to significantly impact overall risk measures. Prospectively, however, a large-scale and lengthy





future conflict could materially increase the number of members who earn fully subsidized service credit.

Separately, and subsequent to the preparation of these cost estimates presented to the SSCP in October (and November), staff received the following data from the DoD.

Department of Defense			
	Expeditionary Medals	Campaign Medals	Ratio
2001	4,275	1,276	3.35
2002	3,386	1,306	2.59
2003	7,187	4,463	1.61
2004	19,683	7,001	2.81
2005	31,256	15,652	2.00
2006	9,328	17,255	0.54
2007	7,285	17,002	0.43
2008	8,145	42,847	0.19
2009	9,390	36,791	0.26
2010	10,580	46,362	0.23
2011	16,091	46,305	0.35
2012	16,746	43,674	0.38
2013	19,635	40,020	0.49
2014	21,745	31,825	0.68
2015	36,737	24,108	1.52
2016	27,801	24,704	1.13
2017	48,596	22,478	2.16
2018	31,886	27,797	1.15
2019	23,899	18,793	1.27
<b>Total</b>	<b>353,651</b>	<b>469,659</b>	<b>0.75</b>

Our cursory review of this data indicates our preliminary assumption remains reasonable that service credit granted for Expeditionary medals would be similar to the amounts received for interruptive military service in which a Campaign medal was earned.

1. In other words, we believe that the Prospective costs we estimated are not likely to change in a significant way if priced again in the future. That said, assuming a lower Expeditionary-to-Campaign medals ratio in the range of 0.75 could be reasonable as well, thus reducing the expected cost of this component.
2. However, based upon the DoD data, we also learned that Expeditionary medals have been granted at a higher rate in the early 2000's than we originally understood. As a result, the Retroactive costs could be larger than our initial impacts indicated. If we incorporate the estimated value of the fully subsidized service credit given for Campaign medals before 2011, we anticipate the estimated costs for this component could approximately double (depending on the system).



### ***Actuarial Disclosures***

Unless otherwise noted, we relied on the assets, data, assumptions, and methods as disclosed in the 2019 AVR to prepare this analysis. We relied on data provided by DRS and the Washington State Military Department to estimate the relative relationship between Expeditionary and Campaign medals. We also considered how the data from DoD could impact our initial cost estimates. We reviewed the data and found it reasonable for the purposes of this analysis, but we did not audit the data.

We believe the data, methods, and assumptions used in this analysis are reasonable for the purposes of this pricing exercise. Use of another set of assets, data, assumptions, and methods may also be reasonable, and might produce different results. The risk analysis summarized in this letter involves the interpretation of many factors and the application of professional judgment.

We prepared this analysis based upon our understanding of the study language as of the date shown in the footer. We intend this analysis to be used strictly for your consideration of a potential study recommendation during the 2020 Interim. If a bill is introduced during the 2021 Legislative Session, we would prepare an actuarial fiscal note based upon that bill language. The results of that analysis could vary materially from the results documented in this letter.

The results contained herein can also change over time with new actuarial valuations or if new data becomes available. The analysis of these components does not consider any other changes to the systems; the combined effect of several changes to the systems could exceed the sum of each change considered individually.

The Office of the State Actuary (“we”) prepared this analysis and provided opinions in accordance with Washington State law and accepted Actuarial Standards of Practice. The undersigned meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this communication is meant to be complete, we are available to provide extra advice and explanations as needed.

*Michael Harbour*

Michael T. Harbour, ASA, MAAA  
Actuary

cc: Lisa A. Won, ASA, FCA, MAAA, Deputy State Actuary  
Office of the State Actuary

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# Interruptive Military Service Credit

Final Report  
December 16, 2020

# Legislative Study Requirements

- **The Board and SCPP must complete a study of interruptive military service credit and the impact of expanding fully subsidized service credit eligibility to those who have been awarded an expeditionary medal**
- **To encourage consistency among the treatment of military service throughout the Washington state retirement systems, the Board and the SCPP must communicate their preliminary recommendations to each other prior to October 30, 2020**
- **Considering the preliminary recommendations of the other body, the Board and the SCPP must issue final reports containing recommendations and analysis of the potential cost of those recommendations to the appropriate committees of the legislature by January 2, 2021**

# Department of Defense

- Received a response to our FOIA request from the DoD
  - OSA reviewed that response and it did not impact their prior analysis

# LEOFF 2 Board Recommendation

- In November, the Board voted to defer until next year making a recommendation to expand the no-cost interruptive military service credit benefit to service, where the member earned an expeditionary medal.
  - The Board expressed support of the policy to expand
  - Also expressed concerns regarding the cost of the benefit and the expected state and local budget environment due to revenue impacts from Covid-19

# SCPP Update

- In November, the SCPP received an update on the action the Board took on this issue
- After receiving this update, the SCPP voted to also defer recommending expanding the no-cost interruptive military service credit benefit to service where the member earned an expeditionary medals until next year

# Next Steps

- **Draft report to the legislature is in your materials**
  - Staff will finalize after this meeting and coordinate with SCPP to send to legislature
- **Per the Board's recommendation, the Board will consider this issue again next interim**





**Thank You**

**Jacob White**

**Senior Research & Policy Manager**

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# Board Member Expectations

December 16, 2020

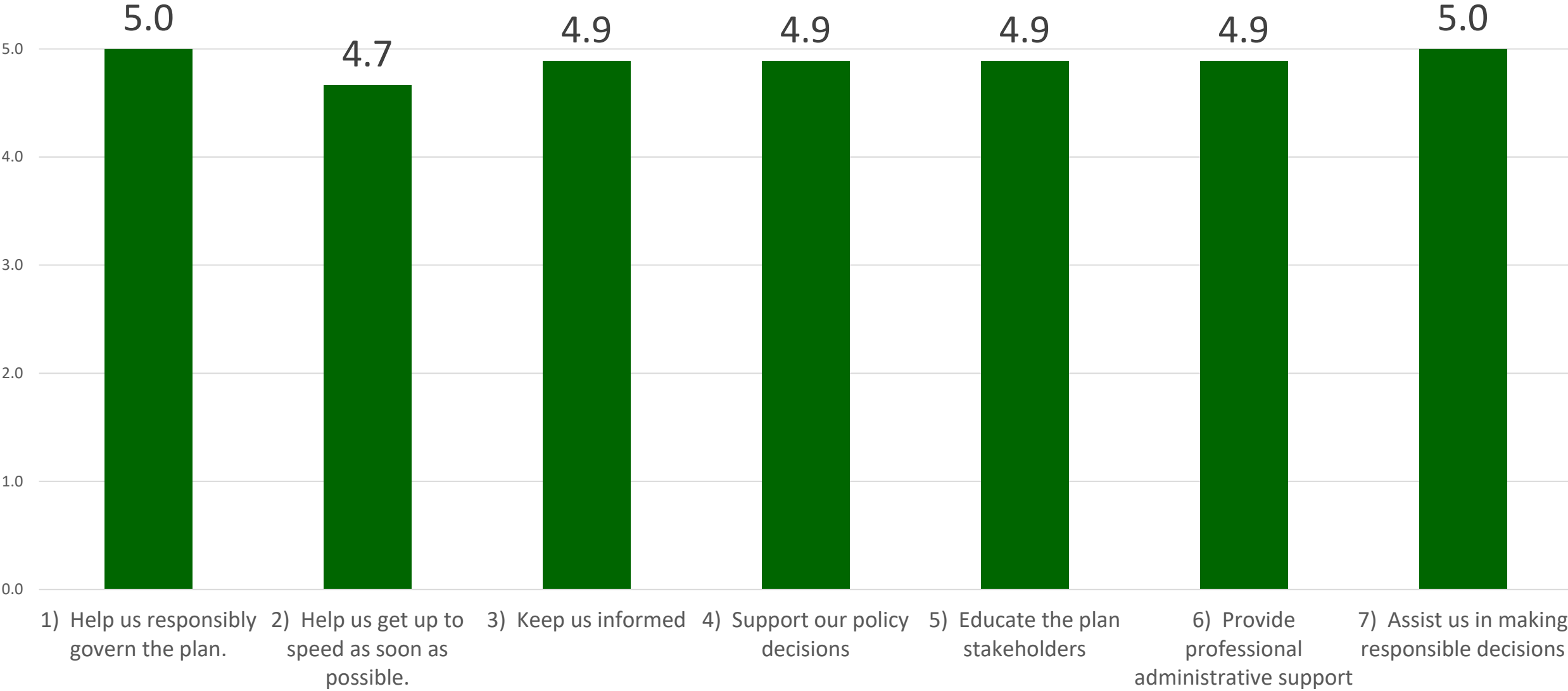
# Excellence Starts with Understanding Expectations

- **You are our primary customers**
  - **Success for the team means meeting or exceeding your expectations**
  - **The team needs to be clear about Board member expectations as we develop processes to support your mission**
  - **The team needs feedback to ensure we are on the right track**

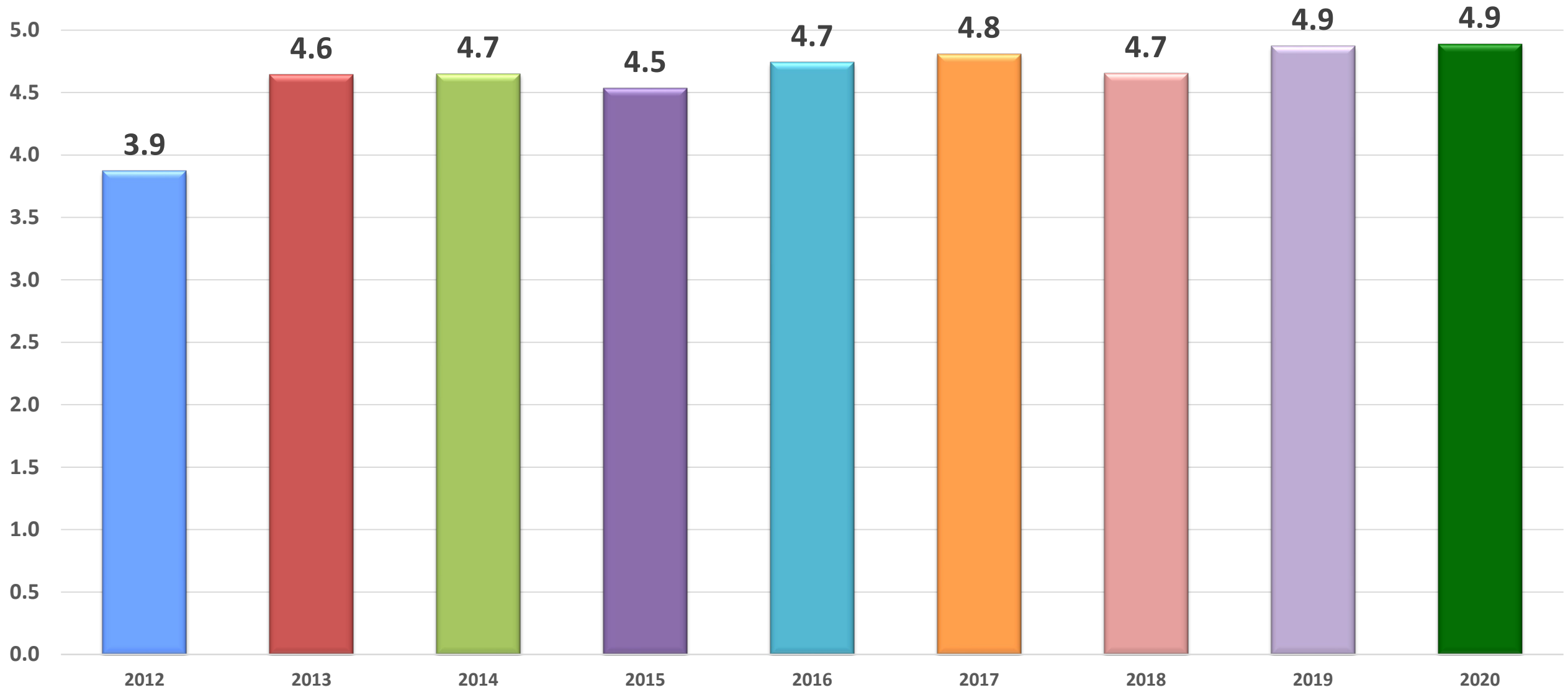
# Board Expectations

1. Responsibly govern the plan
2. Help us get up to speed as soon possible
3. Keep us informed
4. Support our policy decisions
5. Educate the plan stakeholders
6. Provide professional administrative support
7. Assist us in making responsible decisions

# 2020 Expectation Results (by question)

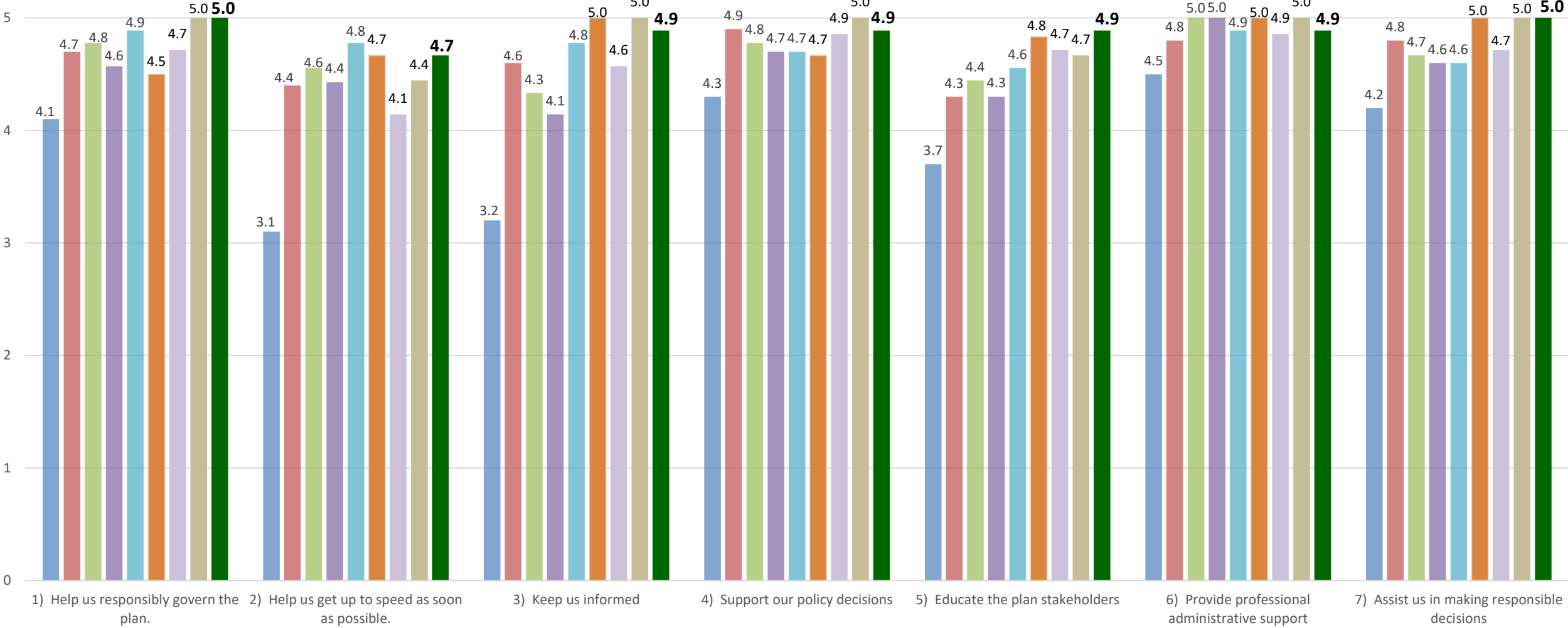


# Satisfaction by Year 2012 - 2020



# Satisfaction by Question 2012 - 2020

2012 2013 2014 2015 2016 2017 2018 2019 2020





# Discussion

- **Clarity regarding expectations is key to success.**
- **Have any expectations changed, or new expectations emerged?**
- **What improvements will exceed your expectations?**





# Benefit Improvement Account Info Center

December 16, 2020

# Benefit Improvement Account Info Center

<https://leoff.wa.gov/member-resources/BIA>

# Next Steps

**What is next with the Benefit Improvement Account and what do you need from us?**



**Thank You**

**Steve Nelsen**

**Executive Director**

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**(360) 586-2323**