

BOARD MEETING AGENDA

DECEMBER 18, 2024 • 9:30AM



LOCATION - Hybrid Meeting

In-Person:

Washington State Investment Board
2100 Evergreen Park Drive SW, Suite 100
Olympia, WA 98502

Or Virtual Meeting Information at
www.leoff.wa.gov

TRUSTEES

DENNIS LAWSON, CHAIR
Central Pierce Fire and Rescue (Retired)

JASON GRANNEMAN, VICE CHAIR
Clark County Sheriff's Office

MARK JOHNSTON
Vancouver Fire Department (Retired)

AJ JOHNSON
Snohomish County Fire

SENATOR JEFF HOLY
WA State Senator

TARINA ROSE-WATSON
Spokane Int'l Airport Police Dept

PAT MCELLIGOTT
East Pierce County Fire and Rescue

JAY BURNEY
City of Olympia

WOLF OPITZ
Pierce County

REPRESENTATIVE STEVE BERGQUIST
WA State Representative

DARELL STIDHAM
Spokane County Sheriff's Office (Retired)

STAFF

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

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

1. **Approval of November Minutes** **9:30 AM**
2. **Authorized Leave of Absence Service Credit – Comprehensive Report** **9:35 AM**
Jacob White, Sr. Research and Policy Manager
3. **Standby Pay – Comprehensive Report** **10:05 AM**
Jacob White, Sr. Research and Policy Manager
4. **Salary Setting Authority Implementation** **10:35 AM**
Karen Durant, Sr. Research and Policy Manager
5. **Freeze Directive** **11:05 AM**
Karen Durant, Sr. Research and Policy Manager
6. **Public Comment Procedure** **11:35 AM**
Tor Jernudd, Assistant Attorney General, AGO
7. **Ombuds Program Review** **12:00 PM**
Tammy Sadler, Lead Benefits Ombudsman
8. **Administrative Update** **12:30 PM**
Steve Nelsen, Executive Director
9. **Public Comment** **12:45 PM**

- ❖ *Public comment can be provided to the Board in writing 24 hours prior to the meeting via our reception mailbox: recep@leoff.wa.gov.*
- ❖ *Lunch is served as an integral part of these meetings.*

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.



December 18, 2024

Authorized Leave of Absence Service Credit

COMPREHENSIVE REPORT

By Jacob White

Senior Research & Policy Manager

360-586-2327

jacob.white@leoff.wa.gov

ISSUE STATEMENT

Some LEOFF 2 members are unable to purchase service credit when they are out on temporary non-duty disability leave because of the definition of basic salary and the requirements of purchasing service credit.

OVERVIEW

There was a concern brought to the Board that the Department of Retirement Systems (DRS) may be treating basic salary differently based on whether a member was out on temporary duty disability versus temporary non-duty leave. Specifically, in instances where a member was injured, took paid leave, and then utilized the employer's "buy-back" program by providing their disability or worker's compensation check to the employer in exchange for having their annual leave backed out of the system and put back into their leave bank.

After researching the concern further, DRS is treating member's basic salary the same in both situations. The service credit and basic salary for the leave that has been "bought back" is not reportable compensation in either situation. The confusion stems from how DRS is applying the Temporary Duty Disability (TDD) purchase service credit versus the Authorized Leave of Absence (ALOA) purchase service credit. One of the options that DRS provides to employers for TDD purchase service credit gives the impression that the member's service credit and basic salary for the personal leave they bought back is being reported. Instead, what has occurred is the member has purchased service credit with their workers-compensation or disability insurance money, not bought-back their annual leave.

Nonetheless, there remains a scenario where LEOFF 2 members are unable to purchase service credit when they are out on temporary non-duty disability. After being presented this issue at the December 2023 board meeting the Board voted to further study the issue during the 2024 interim. The Board received an initial briefing in September 2024.

BACKGROUND AND POLICY ISSUES

In 2023, SB 5625, Concerning public employee retirees, was proposed but did not pass. Section 18 of that bill sought to address a concern that DRS was treating basic salary different based on whether the member was out on temporary duty versus temporary non-duty leave. The law does not differentiate between duty and non-duty in this respect, so the bill sought to clarify that basic salary should be treated the same for purposes of sick leave or vacation leave used by the member.

Although DRS treats basic salary the same for temporary duty and non-duty disability, the procedure to purchase service for a break in service is different for temporary duty and non-duty disability. This procedural difference is due to differences between the type of purchase service credit that members on duty disability are eligible for purchasing, versus the type that members on non-duty disability are eligible for purchasing.

Temporary Duty Disability (TDD)

In 1989, SB 5353 was enacted into law. This allowed for members of LEOFF 2 to purchase up to six consecutive months of service credit for periods of temporary duty-related disability without paying interest. The member was responsible for paying the member contributions and the employer paying the employer contributions.

In 2007, SHB 1261 was enacted into law. This allowed for members of LEOFF 2 (and other DRS administered retirement plans) to purchase up to 24 consecutive months of service credit for periods of temporary duty-related disability with interest. The member was responsible for paying the member contributions plus any interest incurred and the employer paying the employer contributions. DRS issued an Employer Notice (see Appendix A) providing two methods for employers to report to DRS member's purchasing TDD service credit.

Method 1 allowed the employer to report to DRS the regular compensation the member would have earned if not on TDD. Under method 2 the employer reports the leave used, then makes adjustments to back-out and restore the member's leave and allows the member to contact DRS directly to purchase TDD service credit. After the member contacted DRS, DRS would create an invoice of contributions and interest for the employer, compounded monthly until the employee purchases their share of the service credit.

In developing "Method 1" it appears DRS sought to simplify the process for members, employers, and DRS, while also limiting the amount of interest members would potentially incur. This method does not increase costs for the retirement systems because the

contributions would be the same under either method. “Method 1” helps prevent lost investment earnings from occurring due to delayed contribution payments.

Authorized Leave of Absence (ALOA)

Members who have a break in service due to temporary non-duty disability are not eligible for TDD Purchase Service Credit. Instead, they are eligible for Authorized Leave of Absence (ALOA) Purchase Service Credit. ALOA purchase service credit is paid for completely by the member to DRS, both the member and employer contributions plus interest. If the member does not purchase the service credit within 5 years, they may pay the full actuarial value of the service credit. ALOA may apply to different situations that could result in a member having a break in service, not just temporary non-duty disability. For example, it is commonly used for maternity or paternity leave.

The issue for members with using ALOA Purchase Service Credit occurs if the member retires directly after being out on ALOA instead of returning to work. Existing law does not explicitly require a member to return to work to be eligible to purchase ALOA service credit:

“[...] a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes the employer, member, and state contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner.”¹

However, the law states that for DRS to determine the amount of contributions owed by the member they must “be based on the average of the member's basic salary at both the time the authorized leave of absence was granted and the time the member resumed employment” (Emphasis added).²

Through rule-making³ DRS has interpreted this to mean that a member must return to work to be eligible to purchase ALOA service credit, since DRS would be unable to otherwise bill the member based on their salary when “the member resumed employment”.

¹ [RCW 41.26.520: Service credit for paid leave of absence, officers of labor organizations, unpaid leave of absence, military service, death or disability while providing emergency management services.](#)

² Id.

³ <https://app.leg.wa.gov/WAC/default.aspx?cite=415-02-175>

LEOFF 2 Board staff requested that DRS consider changing their existing rule to allow member's retiring to be eligible for ALOA Purchase Service Credit and to determine a method for calculating what their salary would have been had they resumed employment. DRS declined to do so, stating their position is that the changes being suggested go beyond what is currently in law so they believe a law change is necessary, but that they are in support of the additional clarification and language of the bill draft provided by LEOFF 2 Board staff.

Member's who are retiring instead of returning to their position would still have the option to utilize the Purchase Service Credit⁴ and/or the Purchase of Additional Annuity⁵ benefit at the time of retirement. These benefits would allow the member to purchase an annuity; however, it would cost the member more and the annuity purchase through these benefits does not count towards the qualifying for service credit based LEOFF 2 benefits, such as early retirement or the tiered multiplier benefit enhancement. Purchase Service Credit and the Purchase of Additional Annuity benefits require the member to pay the full actuarial value, while the service credit purchased through ALOA costs the member only the member and employer contributions (so long as it is purchased within 5 years of the member returning to work).

Basic Salary

A member who is injured and unable to work may choose to use paid leave instead of purchasing service credit. Since paid leave is considered basic salary, a member would earn service credit for that time. Workers' compensation or disability payments are not considered basic salary. Below is a chart from DRS identifying what types of payments are or are not basic salary and the corresponding WAC for each type of payment.

⁴ [RCW 41.26.432: Additional service credit purchase—Rules. \(wa.gov\)](#)

⁵ [RCW 41.26.463: Optional actuarially equivalent life annuity benefit—Rules—Definition. \(wa.gov\)](#)

Type of Payment	LEOFF 1 Basic Salary?	LEOFF 2 Basic Salary?
Additional Duty Pay	Yes - WAC 415-104-3205	Yes - WAC 415-104-360
Allowances (i.e. uniform)	No - WAC 415-104-3404	No - WAC 415-104-390
Basic Monthly Rate	Yes - WAC 415-104-3200	Yes - WAC 415-104-360
Cafeteria Plans	No - WAC 415-104-3303	Yes - WAC 415-104-367
Deferred Wages Attached to Position	Yes - WAC 415-104-3201(1)	Yes - WAC 415-104-363(1)
Deferred Wages not attached to a Position	No - WAC 415-104-3306	No - WAC 415-104-363(2)
Disability Payments	No - WAC 415-104-340	No - WAC 415-104-380
Education Attainment Pay	No - WAC 415-104-3301	Yes - WAC 415-104-375
Employer taxes/contributions	No - WAC 415-104-3401	No - WAC 415-104-383
Fringe Benefits, including insurance	No - WAC 415-104-3402	No - WAC 415-104-385
Illegal Payments	No - WAC 415-104-3403	No - WAC 415-104-387
Leave Cash Outs/Severance	No - WAC 415-104-3304	No - WAC 415-104-401
Longevity	Yes - WAC 415-104-311	Yes - WAC 415-104-375
Overtime	No - WAC 415-104-3305	Yes - WAC 415-104-370
Paid Leave	Yes - WAC 415-104-3203	Yes - WAC 415-104-373
Payments in Lieu of Excluded Items	No - WAC 415-104-350	No - WAC 415-104-405
Performance Bonuses	No - WAC 415-104-3302	Yes - WAC 415-104-377
Retroactive Salary Increase	Yes - WAC 415-104-3202	Yes - WAC 415-104-365
Reimbursements	No - WAC 415-104-3404	No - WAC 415-104-390
Retirement or Termination Bonuses	No - WAC 415-104-3406	No - WAC 415-104-395
Shift Differential	Yes - WAC 415-104-3204	Yes - WAC 415-104-379
Special Salary or Wages	No - WAC 415-104-330	Yes - WAC 415-104-375
Standby Pay	No - WAC 415-104-3405	No - WAC 415-104-393
Tuition/Fee Reimbursement	No - WAC 415-104-3404	No - WAC 415-104-390
Workers' Compensation	Not Applicable	No - WAC 415-104-380

The potential issue initially raised was regarding the treatment of the salary and service credit for a member out on temporary duty or non-duty disability who used paid leave, but through their employer “buy-back” program had that paid leave backed out of the system in exchange for providing their employer with their worker’s compensation or disability insurance payment.

In this situation DRS does not consider whether the member was out on duty or non-duty disability, in either instance the time would not be reportable as basic salary because the member no longer used paid leave for that period.

The scenario that results in a member being unable to receive service credit for the time they were out on temporary duty disability occurs when the member has a CBA that requires them to utilize the buy-back program, and the member retires instead of returning to work.

If the member’s CBA made the buy-back optional they could choose to not utilize that and instead use paid leave. However, since they are required to use the buy-back program and because they are ineligible for ALOA purchase service credit because they never returned to work, they cannot receive service credit for this time.

Office of the State Actuary Pricing

Board staff provided the Office of the State Actuary (OSA) with a bill draft (See Appendix B) to provide a preliminary pricing of the proposal (See Appendix C). OSA anticipates no expected impact to LEOFF 2 contribution rates from this proposal. However, they do expect an indeterminate cost from changes in the plan liabilities and assets. This cost is caused by ALOA Purchase Service Credit being a benefit where the member does not pay the full actuarial value of the service credit. Instead, the member pays member contributions, employer contributions, and interest as determined by DRS. To illustrate the potential impact of paying contributions plus interest versus paying full actuarial value OSA provided the following example:

6-Month Service Credit Purchase Example	
(A) Contributions	\$11,500
(B) Estimated Interest*	\$400
Total Purchase Amount (A)+(B)	\$11,900
Present Value of Service Credit	\$20,000
<i>*Assumed 7 percent annual interest charged on contributions for purchased service amount.</i>	

POLICY OPTIONS

Option 1: Clarify existing law to allow for member’s who retire instead of returning to work to be eligible for ALOA Purchase Service Credit

- Pros – Resolves an issue for members who were unable to receive service credit due to unintended confluence of the definition of basic salary, buy-back programs, and DRS interpretation of ALOA Purchase Service Credit law; the cost is not expected to impact plan rates
- Cons – Indeterminate cost to the plan because member does not pay the full actuarial value of the service credit (they pay member and employer contributions plus interest)

SUPPORTING INFORMATION

Appendix A: DRS Employer Notice 17-007, Employer Reporting Related to Workers' Compensation/Temporary Duty Disability.

Appendix B: Bill Draft

Appendix C: Email from OSA, "Authorized Leave of Absence Purchase Service Credit Pricing Request", December 11, 2024.

DRS Email 17-007, Employer Reporting Related to Workers' Compensation/Temporary Duty Disability

Posted on March 28, 2017

Notice No.: 17-007

Date: March 28, 2017

Applies to: All Employers Except WSPRS

Subject: Employer Reporting Related to Workers' Compensation/Temporary Duty Disability

Workers' compensation, also known as temporary duty disability (TDD), can be a complex payroll issue. This notice provides information on reporting data to DRS for members in TDD status.

Some employers may allow employees to:

- use accrued leave while waiting for workers' compensation/TDD determinations
- use accrued leave to supplement their workers' compensation/TDD payments
- use their worker's compensation/TDD payments to restore leave balances through a buy-back program
- use shared leave while on TDD
- be made whole without using accrued leave

There are two methods for reporting data to DRS for members in TDD status.

Method 1 – Employer reports the regular compensation the employee would have earned if not on TDD.

Steps to complete:

Appendix A

1. Employers should enter into a written agreement with the employee regarding the obligation to repay the member contributions to the employer.
2. Employers must report the regular compensation the employee would have earned. This must be reported on the current transmittal and cannot be reported retroactively.

Note: Buy back/restoration of accrued leave remains an internal accounting function and does not affect retirement reporting.

Method 2 – Employer reports the leave used, and makes adjustments to reverse leave restored and allows employee to contact DRS directly to purchase service, creating an invoice of contributions and interest for the employer and compounded monthly until the employee purchases their share of the service credit.

Steps to complete:

1. Employer reports leave used to DRS, if reportable compensation (shared leave is not reportable for some plans).
2. Employee turns in worker's compensation check to employer to restore (buy back) some or all leave used.
3. Employer credits the employee's leave balance based on the amount of hours of leave the workers' compensation check will restore.
4. Employer uses the retirement transmittal to back out the restored leave previously reported to DRS in Step 1.
5. Employee applies directly to DRS to purchase service credit for each period of absence due to TDD status.
6. Employee will receive an Optional Bill for the member contributions from DRS.
7. Employers will receive an invoice for employer contributions only if and when the employee pays the optional bill amount. Payments are subject to interest (currently 7.8%) compounded monthly from the time of the disability.

Appendix A

Relevant statutes:

- PERS: **RCW 41.40.038**
- SERS: **RCW 41.35.070**
- PSERS: **RCW 41.37.060**
- TRS: **RCW 41.32.0641**
- LEOFF: **RCW 41.26.470 (3)**

Prior notices:

- E07-020** (All Employers)
- 94-006** (PERS)
- 89-004** (LEOFF)
- 86-011** (PERS)

If you have any questions regarding this DRS Notice, please contact Employer Support Services at 360-664-7200, option 2, or 800-547-6657, option 6, option 2; or **email us**.

Appendix B

A bill related to Authorized Leave of Absence Purchase Service Credit

RCW [41.26.520](#) is amended to read:

(1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under the provisions of RCW [41.26.410](#) through [41.26.550](#).

(2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the member retains seniority rights with the employer during the period of leave. The basic salary reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.

(3) Except as specified in subsection (7) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. If the member retires instead of returning to work, they are also eligible for this credit. Such credit may be obtained only if the member makes the employer, member, and state contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner.

(4) A law enforcement member may be authorized by an employer to work part time and to go on a part-time leave of absence. During a part-time leave of absence a member is prohibited from any other employment with their employer. A member is eligible to receive credit for any portion of service credit not earned during a month of part-time leave of absence if the member makes the employer, member, and state contributions, plus interest, as determined by the department for the period of the authorized leave within five years of resumption of full-time service or prior to retirement whichever comes sooner. Any service credit purchased for a part-time leave of absence is included in the two-year maximum provided in subsection (3) of this section.

(5) If a member fails to meet the time limitations of subsection (3) or (4) of this section, the member may receive a maximum of two years of service credit during a member's working career for those periods when a member is on unpaid leave of absence authorized by an employer. This may be done by paying the amount required under RCW [41.50.165](#)(2) prior to retirement.

(6) For the purpose of subsection (3) or (4) of this section the contribution shall not include the contribution for the unfunded supplemental present value as required by RCW [41.45.060](#), [41.45.061](#), and [41.45.067](#). The contributions required shall be based on the average of the member's basic salary at both the time the authorized leave of absence was granted and the time the member resumed employment. If the member retires instead of returning to work the contributions required shall be based on the member's basic salary at the time the authorized leave of absence was granted adjusted for any cost-of-living or other pay increases provided to similar jobs or job classes during the leave period.

Appendix B

(7) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

(a) The member qualifies for service credit under this subsection if:

(i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and

(ii) The member makes the employee contributions required under RCW [41.45.060](#), [41.45.061](#), and [41.45.067](#) within five years of resumption of service or prior to retirement, whichever comes sooner; or

(iii) Prior to retirement and not within ninety days of the member's honorable discharge or five years of resumption of service the member pays the amount required under RCW [41.50.165](#)(2); or

(iv) Prior to retirement the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW [41.04.005](#). Any member who made payments for service credit for interruptive military service during a period of war as defined in RCW [41.04.005](#) may, prior to retirement and on a form provided by the department, request a refund of the funds standing to his or her credit for up to five years of such service, and this amount shall be paid to him or her. Members with one or more periods of interruptive military service credit during a period of war may receive no more than five years of free retirement system service credit under this subsection.

(b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) of this subsection, or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer and the state for their respective contributions required under RCW [41.26.450](#) for the period of military service, plus interest as determined by the department.

(c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.

(d) The surviving spouse, domestic partner, or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:

(i) Provides to the director proof of the member's death while serving in the uniformed services;

(ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and

Appendix B

(iii) Pays the employee contributions required under chapter [41.45](#) RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or

(iv) Prior to the distribution of any benefit, provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW [41.04.005](#). If the deceased member made payments for service credit for interruptive military service during a period of war as defined in RCW [41.04.005](#), the surviving spouse or eligible child or children may, prior to the distribution of any benefit and on a form provided by the department, request a refund of the funds standing to the deceased member's credit for up to five years of such service, and this amount shall be paid to the surviving spouse or children. Members with one or more periods of interruptive military service during a period of war may receive no more than five years of free retirement system service credit under this subsection.

(e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement system service credit under this subsection up to the date of discharge from the uniformed services if:

(i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;

(ii) The member provides to the director proof of honorable discharge from the uniformed services; and

(iii) The member pays the employee contributions required under chapter [41.45](#) RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or

(iv) Prior to retirement the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW [41.04.005](#). Any member who made payments for service credit for interruptive military service during a period of war as defined in RCW [41.04.005](#) may, prior to retirement and on a form provided by the department, request a refund of the funds standing to his or her credit for up to five years of such service, and this amount shall be paid to him or her. Members with one or more periods of interruptive military service credit during a period of war may receive no more than five years of free retirement system service credit under this subsection.

(f) The surviving spouse, domestic partner, or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States, federal emergency management agency, or national disaster medical system of the United States department of health and human services and died while performing service in response to a disaster, major emergency, special event, federal exercise, or official training on or after March 22, 2014, may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in such service. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children provides to the director proof of the member's death while in such service.

Appendix B

(g) A member who leaves the employ of an employer to enter the uniformed services of the United States, federal emergency management agency, or national disaster medical system of the United States department of health and human services and becomes totally incapacitated for continued employment by an employer while providing such service is entitled to retirement system service credit under this subsection up to the date of separation from such service if the member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while performing such service.

(8) A member receiving benefits under Title [51](#) RCW who is not receiving benefits under this chapter shall be deemed to be on unpaid, authorized leave of absence.

Appendix C

From: [DeCamp, Mitch](#)
To: [White, Jacob \(LEOFF\)](#)
Cc: [Nelsen, Steve \(LEOFF\)](#); [Won, Lisa](#); [Harbour, Michael](#)
Subject: Authorized Leave of Absence Purchase Service Credit Pricing Request
Date: Wednesday, December 11, 2024 8:46:05 AM
Attachments: [A bill related to Authorized Leave of Absence Purchase Service Credit - new.docx](#)

External Email

Hello Jacob,

As requested, please find below a summary of the proposal as well as our preliminary actuarial analysis; we do not expect these takeaways to change if this proposal moves forward as currently drafted. This email is intended to support deliberations by the LEOFF 2 Board during their December 2024 meeting.

Summary of Proposal

Under current law, members of LEOFF 2 must return to active employment for the option to purchase pension service credit while on authorized unpaid leave. Members immediately retiring from an authorized unpaid leave without returning to active employment are not provided this option.

LEOFF 2 staff provided OSA with draft bill language that amends RCW [41.26.520](#). We understand the proposal will do the following:

- Allow members on authorized unpaid leave to purchase a maximum of two years of authorized unpaid leave as service credit when transitioning directly to retirement.
- Service credit is purchased by making the member, employer, and state contributions plus interest as determined by the Department of Retirement Systems (DRS).
- The salary for calculating contributions is based on what the member would have earned if working during the authorized leave of absence.

Highlights of Analysis

We anticipate this proposal will have **No Expected Impact** to rounded LEOFF 2 contribution rates; however, there will be an indeterminate cost from changes in the plan liabilities and assets. The additional service credit purchased under these circumstances will increase lifetime benefits for eligible members, but this cost is partially offset by the contributions and any interest paid into the system. LEOFF 2 will absorb any difference between the contributions paid (including any interest collected) and the ultimate cost of providing the larger annuity.

We were not able to identify a determinate cost for this proposal because data is unavailable for members that may purchase service credit under this proposal. Based on discussions with LEOFF 2 Board staff, it's our understanding authorized unpaid leave immediately preceding retirement occurs when members enter temporary non-duty disability status. We anticipate limited occurrences of temporary non-duty disability based on our assumptions for [disability retirement rates](#) and the

Appendix C

probability of disabilities being duty-related of 90 percent. Service credit purchases for temporary duty disability without reentering active service is already available under current law RCW [41.26.470](#).

Costs under this proposal could emerge in the following ways:

- DRS is responsible for calculating and charging interest on the contributions for service credit purchases under this proposal. Regular contribution rates for the plan are calculated using a 7% annual investment return assumption. Costs will arise to the extent that DRS calculated interest differs from the assumed investment return.
- Contribution rates for LEOFF 2 are generally calculated to fund active member benefits earning service credit throughout a career. The value of service credit for a retiring member tends to be more expensive because they begin receiving benefits immediately. Therefore, paying just the adopted contribution rate may not fully fund the increase in liability attributable to the additional service credit purchases provided under this proposal. The plan will subsidize any unfunded obligations that arise from these purchases.

To illustrate the potential impact of these costs, we considered an example member purchasing 6 months of service credit at age 55 with \$135,000 in salary for calculating contributions. This example demonstrates the majority of the cost under this proposal stems from the value of the service relative to the purchase amount. Whereas, the impact of the interest DRS charges is limited by comparison.

6-Month Service Credit Purchase Example

(A) Contributions	\$11,500
(B) Estimated Interest*	\$400
Total Purchase Amount (A)+(B)	\$11,900
Present Value of Service Credit	\$20,000

**Assumed 7 percent annual interest charged on contributions for purchased service amount.*

In terms of risk, the purchase amounts may ultimately be more or less than the actual cost of providing a larger annuity; for example, if the member lives shorter or longer than expected, respectively. However, we do not anticipate any significant exposure to the retirement system since (1) the service credit purchase is capped at 2 years, and (2) we assume this circumstance where a temporary non-duty disability turns into a retirement is fairly infrequent.

Actuarial Disclosures

We prepared this analysis consistent with the data, assumptions, and methods disclosed in our [2023 Actuarial Valuation Report](#). The undersigned served as the reviewing and responsible actuary, and is qualified to render these actuarial opinions.

If this proposal becomes a bill during the 2025 Legislative Session, we will prepare an actuarial fiscal note based on that bill language. Our analysis may vary to the extent that the final concept varies

Appendix C

from the proposal noted above or our understanding of how DRS will administer the bill changes.

Please let us know if you have any questions. I am available to provide further assistance as needed.

Mitch DeCamp, ASA, MAAA | *Actuary*

Office of the State Actuary

PO Box 40914 | Olympia, WA 98504

mitch.decamp@leg.wa.gov | Office 360.786.6157 | Cell 509.679.7931

[OSA website](#)

"Supporting financial security for generations."



Authorized Leave of Absence Service Credit

Comprehensive Report
December 18, 2024

Issue

- **Some LEOFF 2 members are unable to purchase service credit when they are out on temporary non-duty disability leave because of the definition of basic salary and the requirements of purchasing service credit**

ALOA Purchase Service Credit

- Existing law does not explicitly require a member to return to work to be eligible to purchase ALOA service credit
- “[...] a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes the employer, member, and state contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner.”

DRS Rule

- For determining the bill to the member, the law states:

“The contributions required shall be based on the average of the member's basic salary at both the time the authorized leave of absence was granted and the time the member resumed employment.”

- Through rule-making DRS interpreted this to mean that members must return to work to be eligible for the benefit, since DRS would be unable to otherwise bill the member based on their salary when “the member resumed employment”

Annuity Options at Retirement

- **Purchase Service Credit or Purchase of Additional Annuity**
- **More expensive for member than Authorized Leave of Absence Purchase Service Credit**
 - Member pays full actuarial costs
- **These are annuity options and are not actual service credit for purposes of qualifying for service credit-based plan benefits**
 - i.e. Benefit enhancement (tiered multiplier and lump sum benefit), early retirement

Policy Option

1. Clarify existing law to allow for members who retire, instead of returning to work, to be eligible for ALOA Purchase Service Credit
 - Pros – Resolves an issue for members who were unable to receive service credit due to unintended confluence of the definition of basic salary, buy-back programs, and DRS interpretation of ALOA Purchase Service Credit law; the cost is not expected to impact plan rates
 - Cons – Indeterminate cost to the plan because member does not pay the full actuarial value of the service credit (they pay member and employer contributions plus interest)

Bill Draft

- Determining cost to the member if they retire:
- “If the member retires instead of returning to work the contributions required shall be based on the member’s basic salary at the time the authorized leave of absence was granted adjusted for any cost-of-living or other pay increases provided to similar jobs or job classes during the leave period.”

Pricing for Option 1

- No expected rate impact
- Cost to the plan because member does not pay full actuarial value of the service credit

DRS Administrative Review for Option 1

- Bill draft incorporates their concerns about how to best determine the bill for a member who retires instead of returning to work
- No other administrative concerns identified
- DRS told Board staff they are in support of the additional clarification and language of the bill draft

Board Action

1. Endorse bill to allow member's who retire instead of returning to work to be eligible for ALOA Purchase Service Credit
2. No action



Thank You

Jacob White

Senior Research and Policy Manager

(360) 586-2327

jacob.white@leoff.wa.gov

COMPREHENSIVE REPORT

By Jacob White

Senior Research & Policy Manager

360-586-2327

jacob.white@leoff.wa.gov

ISSUE STATEMENT

“Standby pay” is not considered basic salary for LEOFF 2 members, while it is for PERS and PSERS members.

OVERVIEW

“Standby pay” is not considered basic salary in LEOFF 2 because it is not specifically identified as earnable compensation in law and because the Department of Retirement Systems (DRS) has determined that it does not fall under the general definition of “compensation for services rendered”.

BACKGROUND AND POLICY ISSUES

Some LEOFF Plan 2 members receive standby pay while off-duty in exchange for being prepared to report to work on short notice. This payment is not considered compensation for services rendered and is not reportable compensation for LEOFF Plan 2.

The Board considered this issue during the 2016 and 2018 interims. The Board did not endorse legislation in either of those years.

Standby pay is reportable compensation for pension purposes in two state retirement systems: the Public Employees Retirement System (PERS) and the Public Safety Employees Retirement system (PSERS). It is considered reportable compensation because the legislature has specifically identified it as being so for those systems.

In 1994, legislation was enacted¹ that allowed the inclusion of standby pay in compensation earnable for the Public Employees’ Retirement System (PERS) when: (1) the member is required to be present at, or in the immediate vicinity of, a specified location; and (2) the employer requires the member to be prepared to report immediately for work if the need arises. In 1995,

¹ C 177 L94 (ESHB 2644)

the requirement that the member must be present at or in the immediate vicinity of a specified location was removed.² Standby pay was included as compensation earnable for the Public Safety Employees Retirement System when it was created in 2003³.

Reportable Compensation/Basic Salary

"Reportable compensation" is used in determining a state retirement system member's pension. It is generally defined as salaries and wages payable for services rendered to the employer. DRS determines reportable compensation based upon the nature of the payment made to an employee, not the name given to it. A LEOFF member's salary or wages must meet the definition of "basic salary" in LEOFF retirement law⁴ to be subject to retirement system contributions and included in the calculation of his or her retirement benefit.

In LEOFF Plan 2 "reportable compensation" is termed "basic salary". In order for compensation to be reportable to DRS for LEOFF, it must be basic salary. Basic salary for LEOFF Plan 2 is a payment that is a salary or wage earned during a calendar month for personal services rendered by a member to an employer.

Certain payments that are not for personal services rendered by a member also qualify if there are specific provisions in the laws identifying them as basic salary. Payments not specifically identified in the rules qualify as basic salary only if the payments are for services rendered.⁵

Standby pay is one such payment that does not qualify as basic salary for LEOFF as it is not considered pay for services rendered and is not included by law as basic salary.

Standby Pay is Not Basic Salary in LEOFF

Standby pay is a nominal rate of pay provided in exchange for the employee being available to come to work quickly if called, though he or she might not be called. While on standby an employee is usually confined to a specified geographic area and prohibited from consuming alcohol or other intoxicants. If the employee is called in, they usually earn overtime for periods actually worked.

DRS excludes standby pay from LEOFF basic salary. DRS does not consider standby pay compensation for services rendered⁶. While ready to work if called, an employee on standby is engaged in personal activities, not performing work for their employer.

DRS has identified what is and is not considered Basic Salary with the following chart in WAC 415-104-299:

² C 244 L 95 (SSB 5118)

³ PSERS was removed as a membership subset from PERS in 2003 when it was created.

⁴ see RCW 41.26.030 and WAC 415-104-298

⁵ WAC 415-104-299 Basic Salary Table

⁶ see RCW 41.26.030(4)(b) and WAC 415-104-393

Type of Payment	LEOFF 2 Basic Salary?
Additional Duty Pay	Yes - WAC 415-104-360
Allowances (i.e. uniform)	No - WAC 415-104-390
Basic Monthly Rate	Yes - WAC 415-104-360
Cafeteria Plans	Yes - WAC 415-104-367
Deferred Wages Attached to Position	Yes - WAC 415-104-363 (1)
Deferred Wages not attached to a Position	No - WAC 415-104-363 (2)
Disability Payments	No - WAC 415-104-380
Education Attainment Pay	Yes - WAC 415-104-375
Employer taxes/contributions	No - WAC 415-104-383
Fringe Benefits, including insurance	No - WAC 415-104-385
Illegal Payments	No - WAC 415-104-387
Leave Cash Outs/Severance	No - WAC 415-104-401
Longevity	Yes - WAC 415-104-375
Overtime	Yes - WAC 415-104-370
Paid Leave	Yes - WAC 415-104-373
Payments in Lieu of Excluded Items	No - WAC 415-104-405
Performance Bonuses	Yes - WAC 415-104-377
Retroactive Salary Increase	Yes - WAC 415-104-365
Reimbursements	No - WAC 415-104-390
Retirement or Termination Bonuses	No - WAC 415-104-395
Shift Differential	Yes - WAC 415-104-379
Special Salary or Wages	Yes - WAC 415-104-375
Standby Pay	No - WAC 415-104-393
Tuition/Fee Reimbursement	No - WAC 415-104-390
Workers' Compensation	No - WAC 415-104-380

Compensation for Standby Pay

The rate of standby pay varies. Below are some examples:

- Firefighter examples:
 - Reduced rate of pay – some jurisdictions pay an hourly standby wage at a reduced rate of pay such as 10% of regular pay.
 - Reduced hours – some jurisdictions pay a full overtime wage for a reduced number of hours. For instance, one employer pays one hour of overtime for a 12-hour standby shift.

- Law enforcement examples:
 - 4 hours pay for being on standby, additional pay if called in for more than 4 hours.
 - No standby pay but guaranteed 4 hour pay minimum if called in.

Data

There isn't a single source of data for how many LEOFF employers pay standby pay and how much those employers have paid in standby pay to LEOFF 2 members. Therefore, LEOFF 2 Board staff made a sampling of public records requests throughout the state to gather data for analysis. As of the time of this report, the Board had only received the following data:

Fiscal Year 2023 Standby Pay Data			
Department	Number	Total Standby Pay	Average Standby Pay
Tacoma Police	361	\$303,870	\$842
Spokane Police	368	\$486,891	\$1,323
Wenatchee Police	40	\$0	\$0
Tacoma Fire	543	\$109,913	\$202
Yakima Fire	107	\$0	\$0
Bellevue Fire	217	\$0	\$0
Spokane Fire	365	\$24,252	\$66
Total	2,001	\$924,925	\$462

Note: Totals may not agree due to rounding.

There are additional active public records requests which Board staff is waiting to. The City of Seattle also provided data; however, there were inconsistencies with the data provided which prevented it from being used in this report.

Pricing from Office of State Actuary

OSA did not receive enough data (only about 10% of member data) to be able to provide a full pricing. Instead, they calculated a high and low estimate given the limited amount of data and large variance in standby pay amounts by department. Based on the data above the Office of the State Actuary (OSA) provided the following preliminary pricing for adding standby pay as basic salary for LEOFF 2:

Preliminary Pricing Results		
(Dollars in Millions)	Low Estimate	High Estimate
Change in Present Value of Benefits	\$5	\$45
Change in Present Value of Salaries	12	109
Rounded Employee Rate Impact*	0.00%	0.04%

**We use the rounded Aggregate contribution rate impact when calculating a supplemental rate. Employers and the state pay 60 and 40 percent of this rate, respectively.*

POLICY OPTIONS

Option 1: Add standby pay to definition of basic salary

- Pros – Aligns LEOFF 2 with other state pension plans
- Cons – Increases cost of the plan; data used to identify costs is a small sampling and may not be enough to identify the costs accurately

Option 2: Direct staff to gather additional data and report to Board next interim

- Pros – More accurate pricing analysis
- Cons – LEOFF 2 members continue to not have standby pay considered basic salary

SUPPORTING INFORMATION

Appendix A: Bill Draft

Appendix B: Email from OSA, “LEOFF 2 Standby Pay Pricing Request”, December 10, 2024.

Appendix A

An act relating to including standby pay as basic salary in the law enforcement officers' and firefighters' retirement system plan 2; amending RCW [41.26.030](#).

As used in this chapter, unless a different meaning is plainly required by the context:

(1) "Accumulated contributions" means the employee's contributions made by a member, including any amount paid under RCW [41.50.165](#)(2), plus accrued interest credited thereon.

(2) "Actuarial reserve" means a method of financing a pension or retirement plan wherein reserves are accumulated as the liabilities for benefit payments are incurred in order that sufficient funds will be available on the date of retirement of each member to pay the member's future benefits during the period of retirement.

(3) "Actuarial valuation" means a mathematical determination of the financial condition of a retirement plan. It includes the computation of the present monetary value of benefits payable to present members, and the present monetary value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal from service, salary and interest earned on investments.

(4)(a) "Basic salary" for plan 1 members, means the basic monthly rate of salary or wages, including longevity pay but not including overtime earnings or special salary or wages, upon which pension or retirement benefits will be computed and upon which employer contributions and salary deductions will be based.

(b) "Basic salary" for plan 2 members, means salaries or wages earned by a member during a payroll period for personal services, including overtime payments, and

1. shall include:

- a. wages and salaries deferred under provisions established pursuant to sections 403(b), 414(h), and 457 of the United States Internal Revenue Code; and,
- b. compensation that a member receives for being in standby status. For the purposes of this section, a member is in standby status when not being paid for time actually worked and the employer requires the member to be prepared to report immediately for work, if the need arises, although the need may not arise.

2. shall exclude:

- a. lump sum payments for deferred annual sick leave,
- b. unused accumulated vacation,
- c. unused accumulated annual leave, or,
- d. any form of severance pay.

3. In any year in which a member serves in the legislature the member shall have the option of having such member's basic salary be the greater of:

(i) The basic salary the member would have received had such member not served in the legislature; or

(ii) Such member's actual basic salary received for nonlegislative public employment and legislative service combined. Any additional contributions to the retirement system required because basic salary under (b)(i) of this subsection is greater than basic salary under (b)(ii) of this

Appendix A

subsection shall be paid by the member for both member and employer contributions.(5)(a) "Beneficiary" for plan 1 members, means any person in receipt of a retirement allowance, disability allowance, death benefit, or any other benefit described herein.

(b) "Beneficiary" for plan 2 members, means any person in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by another person.

(6)(a) "Child" or "children" means an unmarried person who is under the age of eighteen or mentally or physically disabled as determined by the department, except a person who is disabled and in the full time care of a state institution, who is:

(i) A natural born child;

(ii) A stepchild where that relationship was in existence prior to the date benefits are payable under this chapter;

(iii) A posthumous child;

(iv) A child legally adopted or made a legal ward of a member prior to the date benefits are payable under this chapter; or

(v) An illegitimate child legitimized prior to the date any benefits are payable under this chapter.

(b) A person shall also be deemed to be a child up to and including the age of twenty years and eleven months while attending any high school, college, or vocational or other educational institution accredited, licensed, or approved by the state, in which it is located, including the summer vacation months and all other normal and regular vacation periods at the particular educational institution after which the child returns to school.

(7) "Department" means the department of retirement systems created in chapter [41.50](#) RCW.

(8) "Director" means the director of the department.

(9) "Disability board" for plan 1 members means either the county disability board or the city disability board established in RCW [41.26.110](#).

(10) "Disability leave" means the period of six months or any portion thereof during which a member is on leave at an allowance equal to the member's full salary prior to the commencement of disability retirement. The definition contained in this subsection shall apply only to plan 1 members.

(11) "Disability retirement" for plan 1 members, means the period following termination of a member's disability leave, during which the member is in receipt of a disability retirement allowance.

(12) "Domestic partners" means two adults who have registered as domestic partners under RCW [26.60.020](#).

(13) "Employee" means any law enforcement officer or firefighter as defined in subsections (17) and (19) of this section.

Appendix A

(14)(a) "Employer" for plan 1 members, means the legislative authority of any city, town, county, district, or regional fire protection service authority or the elected officials of any municipal corporation that employs any law enforcement officer and/or firefighter, any authorized association of such municipalities, and, except for the purposes of RCW [41.26.150](#), any labor guild, association, or organization, which represents the firefighters or law enforcement officers of at least seven cities of over 20,000 population and the membership of each local lodge or division of which is composed of at least sixty percent law enforcement officers or firefighters as defined in this chapter.

(b) "Employer" for plan 2 members, means the following entities to the extent that the entity employs any law enforcement officer and/or firefighter:

(i) The legislative authority of any city, town, county, district, public corporation, or regional fire protection service authority established under RCW [35.21.730](#) to provide emergency medical services as defined in RCW [18.73.030](#);

(ii) The elected officials of any municipal corporation;

(iii) The governing body of any other general authority law enforcement agency;

(iv) A four-year institution of higher education having a fully operational fire department as of January 1, 1996; or

(v) The department of social and health services or the department of corrections when employing firefighters serving at a prison or civil commitment center on an island.

(c) Except as otherwise specifically provided in this chapter, "employer" does not include a government contractor. For purposes of this subsection, a "government contractor" is any entity, including a partnership, limited liability company, for-profit or nonprofit corporation, or person, that provides services pursuant to a contract with an "employer." The determination whether an employer-employee relationship has been established is not based on the relationship between a government contractor and an "employer," but is based solely on the relationship between a government contractor's employee and an "employer" under this chapter.

(15)(a) "Final average salary" for plan 1 members, means (i) for a member holding the same position or rank for a minimum of twelve months preceding the date of retirement, the basic salary attached to such same position or rank at time of retirement; (ii) for any other member, including a civil service member who has not served a minimum of twelve months in the same position or rank preceding the date of retirement, the average of the greatest basic salaries payable to such member during any consecutive twenty-four month period within such member's last ten years of service for which service credit is allowed, computed by dividing the total basic salaries payable to such member during the selected twenty-four month period by twenty-four; (iii) in the case of disability of any member, the basic salary payable to such member at the time of disability retirement; (iv) in the case of a member who hereafter vests pursuant to RCW [41.26.090](#), the basic salary payable to such member at the time of vesting.

(b) "Final average salary" for plan 2 members, means the monthly average of the member's basic salary for the highest consecutive sixty service credit months of service prior to such member's

Appendix A

retirement, termination, or death. Periods constituting authorized unpaid leaves of absence may not be used in the calculation of final average salary.

(c) In calculating final average salary under (a) or (b) of this subsection, the department of retirement systems shall include:

(i) Any compensation forgone by a member employed by a state agency or institution during the 2009-2011 fiscal biennium as a result of reduced work hours, mandatory or voluntary leave without pay, temporary reduction in pay implemented prior to December 11, 2010, or temporary layoffs if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer;

(ii) Any compensation forgone by a member employed by the state or a local government employer during the 2011-2013 fiscal biennium as a result of reduced work hours, mandatory leave without pay, temporary layoffs, or reductions to current pay if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer. Reductions to current pay shall not include elimination of previously agreed upon future salary increases; and

(iii) Any compensation forgone by a member employed by the state or a local government employer during the 2019-2021 and 2021-2023 fiscal biennia as a result of reduced work hours, mandatory leave without pay, temporary layoffs, furloughs, reductions to current pay, or other similar measures resulting from the COVID-19 budgetary crisis, if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer. Reductions to current pay shall not include elimination of previously agreed upon future salary increases.

(16) "Fire department" includes a fire station operated by the department of social and health services or the department of corrections when employing firefighters serving a prison or civil commitment center on an island.

(17) "Firefighter" means:

(a) Any person who is serving on a full time, fully compensated basis as a member of a fire department of an employer and who is serving in a position which requires passing a civil service examination for firefighter, and who is actively employed as such;

(b) Anyone who is actively employed as a full time firefighter where the fire department does not have a civil service examination;

(c) Supervisory firefighter personnel;

(d) Any full time executive secretary of an association of fire protection districts authorized under RCW [52.12.031](#). The provisions of this subsection (17)(d) shall not apply to plan 2 members;

(e) The executive secretary of a labor guild, association or organization (which is an employer under subsection (14) of this section), if such individual has five years previous membership in a retirement system established in chapter [41.16](#) or [41.18](#) RCW. The provisions of this subsection (17)(e) shall not apply to plan 2 members;

Appendix A

(f) Any person who is serving on a full time, fully compensated basis for an employer, as a fire dispatcher, in a department in which, on March 1, 1970, a dispatcher was required to have passed a civil service examination for firefighter;

(g) Any person who on March 1, 1970, was employed on a full time, fully compensated basis by an employer, and who on May 21, 1971, was making retirement contributions under the provisions of chapter [41.16](#) or [41.18](#) RCW;

(h) Any person who is employed on a full-time, fully compensated basis by an employer as an emergency medical technician that meets the requirements of RCW [18.71.200](#) or [18.73.030](#)(13), and whose duties include providing emergency medical services as defined in RCW [18.73.030](#); and

(i) Personnel serving on a full-time, fully compensated basis as an employee of a fire department in positions that necessitate experience as a firefighter to perform the essential functions of those position.

(18) "General authority law enforcement agency" means any agency, department, or division of a municipal corporation, political subdivision, or other unit of local government of this state, the government of a federally recognized tribe, and any agency, department, or division of state government, having as its primary function the detection and apprehension of persons committing infractions or violating the traffic or criminal laws in general, but not including the Washington state patrol. Such an agency, department, or division is distinguished from a limited authority law enforcement agency having as one of its functions the apprehension or detection of persons committing infractions or violating the traffic or criminal laws relating to limited subject areas, including but not limited to, the state departments of natural resources and social and health services, the state gambling commission, the state lottery commission, the state parks and recreation commission, the state utilities and transportation commission, the state liquor and cannabis board, and the state department of corrections. A general authority law enforcement agency under this chapter does not include a government contractor.

(19) "Law enforcement officer" beginning January 1, 1994, means any person who is commissioned and employed by an employer on a full time, fully compensated basis to enforce the criminal laws of the state of Washington generally, with the following qualifications:

(a) No person who is serving in a position that is basically clerical or secretarial in nature, and who is not commissioned shall be considered a law enforcement officer;

(b) Only those deputy sheriffs, including those serving under a different title pursuant to county charter, who have successfully completed a civil service examination for deputy sheriff or the equivalent position, where a different title is used, and those persons serving in unclassified positions authorized by RCW [41.14.070](#) except a private secretary will be considered law enforcement officers;

(c) Only such full time commissioned law enforcement personnel as have been appointed to offices, positions, or ranks in the police department which have been specifically created or otherwise expressly provided for and designated by city charter provision or by ordinance enacted by the legislative body of the city shall be considered city police officers;

Appendix A

(d) The term "law enforcement officer" also includes the executive secretary of a labor guild, association or organization (which is an employer under subsection (14) of this section) if that individual has five years previous membership in the retirement system established in chapter [41.20](#) RCW. The provisions of this subsection (19)(d) shall not apply to plan 2 members;

(e) The term "law enforcement officer" also includes a person employed on or after January 1, 1993, as a public safety officer or director of public safety, so long as the job duties substantially involve only either police or fire duties, or both, and no other duties in a city or town with a population of less than ten thousand. The provisions of this subsection (19)(e) shall not apply to any public safety officer or director of public safety who is receiving a retirement allowance under this chapter as of May 12, 1993;

(f) The term "law enforcement officer" also includes a person who is employed on or after January 1, 2024, on a full-time basis by the government of a federally recognized tribe within the state of Washington that meets the terms and conditions of RCW [41.26.565](#), is employed in a police department maintained by that tribe, and who is currently certified as a general authority peace officer under chapter [43.101](#) RCW; and

(g) Beginning July 1, 2024, the term "law enforcement officer" also includes any person who is commissioned and employed by an employer on a fully compensated basis to enforce the criminal laws of the state of Washington generally, on a less than full-time basis, with the qualifications in (a) through (e) of this subsection.

(20) "Medical services" for plan 1 members, shall include the following as minimum services to be provided. Reasonable charges for these services shall be paid in accordance with RCW [41.26.150](#).

(a) Hospital expenses: These are the charges made by a hospital, in its own behalf, for

(i) Board and room not to exceed semiprivate room rate unless private room is required by the attending physician due to the condition of the patient.

(ii) Necessary hospital services, other than board and room, furnished by the hospital.

(b) Other medical expenses: The following charges are considered "other medical expenses," provided that they have not been considered as "hospital expenses."

(i) The fees of the following:

(A) A physician or surgeon licensed under the provisions of chapter [18.71](#) RCW;

(B) An osteopathic physician and surgeon licensed under the provisions of chapter [18.57](#) RCW;

(C) A chiropractor licensed under the provisions of chapter [18.25](#) RCW.

(ii) The charges of a registered graduate nurse other than a nurse who ordinarily resides in the member's home, or is a member of the family of either the member or the member's spouse.

(iii) The charges for the following medical services and supplies:

(A) Drugs and medicines upon a physician's prescription;

Appendix A

- (B) Diagnostic X-ray and laboratory examinations;
 - (C) X-ray, radium, and radioactive isotopes therapy;
 - (D) Anesthesia and oxygen;
 - (E) Rental of iron lung and other durable medical and surgical equipment;
 - (F) Artificial limbs and eyes, and casts, splints, and trusses;
 - (G) Professional ambulance service when used to transport the member to or from a hospital when injured by an accident or stricken by a disease;
 - (H) Dental charges incurred by a member who sustains an accidental injury to his or her teeth and who commences treatment by a legally licensed dentist within ninety days after the accident;
 - (I) Nursing home confinement or hospital extended care facility;
 - (J) Physical therapy by a registered physical therapist;
 - (K) Blood transfusions, including the cost of blood and blood plasma not replaced by voluntary donors;
 - (L) An optometrist licensed under the provisions of chapter [18.53](#) RCW.
- (21) "Member" means any firefighter, law enforcement officer, or other person as would apply under subsection (17) or (19) of this section whose membership is transferred to the Washington law enforcement officers' and firefighters' retirement system on or after March 1, 1970, and every law enforcement officer and firefighter who is employed in that capacity on or after such date.
- (22) "Plan 1" means the law enforcement officers' and firefighters' retirement system, plan 1 providing the benefits and funding provisions covering persons who first became members of the system prior to October 1, 1977.
- (23) "Plan 2" means the law enforcement officers' and firefighters' retirement system, plan 2 providing the benefits and funding provisions covering persons who first became members of the system on and after October 1, 1977.
- (24) "Position" means the employment held at any particular time, which may or may not be the same as civil service rank.
- (25) "Regular interest" means such rate as the director may determine.
- (26) "Retiree" for persons who establish membership in the retirement system on or after October 1, 1977, means any member in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by such member.
- (27) "Retirement fund" means the "Washington law enforcement officers' and firefighters' retirement system fund" as provided for herein.
- (28) "Retirement system" means the "Washington law enforcement officers' and firefighters' retirement system" provided herein.

Appendix A

(29)(a) "Service" for plan 1 members, means all periods of employment for an employer as a firefighter or law enforcement officer, for which compensation is paid, together with periods of suspension not exceeding thirty days in duration. For the purposes of this chapter service shall also include service in the armed forces of the United States as provided in RCW [41.26.190](#). Credit shall be allowed for all service credit months of service rendered by a member from and after the member's initial commencement of employment as a firefighter or law enforcement officer, during which the member worked for seventy or more hours, or was on disability leave or disability retirement. Only service credit months of service shall be counted in the computation of any retirement allowance or other benefit provided for in this chapter.

(i) For members retiring after May 21, 1971, who were employed under the coverage of a prior pension act before March 1, 1970, "service" shall also include (A) such military service not exceeding five years as was creditable to the member as of March 1, 1970, under the member's particular prior pension act, and (B) such other periods of service as were then creditable to a particular member under the provisions of RCW [41.18.165](#), [41.20.160](#), or [41.20.170](#). However, in no event shall credit be allowed for any service rendered prior to March 1, 1970, where the member at the time of rendition of such service was employed in a position covered by a prior pension act, unless such service, at the time credit is claimed therefor, is also creditable under the provisions of such prior act.

(ii) A member who is employed by two employers at the same time shall only be credited with service to one such employer for any month during which the member rendered such dual service.

(iii) Reduction efforts such as furloughs, reduced work hours, mandatory leave without pay, temporary layoffs, or other similar situations as contemplated by subsection (15)(c)(iii) of this section do not result in a reduction in service credit that otherwise would have been earned for that month of work, and the member shall receive the full service credit for the hours that were scheduled to be worked before the reduction.

(b)(i) "Service" for plan 2 members, means periods of employment by a member for one or more employers for which basic salary is earned for ninety or more hours per calendar month which shall constitute a service credit month. Periods of employment by a member for one or more employers for which basic salary is earned for at least seventy hours but less than ninety hours per calendar month shall constitute one-half service credit month. Periods of employment by a member for one or more employers for which basic salary is earned for less than seventy hours shall constitute a one-quarter service credit month.

(ii) Members of the retirement system who are elected or appointed to a state elective position may elect to continue to be members of this retirement system.

(iii) Service credit years of service shall be determined by dividing the total number of service credit months of service by twelve. Any fraction of a service credit year of service as so determined shall be taken into account in the computation of such retirement allowance or benefits.

(iv) If a member receives basic salary from two or more employers during any calendar month, the individual shall receive one service credit month's service credit during any calendar month in which multiple service for ninety or more hours is rendered; or one-half service credit month's

Appendix A

service credit during any calendar month in which multiple service for at least seventy hours but less than ninety hours is rendered; or one-quarter service credit month during any calendar month in which multiple service for less than seventy hours is rendered.

(v) Reduction efforts such as furloughs, reduced work hours, mandatory leave without pay, temporary layoffs, or other similar situations as contemplated by subsection (15)(c)(iii) of this section do not result in a reduction in service credit that otherwise would have been earned for that month of work, and the member shall receive the full service credit for the hours that were scheduled to be worked before the reduction.

(30) "Service credit month" means a full service credit month or an accumulation of partial service credit months that are equal to one.

(31) "Service credit year" means an accumulation of months of service credit which is equal to one when divided by twelve.

(32) "State actuary" or "actuary" means the person appointed pursuant to RCW [44.44.010\(2\)](#).

(33) "State elective position" means any position held by any person elected or appointed to statewide office or elected or appointed as a member of the legislature.

(34) "Surviving spouse" means the surviving widow or widower of a member. "Surviving spouse" shall not include the divorced spouse of a member except as provided in RCW [41.26.162](#).

Appendix B

From: [DeCamp, Mitch](#)
To: [White, Jacob \(LEOFF\)](#)
Cc: [Nelsen, Steve \(LEOFF\)](#); [Won, Lisa](#); [Harbour, Michael](#)
Subject: LEOFF 2 Standby Pay Pricing Request
Date: Tuesday, December 10, 2024 10:21:16 AM
Attachments: [Standby Pay bill draft.docx](#)

External Email

Jacob,

As requested, please see below the preliminary pricing results for the Standby Pay proposal under consideration by the Board.

Pricing Request

We priced the attached draft bill language provided to OSA on November 26, 2024. The draft bill modifies RCWs [41.26.030](#) related to the definition of basic salary for LEOFF 2 to include standby pay as pensionable compensation. We prepared this preliminary analysis to assist the LEOFF 2 Retirement Board in evaluating this proposal at their December 2024 meeting.

Summary and Highlights

Basic salary determines the compensation used for the calculation of pension contributions and benefits. Current law identifies only salary, overtime payments, and certain deferred wages as part of basic salary. This proposal adds standby pay to the definition of basic salary for LEOFF 2 members, effectively increasing the amount of pay for pension benefit calculations and funding.

Members earn standby pay when remaining available for duty under certain requirements but not actually working. See the [2024 September Standby Pay](#) presentation by LEOFF 2 Board staff for details and examples. Given the limitations of the available data, we provided a range of possible costs for this proposal as follows.

Preliminary Pricing Results		
(Dollars in Millions)	Low Estimate	High Estimate
Change in Present Value of Benefits	\$5	\$45
Change in Present Value of Salaries	12	109
Rounded Employee Rate Impact*	0.00%	0.04%

**We use the rounded Aggregate contribution rate impact when calculating a supplemental rate. Employers and the state pay 60 and 40 percent of this rate, respectively.*

Highlights of Actuarial Analysis

- This proposal has a cost because including standby pay in basic salary increases the compensation over which future pension benefits are determined. The additional contributions

Appendix B

collected over standby pay will only partially offset these costs because this proposal increases the value of past service.

- We received standby pay data for approximately 10 percent of the LEOFF 2 active population for this pricing. Due to the amount of data and variance in the standby pay amounts by department, we provide an estimated range of results.
 - **High Estimate** – Assumed every LEOFF 2 active member will receive the average standby pay amount of \$462 annually.
 - **Low Estimate** – Assumed only members of departments with standby pay in the pricing data will receive the associated standby pay.
- It's our understanding data was primarily collected from departments that were expected to have standby pay. As such, the actual average standby pay could be less than what we assumed for the high estimate when applied to all active LEOFF 2 members. Similarly, the actual average standby pay could be more than what we assumed for the low estimate if other departments also provide standby pay.
 - Future pricing results may fall outside this range with additional data or if standby pay practices change. We are happy to update this analysis on request if new data becomes available.

Assumptions, Methods, and Data

Unless otherwise noted below, we relied on the same assumptions, methods, and data as the [2023 Actuarial Valuation Report \(AVR\)](#).

- LEOFF 2 staff provided standby pay data summarized in the table below. We relied on this information as complete and accurate but understand it is a limited sampling of the overall LEOFF 2 population. We reviewed the data for reasonableness and excluded Seattle fire fighter information based on our analysis that data inconsistencies exist. Otherwise, we believe the files are accurate for purposes of this preliminary estimate.
- We calculated a high and low estimate given the limited amount of data and large variance in standby pay amounts by department. We adjusted the first year General Salary Growth assumption for the respective amount of standby pay assumed for each estimate noted above and applied that assumption to all LEOFF 2 active members. No changes were made to the current law General Salary Growth assumption thereafter.
- We assumed no demographic or economic assumptions would change under this proposal. For example, we assume standby pay would grow at the current plan assumptions for General Salary Growth and Service-Based Salary Increases. In other words, we assume a one-time increase in pay to reflect the additional pensionable compensation and then we assume that new level of pensionable compensation will increase thereafter based on the current salary growth assumptions. Please see [this webpage](#) for a complete list of assumptions.
- We assumed all police and fire departments are not including standby pay as basic salary in our 2023 AVR data. If some departments are inadvertently reporting this compensation as pensionable, then some of the costs of this proposal may already be included in the current liability and contribution rate measures.
- We assumed all stand-by pay is uniformly distributed among all impacted members. If stand-by pay is skewed towards higher or lower paid members, the results could be higher or lower

Appendi

than presented here.

Fiscal Year 2023 Standby Pay Data			
Department	Number	Total Standby Pay	Average Standby Pay
Tacoma Police	361	\$303,870	\$842
Spokane Police	368	\$486,891	\$1,323
Wenatchee Police	40	\$0	\$0
Tacoma Fire	543	\$109,913	\$202
Yakima Fire	107	\$0	\$0
Bellevue Fire	217	\$0	\$0
Spokane Fire	365	\$24,252	\$66
Total	2,001	\$924,925	\$462

Note: Totals may not agree due to rounding.

Actuarial Disclosures

We prepared this analysis based on the draft bill language provided to our office by LEOFF 2 staff. Any changes to the draft bill language or data relied on for this analysis may result in a materially different pricing estimate than provided here.

We believe the actuarial assumptions, methods, and data are reasonable for the purposes of this pricing exercise. We checked the data for reasonableness and found it appropriate for this analysis. If this bill were to advance during session, we would create an Actuarial Fiscal Note (AFN). The results of that AFN may change from what we have shown above.

The actual costs under this proposal could fall outside of the range identified in this analysis. This analysis does not assume any other proposed changes to the retirement plan. The combined effect of several changes could exceed the sum of the individual components.

We prepared this analysis to assist the LEOFF Plan 2 Retirement Board in evaluating the potential costs of this proposal at their December 2024 meeting. Do not use these results for other purposes. Please replace this analysis if a 2025 Session fiscal note becomes available.

Lisa Won, ASA, FCA, MAAA served as the reviewing and certifying actuary for this pricing and is available to answer any questions regarding the analysis presented.

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

Mitch DeCamp, ASA, MAAA | *Actuary*

Office of the State Actuary

PO Box 40914 | Olympia, WA 98504

mitch.decamp@leg.wa.gov | Office 360.786.6157 | Cell 509.679.7931

[OSA website](#)

"Supporting financial security for generations."



Standby Pay

Comprehensive Report
December 18, 2024

Issue

- **“Standby pay” is not considered basic salary for LEOFF 2 members, while it is for PERS and PSERS members.**

Legislative History

- **1994 – Standby pay included for PERS**
 - Vicinity requirement
 - Prepared to report if needed
- **1995 – Vicinity requirement dropped**
- **2003 – Standby pay included for PSERS (created in 2003)**
- **2016 – LEOFF 2 Board studied, no action**
- **2018 – LEOFF 2 Board studied, no action**

Who Typically Earns Standby Pay?

- **Fire Fighters:**
 - Employees working 8-hour shifts required to muster for fire events
 - Fire fighters called in to supervise volunteers
 - Lieutenant backfilling for absent chief
 - Employees mobilized for fire camps
- **Law Enforcement Officers:**
 - Special squad members, such as detectives

“Basic Salary” – Reportable Compensation

- Used in determining a state retirement system member’s pension
 - Final Average Salary (FAS)
- Generally defined as salaries and wages payable for services rendered
- Certain payments not for personal services rendered may qualify if specifically identified in law

Standby Pay Conditions

- **Typical Standby Pay Conditions**
 - Present at a specified location/timeframe or is immediately available to be contacted
 - Prepared to report immediately for work if the need arises
 - Must not be impaired
 - Less than full pay

How is Standby Paid?

- Depends on the employer, typically negotiated under CBA
- Reduced rate of pay
 - Example: 10% of regular pay
- Full overtime rate for reduced number of hours
 - Example: 1 hour overtime pay for 12 hours of standby
- Regular rate for reduced number of hours
 - Example: 4 hours regular pay for 16 hours standby

Data

Fiscal Year 2023 Standby Pay Data			
Department	Number	Total Standby Pay	Average Standby Pay
Tacoma Police	361	\$303,870	\$842
Spokane Police	368	\$486,891	\$1,323
Wenatchee Police	40	\$0	\$0
Tacoma Fire	543	\$109,913	\$202
Yakima Fire	107	\$0	\$0
Bellevue Fire	217	\$0	\$0
Spokane Fire	365	\$24,252	\$66
Total	2,001	\$924,925	\$462

Note: Totals may not agree due to rounding.

Pricing

Preliminary Pricing Results		
<i>(Dollars in Millions)</i>	Low Estimate	High Estimate
Change in Present Value of Benefits	\$5	\$45
Change in Present Value of Salaries	12	109
Rounded Employee Rate Impact*	0.00%	0.04%

**We use the rounded Aggregate contribution rate impact when calculating a supplemental rate. Employers and the state pay 60 and 40 percent of this rate, respectively.*

DRS Administrative Review

- Board staff provided a bill draft to DRS
- No administrative concerns were identified

Policy Options

1. Add standby pay to definition of basic salary
 - Pros – Aligns LEOFF 2 with other state pension plans
 - Cons – Increases cost of the plan; data used to identify costs is a small sampling and may not be indicative of the true cost
2. Direct staff to gather additional data and report to Board next interim
 - Pros – More accurate pricing analysis
 - Cons – LEOFF 2 members continue to not have standby pay considered basic salary

Possible Board Action

1. Motion to endorse a bill adding standby pay to basic salary
2. Motion to direct staff to continue to work on gathering data to better identify the cost and provide an updated presentation next interim
3. No action



Thank You

Jacob White

Senior Research and Policy Manager

(564) 999-0738

jacob.white@leoff.wa.gov



Salary Setting Responsibility Next Steps

December 18, 2024

Update

- **Email from OFM on consultation**
- **OFM does not currently support the changes to the pay structure**

November Adoption

- Adopted structure and increases

	1/1/2025 PAY	MIN	MID	MAX
Executive Director	\$178,620	\$145,907	\$190,287	\$248,165
Deputy Director	\$163,884	\$116,726	\$152,229	\$198,532
Senior Research and Policy Manager (1)	\$155,124	\$106,538	\$138,943	\$181,204
Senior Research and Policy Manager (2)	\$161,748	\$106,538	\$138,943	\$181,204

Next Steps





Thank You

Karen Durant

Senior Research and Policy Manager

(360) 586-2325

karen.durant@leoff.wa.gov

Email sent from OFM November 19, 2024, at 2:49 PM (day before November LEOFF 2 meeting), email was not seen or sent to LEOFF staff until Monday November 25, 2024 at 8:54 AM

Subject: OFM Feedback on LEOFF Market Study and Pay Structure Recommendations

Good afternoon Chair Lawson,

Thank you for sharing the proposed salary structure updates with OFM Director Sullivan on October 24th. As the State Chief Human Resources Officer, Director Sullivan has delegated the review and response to my position. After reviewing with both an enterprise HR and Budget lens, we wanted to provide feedback that we in OFM have significant concerns with the proposed salary structures based on the structural inequities it would create across the enterprise as well as the budgetary impacts amid a known budget deficit. Below is a more detailed explanation of why we have these concerns.

Primary concerns:

- **Inequities.** The proposed salary structure creates significant inequities with other positions who also fall in the executive branch across the state. The proposed salary maximums for these positions are in alignment with the largest and most complex agencies in the state while LEOFF's size and scope of responsibility is that of a small agency.
- The market analysis conducted by the vendor in 2023 is problematic as "comparable public sector positions" are nowhere noted, which is a requirement outlined in the statute
- The analysis shows inconsistent data sources used for LEOFF jobs
- The proposed structure is derived from the contractor's weighting of the data which is an inconsistent methodology:
 - Most weight is given to NASRA which only has 1 data point
 - There is no job description noted
- The report does not include a description of work being matched with at LEOFF position, which prompts an assumption that matches were done solely based on job title and not the work being performed
- One of the market sources includes fiscal.wa.gov/staff/salaries. This source does **not** have positions descriptions or anyway to do an accurate market comparison assessment other than solely using titles

Executive Director

- The proposed salary range maximum falls within Plateau 6 of the State Officials Salary Administration structure. This plateau consists of agency head positions in the state's **largest** agencies. The Executive Director of LEOFF is not comparable to any of these positions and does not have a similar scope, authority, or level of responsibility.
 - DSHS – 17,906 employees
 - DOC – 9,041 employees
 - WSDOT – 7,620 employees
 - DCYF – 5,390 employees
- The current salary of the ED-LEOFF is already higher than comparable positions in the state government executive branch and is already in the salary range for the highest EMS Band 5 executive management positions in the state.

- Comparable positions should be viewed in similar sized agencies where boards/commissions are the authority, such as:
 - Board of Pilotage Commissioner – 4 employees (Band 3)
 - Washington Charter School Commission – 7 employees (Band 4)
 - State Board of Health – 8 employees (Band 3)
 - Board of Tax Appeals – 16 employees (Band 3)
 - Utilities and Transportation Commission – 158 employees (Band 4)

Deputy Director

- The proposed salary range maximum is above the EMS Band 5 maximum of \$189,096.
 - Deputy directors in our largest state agencies are within EMS Band 4 and EMS Band 5. These are not comparable positions based on similar levels of scope, authority, and level of responsibility.
- Comparable positions should be viewed in similar sized agencies, such as:
 - Caseload Forecast Council – 12 employees (Band 4)
 - Traffic Safety Commission – 30 employees (Band 3)
 - Office of Minority and Women’s Business Enterprises – 45 employees (Band 3)
 - Housing Finance Commission – 85 employees (Band 4)

Senior Research and Policy Manager

- The proposed salary range maximum is above the EMS Band 4 maximum of \$181,204, close to the top of EMS Band 5.
 - Prior to the 2024 legislation being adopted, both positions were evaluated as WMS Band 2, maximum of \$126,528. However, due to certain circumstances, both employees were approved for salary exceptions, placing both individuals above WMS Band 2 while they remained in their positions.
- Comparable positions based on the work outlined in each of the position’s descriptions fall within Band 2 or Band 3 in other state agencies.

Because of these concerns, OFM does not support the proposed changes to the pay structure. Please let me know if you have any questions or want to discuss further.

Michaela Doelman | State Chief Human Resources Officer
Office of Financial Management

Chair Lawson initial response sent November 26,2024, at 3:28 PM

Michaela,

Thank you for your feedback. As you are aware, I did not receive your email before the November LEOFF board meeting. Please cc Karen and Steve on future correspondence to improve communication.

I will share your comments with the Board and we will have an opportunity to discuss at the December meeting.

Neither I nor the Board staff was aware that you had been delegated to consult on behalf of the director or we would have been working with you during the interim on implementing the legislation from the past session.

The Board sees this new salary-setting authority as requiring an ongoing process with regular consultation. Both I and the Board look forward to discussing this with the OFM director and/or their designee in the future.

Sincerely,

Dennis Lawson | Board Chair
LEOFF Plan 2 Retirement Board



Freeze Directive

December 18, 2024

Governor's Freeze Directive

Directive 24-19 was signed December 2, 2024

- Applies to cabinet agencies
- Non-cabinet agencies, higher education, boards and commissions and separately elected officials are encouraged to impose similar restrictions

In response to state facing significant operating budget deficit

- Freeze intended to capture immediate savings through spending reductions

Freeze Direction

Freeze applies to the following:

- **Hiring not related to public safety or other non-discretionary activities**
- **Non-essential services contracts**
- **Discretionary purchasing of goods and equipment**
- **Travel**

Travel

Freeze on travel does not apply to:

- **Essential to the responsibilities of a position**
- **Necessary to protect life or public safety**
- **Tax collection or revenue generating activities**
- **Funded by private or federal grants**



Thank You

Karen Durant

Senior Research and Policy Manager

(360) 586-2325

karen.durant@leoff.wa.gov



STATE OF WASHINGTON
— OFFICE OF GOVERNOR JAY INSLEE —

DIRECTIVE OF THE GOVERNOR

24-19

Date: December 2, 2024
To: Executive and Small Cabinet Agency Directors
From: Governor Jay Inslee
Subject: Freeze on Hiring, Services Contracts, Goods and Equipment Purchases, and Travel

Because the latest revenue forecasts show the cost and need for services are increasing faster than revenue, the state is facing a significant operating budget deficit.

Effective December 2, 2024, for all agencies under my direction and control, I am directing a freeze on the following: (1) hiring not related to public safety or other non-discretionary activities as listed below, (2) execution of non-essential services contracts, (3) discretionary purchasing of goods and equipment, and (4) travel.

Exempt from the freeze is hiring to fill vacancies in critical areas. Also, services contracts, goods and equipment purchases, and travel that are necessary to continue critical services or agency operations are exempt from the freeze.

Agencies shall comply with instructions issued by the Office of Financial Management (OFM) regarding this directive. All questions related to this directive should be directed to OFM.

Hiring

The hiring freeze does not apply to positions that:

- directly impact public safety,
- are essential to the health and welfare activities of state government,
- generate revenue, or
- are required to meet statutory mandates or federal requirements.

While implementing this order, agencies shall comply with the appropriate collective bargaining agreement provisions.

Services contracts

The freeze on services contracts does not include contracts, contract amendments, or other agreements:

- costing less than \$10,000,
- related to the protection of life or public safety,
- tax collection or other revenue-generating activities,
- those funded exclusively from private or federal funding sources, or
- approved information technology projects.

Goods and equipment purchases

The freeze on goods and equipment purchases does not apply to equipment:

- costing less than \$10,000,
- necessary to protect life or public safety,
- necessary to carry out the core functions of the agency, or
- funded by private or federal grants.

Travel

The freeze on travel does not apply to the following:

- essential to the responsibilities of a position,
- necessary to protect life or public safety,
- tax collection or other revenue-generating activities, or
- funded by private or federal grants.

Guidance to other agencies

I recognize the practical difficulties of implementing this directive to maintain the financial health of the state. I call upon non-cabinet agencies, higher education institutions, boards and commissions, and other separately elected officials to impose similar restrictions within their agencies and jurisdictions.

While this is a difficult endeavor, I ask each agency to participate and use common sense, good judgment, and creativity to accomplish the ultimate goal of this directive to capture immediate savings through spending reductions not related to the public safety and essential health and welfare of Washingtonians.

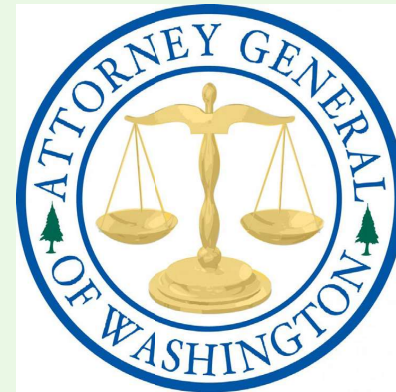
This directive will remain in effect until rescinded.

Open Public Meetings Act Public Comment

Presented to
LEOFF 2 Board

December 18, 2024

Tor Jernudd,
Assigned AAG



RCW 42.30.240

Public comment

- (1) Except in an emergency situation, the governing body of a public agency shall provide an opportunity *at or before* every regular meeting at which final action is taken for public comment. The public comment required under this section may be taken orally at a public meeting, *or* by providing an opportunity for written testimony to be submitted *before or at* the meeting. If the governing body accepts written testimony, this testimony must be distributed to the governing body. The governing body may set a reasonable deadline for the submission of written testimony before the meeting.

RCW 42.30.240

Public comment

- (2) Upon the request of any individual who will have difficulty attending a meeting of the governing body of a public agency by reason of disability, limited mobility, or for any other reason that makes physical attendance at a meeting difficult, the governing body shall, when feasible, provide an opportunity for that individual to provide oral comment at the meeting remotely if oral comment from other members of the public will be accepted at the meeting.
- (3) Nothing in this section prevents a governing body from allowing public comment on items not on the meeting agenda.
- (4) Nothing in this section diminishes the authority of governing bodies to deal with interruptions under RCW [42.30.050](#), limits the ability of the governing body to put limitations on the time available for public comment or on how public comment is accepted, or requires a governing body to accept public comment that renders orderly conduct of the meeting unfeasible.

RCW 42.30.250

Notices soliciting public comment – Time Period

- (1) A public agency that is required by state law to solicit public comment for a statutorily specified period of time, and is required by state law to provide notice that it is soliciting public comment, must specify **the first and last date and time by which written public comment may be submitted.**
- (2) An agency that provides a notice that violates this section is subject to the same fines under the same procedures as other violations of this chapter are subject to under RCW 42.30.120.



LEOFF 2 Ombudsman Program Annual Report

December 18, 2024

About the Program

- Provides individual disability and survivor consultation to LEOFF 2 members and their dependents.
- Works with outside agencies to assist on behalf of members.
- Maintains a network of federal, state, and local disability and survivor resources.
- Identifies roadblocks running counter to stakeholder interests and addresses systemic issues.
- Makes recommendations for changes to policies or procedures.
- Conducts educational presentations to employers and stakeholder groups on disability and survivor options for their employees and constituents.

Background Information

-
- Ombuds Position established in 2013 under budget bill HB 1057
 - First Ombuds hired June 2014
 - Growing needs led to:
 - Additional part-time Ombuds July 2021 - June 2023
 - Converted into full-time additional Ombuds beginning October 2023
 - Maturing program requires formalization of structure, systems and practices:
 - Official training program
 - Program charter
 - Accountability

Brief Overview

Standards of Practice

- Confidential
- Neutral
- Independent
- Informal

Brief Overview

What our visitors can expect:

- Interview to understand circumstances
- Information on benefits they may be eligible for, and customized options based on their circumstances
- Information on how each of the benefits work together
- Mediation on issues as they arise
- Assistance through step of each process they undergo

July 2023 – June 2024 Data

Caseload

- 138 New Cases, worked 264 times
- 69 Duty Disability Process, 5 Issues
- 7 Catastrophic Disability Process and Issues
- 9 Line Of Duty Death Process, 2 Issues
- 26 LNI Process, 3 Issues
- 43 Presumptive
- 8 Service Retirements
- 8 Tuition Waivers
- 29 Other

July 2023 – June 2024 Data

Who We Serve

- Occupation: 83 FFs, 41 LEOs, 14 Other
- Status: 69 Active, 30 Retired, 3 Separated, 36 Other
- Average Age: 52
- Average Years of Service: 22

July 2023 – June 2024 Data

Other Ombuds Activities

- Professional Development
 - 10 hours DEI, 1.5 hours Security Training
 - LNI Virtual Trainings
 - Jessica – IOA Foundations Course (Jan)
 - Jessica – IFEBP Overview of Disability Plans Certification (Feb)
 - 3.5 Days IOA Annual Conference (Mar)
 - Tammy - Master's Degree (Jun)
- Outreach Events
 - WACOPS Fall and Spring Member Meetings
 - Cancer Support Network Training Conference
 - Seattle Local 27 Winter Meeting
 - WSCFF Education Conference and Annual Convention
 - WASPC Spring Expo
- Support for Informational Videos
- Prepared Tuition Waivers Letters
- Updated Promotional Materials

Questions?

Tammy Sadler

Lead Benefits Ombuds

(360) 586-2324

tammy.sadler@leoff.wa.gov



More Info: leoff.wa.gov/benefits-ombudsman

Informational Videos: leoff.wa.gov/member-resources/board-videos



Ombudsman Services

Let us help you navigate the systems for every benefit you are entitled to.

Assistance for line-of-duty injuries and deaths. Our goal is to provide a one-stop service to navigate benefits at the local, state, and federal levels.

This includes benefits related to:

- Labor and Industries Benefits
- LEOFF 2 Pensions
- Social Security
- Public Safety Officer Benefits
- Employer/Union benefits such as:
 - health insurance
 - long term disability
 - leave options
 - and more

For Members:

We provide information, resources, and options customized to individual circumstances.

During our visit, we will review and discuss:

- Your current status
- Your current benefits
- Eligibility criteria for additional benefits
- How and when to access benefits to maximize
- What to expect
- Rights and responsibilities of all parties

End of Life Assistance

Survivor benefits
Eligibility requirements
How to access
What to expect
Preparing your family

We will be with you throughout this journey to answer questions, provide next steps, and provide personalized care.

Other Program Services:

- Maintains a network of federal, state, and local disability and survivor resources.
- Identifies roadblocks that counter stakeholder interests and tracks problem areas.
- Makes recommendations for changes to policies or procedures.
- Conducts educational presentations to employers and stakeholder groups on disability and survivor options for their LEOFF 2 employees.

CONNECT WITH US:

Tammy Sadler | Lead Benefits Ombuds | 360.586.2324 | tammy.sadler@leoff.wa.gov

Jessica Burkhart | Benefits Ombuds | 360.586.2322 | jessica.burkhart@leoff.wa.gov

Please be mindful of including private and confidential information via email. Thank you.