



March 19, 2019

SUBJECT: SB5983 and HB2144 Concerning funding of LEOFF 2 Benefit Improvement Account

Dear Brothers and Sisters of Law Enforcement:

Since 2008 there has been a statute (41.26.805) that requires the Legislature, under certain economic conditions, to deposit funds earmarked within the LEOFF 2 pension system for future benefit improvements. Since the passage of this legislation over 10 years ago, the Legislature has never deposited General Fund dollars into the account.

Each year, the Washington State Council of Fire Fighters (WSCFF), the Washington Council of Police & Sheriffs (WACOPS), and the Council of Metropolitan Police and Sheriffs (COMPAS), have made funding of the Benefit Improvement Account (41.26.805) a high legislative priority. In 2016, in order to protect the legal right to receive payment, it was agreed to allow the deposit to be made from LEOFF 2 surplus funds. That is the only contribution made to date.

Rest assured, LEOFF 2 is a well-managed and fully funded pension. Law Enforcement and Fire Fighters are uniquely represented by a Board of dedicated first responders (active and retired). The LEOFF 2 funded rate is well over 100% today. Though well-funded the law does not allow for those surplus funds to be moved by the LEOFF 2 Board to the protected Benefit Improvement account. The funds making up the surplus are dollars paid by you, the state and your employers.

The 2008 legislation was to be a mechanism to create future benefit improvements. That legislation included the creation of a Public Safety Enhancement Account for the Cities and Counties. Neither the Legislature nor the jurisdictional governments have had the will to fight for the biennial deposits. With the size of the unfunded obligation continuing to grow, and with little Legislative support to allocate the needed money, now is the right time to find another solution.

LEOFF 2 stakeholders (Washington State Council of Fire Fighters, WACOPS, COMPAS, and WAFOP) have discussed the problem, possible remedies, and possible alternatives. WACOPS and COMPAS, along with the WSCFF, support the most reasonable option, and that is to pass legislation this session that allows LEOFF 2 to transfer funds from its surplus into the protected Benefit Improvement Account. Senate Bill 5983 and House Bill 2144 each authorize the same transfer amount of \$300 Million. This transfer of funds is exactly the same method used when

the Legislature authorized the one previous payment in 2016. In exchange for this large transfer into the Benefit Improvement Account, these bills repeal the Legislature's obligation to make future deposits.

Keep in mind, the current method for funding the Benefit Improvement Account was an idea created by the LEOFF 2 pensioners. The idea has had well over a decade to take root and yet it has not resulted in the necessary Legislative investment. The need for a source of money to fund benefit improvements for LEOFF 2 remains. Without a reliable system to generate funds, no benefit improvement will ever be possible. Passage of this legislation will result in significantly more money toward a benefit improvement than the account would currently have even if the Legislature had been making its mandated deposits over the last decade.

COMPAS and WACOPS are confident in the financial position of the LEOFF 2 plan and are happy to join together by this letter to encourage your support of these bills. The COMPAS Board of Directors and the WACOPS Board of Directors believe this is a good idea that will result in a sizable down payment on a future benefit improvement. We've waited over a decade with no forward movement. Now is the time.

Together, our organizations represent the majority of Police Officers and Sheriff's Deputies in the LEOFF 2 Pension Plan. Please contact either of us if you have questions about these bills. We encourage you to let your Legislators know of your support as well.



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COMPAS



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