

Multiple Agency Fiscal Note Summary

Bill Number: 1279 HB	Title: Firefighters/LEOFF
-----------------------------	----------------------------------

Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Retirement Systems	.0	0	0	0	.0	0	0	0	.0	0	0	0
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Actuarial Fiscal Note - State Actuary	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board	.0	0	0	.0	0	0	.0	0	0
Actuarial Fiscal Note - State Actuary	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Marcus Ehrlander, OFM	Phone: (360) 489-4327	Date Published: Final
---	---------------------------------	---------------------------------

Individual State Agency Fiscal Note

Bill Number: 1279 HB	Title: Firefighters/LEOFF	Agency: 124-Department of Retirement Systems
-----------------------------	----------------------------------	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 01/27/2023
Agency Preparation: Mike Ricchio	Phone: 360-664-7227	Date: 01/27/2023
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 01/27/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/27/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill is an act relating to ensuring that firefighters who accept promotional firefighter positions within a fire department remain members of the Law Enforcement Officers' and Firefighters' (LEOFF) Retirement System. It amends the definition of "firefighter" in RCW 41.26.030(17) to include "any person who is serving on a full-time, fully compensated basis as an employee of a fire department and who is serving in a position that requires an experienced firefighter."

This change does not have a cost impact on the Department of Retirement Systems (DRS) as DRS relies on public employers to make determinations on whether or not a position is eligible for membership in a retirement system/plan, and this represents a small subset of potential LEOFF members.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1279 HB	Title: Firefighters/LEOFF	Agency: 341-Law Enforcement Officer and Fire Fighters' Plan 2 Retirement Board
-----------------------------	----------------------------------	---

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 01/27/2023
Agency Preparation: Seth Flory	Phone: (360) 407-8165	Date: 01/30/2023
Agency Approval: Seth Flory	Phone: (360) 407-8165	Date: 01/30/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/30/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

House Bill 1279 seeks to amend RCW 41.26.030 to ensuring that firefighters who accept promotional firefighter positions within a fire department remain members of the law enforcement officers' and firefighters' retirement system. If adopted, the proposed amendment will have no fiscal impact on the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board's operations.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1279 HB	Title: Firefighters/LEOFF	Agency: AFN-Actuarial Fiscal Note - State Actuary
-----------------------------	----------------------------------	--

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 01/27/2023
Agency Preparation: Melinda Aslakson	Phone: 360-786-6161	Date: 01/30/2023
Agency Approval: Lisa Won	Phone: 360-786-6150	Date: 01/30/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/30/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

SUMMARY OF RESULTS

BRIEF SUMMARY OF BILL: Expands the definition of firefighter to ensure firefighters who promote into a position requiring an experienced firefighter remain in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2.

COST SUMMARY

- ❖ There is an **INDETERMINATE** cost or savings to the Public Employees' Retirement System (PERS) and LEOFF 2.
- ❖ The cost or savings that could arise from this bill is indeterminate due to lack of data on members who may be impacted under this change. Please note that this does not reflect the magnitude of the costs or savings from this bill. Rather, we are unable to quantify the impact given current data.

HIGHLIGHTS OF ACTUARIAL ANALYSIS

- ❖ Current LEOFF 2 and PERS employees, employers and the state may pay higher or lower contribution rates as a result of this bill.
- ❖ We are unable to quantify the impacts of this bill due to lack of data on the number of members impacted and their demographic profile.
- ❖ A cost or savings could arise from this bill if the change in plan membership includes individuals significantly different from average LEOFF 2 or PERS members in regard to age, service, salary, or behavior (termination, retirement, etc.).
- ❖ We assume members who promote into a position requiring an experienced firefighter, who don't otherwise meet LEOFF 2 membership eligibility, are members of PERS under current law and would be members of LEOFF prospectively under this bill.
 - Additional costs may be incurred under this bill if it allows retroactive membership changes since LEOFF 2 benefits are more costly than PERS benefits.
- ❖ In terms of risk, we expect minimal impacts to overall plan affordability or solvency compared to current law.

See the remainder of this fiscal note for additional details on the summary and highlights presented here.

WHAT IS THE PROPOSED CHANGE?

Summary of Bill

This bill impacts PERS and LEOFF 2.

This bill modifies the definition of firefighter in [Revised Code of Washington \(RCW\) 41.26.030](#) to allow an employee serving on a full-time, fully compensated basis with a fire department in a position that requires an experienced firefighter to be in LEOFF 2.

Effective Date: 90 days after session.

In this summary, we only include changes pertinent to our Actuarial Fiscal Note (AFN). See the legislative bill report for a complete summary of the bill.

What Is the Current Situation?

The Department of Retirement Systems' (DRS) [Washington Administrative Code \(WAC\) 415-104-011](#) designates that a firefighter only qualifies as a uniformed firefighter position if the employer has identified it as such for all purposes.

RCW 41.26.030 currently defines firefighter as any person serving on a full-time, fully compensated basis, both non-supervisory and supervisory, as a member of a fire department of an employer who is employed as such.

Employers have the discretion to write position descriptions, classify such positions, and generally manage their workforce according to WAC and statute.

DRS, as the retirement system plan administrator, conducts compliance and audit reviews of positions periodically to ensure proper retirement plan designation.

It is possible positions within a fire department could require firefighting experience, however, may not be expected to carry out all expectations of a firefighter as defined in WAC or statute. In this case, under current law these positions would likely be PERS eligible instead of LEOFF 2 eligible.

ACTUARY'S CERTIFICATION

The undersigned certifies that:

1. We prepared this AFN based on our current understanding of the bill as of the date shown in the footer. If the bill or our understanding of the bill changes, the results of a future AFN based on those changes may vary from this AFN. Additionally, the results of this AFN may change after our next annual update of the underlying actuarial measurements.
2. We prepared this AFN and provided opinions in accordance with Washington State law and accepted actuarial standards of practice as of the date shown in the footer of this AFN.

We prepared this AFN to support legislative deliberations during the 2023 Legislative Session. This AFN may not be appropriate for other purposes.

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

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

While this AFN is meant to be complete, the undersigned is available to provide extra advice and explanations as needed.



Lisa A. Won, ASA, FCA, MAAA
Deputy State Actuary

O:\Fiscal Notes\2023\1279.HB.5468.SB.docx

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1279 HB

Title: Firefighters/LEOFF

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: Fire departments
- Counties: Fire departments
- Special Districts: Fire protection districts.
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 01/30/2023
Leg. Committee Contact:	Phone:	Date: 01/27/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/30/2023
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/30/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill would amend the definition of 'firefighter' listed in RCW 41.26.030 to include any fire department employee whose position requires firefighting experience. This will allow firefighters the option to remain in the LEOFF retirement system if they accept a promotion.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would not impact local government expenditures. The legislation provides an option for firefighters to remain in the LEOFF retirement system if they accept a promotion requiring firefighting experience.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill would not impact local government revenues.

SOURCES:

Law Enforcement Officers' and Fire Fighters' Retirement System Board
Washington State Association of Counties