

Individual State Agency Fiscal Note

Bill Number: 6198 S SB	Title: LEOFF 2 board employees	Agency: 341-Law Enforcement Officer and Fire Fighters' Plan 2 Retirement Board
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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.

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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.

Senate Bill 6198 would amend RCWs 41.06.070 and 41.26.717 to better align the Law Enforcement Officers' and Firefighters' Plan 2 Board's duties and powers with their budget setting authority and fiduciary responsibility to the plan.

The Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board is a small agency with 8 total FTEs. Currently, 6 of the agency's staff are classified under the Washington Management Service. The WMS salary structure is centralized under the authority of the Office of Financial Management and is over 30 years old. Since its creation, there have only been adjustments to the bands for legislatively approved general wage increases. There has not been any market adjustments or analysis done since its creation. This has led to difficulty retaining agency talent using the outdated structure.

The bill exempts the Staff of the LEOFF 2 Board from the state civil service law and the authority to establish staff salaries is moved to the LEOFF 2 Board in support of their fiduciary responsibilities. This was identified as an important need and priority by the Board of Trustees in their recent strategic planning discussion on succession planning. The bill requires the Board provide notice to the director of the office of financial management and the chairs of the house of representatives and senate fiscal committees of changes to the compensation levels for the positions.

The Board operates like a legislative committee or legislative agency. The Board studies policy issues and recommends changes in statute to the Legislature. Over 30 Board-recommended bills have been passed into law. The Board also has the important role of determining the appropriate contributions for the plan and adopting contribution rates for plan members, employers and the State. These contributions total over \$470 million per year.

The research analysts for the Board require a skill set like their legislative peers that is much different from the research analysts in other state agencies. Since these positions are currently covered under WMS, the current pay bands are no longer competitive compared to the legislative salaries or salaries for peers in other states which has resulted in turnover and challenges retaining current employees.

The Board members act in a fiduciary capacity, so their responsibility is the fiscal wellbeing of the plan. All the expenses of the Board are paid from the LEOFF Plan 2 Retirement Fund. The Board is well-suited to balance the need for quality employees and the cost to the fund.

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.

Fiscal impact is indeterminate, as any compensation increases resulting from this legislation will be decided on a case-by-case basis following careful evaluation of each position's duties & responsibilities and thorough study of competitive salaries for equivalent roles the U.S.

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.