

SCPP Study: WSPRS Recruitment and Retention Options

Issue

The Washington State Patrol (WSP) reports difficulties in recruiting and retaining commissioned officers. A recent [study](#) by the Joint Transportation Committee (JTC) found:

- ❖ WSP is losing troopers to local law enforcement agencies and experiencing an increase in retirements.
- ❖ New recruitments are not keeping pace to fill current and projected vacancies.
- ❖ Compensation and employee satisfaction are key factors driving recruitment and retention challenges.

The study also identified several pension-related options that policy makers could consider to help retain retirement-eligible troopers. The Legislature has directed the SCPP to study these options and report any recommendations to the Legislature and Governor.

Background

In recent years, the WSP has experienced an increase in service retirements, and an increase in turnover among troopers with less than ten years of service. This, coupled with a decline in the number of new recruits has resulted in rising vacancy rates.

In 2015, the JTC studied this issue and released a [report](#) recommending changes in the areas of compensation, working conditions, and recruitment. The report also identified pension-related options for addressing the retention of retirement-eligible troopers. During the 2016 Session, the Legislature passed [E2SHB 2872](#) which addressed some of the recommendations in the JTC report and required the SCPP to study this issue.

WSP commissioned officers are members of the Washington State Patrol Retirement System (WSPRS). Most active state and local law enforcement officers are covered by the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2. WSPRS provides a lower retirement age—including retirement at any age with 25 years of service—and more retire-rehire options than LEOFF 2.

In 2001, the Legislature removed voluntary overtime from the salary used for calculating pensions in WSPRS. WSPRS is the only state retirement system that specifically excludes voluntary overtime from the pension calculation.

Study Mandate

Chapter 28, Laws of 2016, directs the SCPP to review the pension-related items in the [2016 Joint Transportation Committee Recruitment and Retention Study](#) (JTC Study) and make recommendations on pension policy that will assist in recruiting and retaining WSP commissioned officers. The SCPP is required to report to the Governor's Office and the Legislature by November 1, 2016.

Policy Highlights

- ❖ This issue raises the following key policy questions:
 - ◇ To what extent is retirement behavior a factor?
 - ◇ How may pension policy be contributing to the issue?
 - ◇ How can pension policy help address recruitment and retention?
 - ◇ What are the implications of using pension policy to address recruitment and retention?
- ❖ There are two primary pension policy levers that can impact retention: retirement eligibility and financial incentives. Each approach has different policy and cost implications.
- ❖ Increasing retirement eligibility can require employees to work longer careers and typically results in a savings to the retirement system. However, this would likely be perceived as a benefit cut by members.
- ❖ Offering financial incentives through the retirement system may encourage employees to work longer careers—provided the incentive targets service after retirement eligibility. However, financial incentives can also add long-term costs to the retirement system that extend beyond the current staffing shortage.
- ❖ Increasing retirement eligibility would likely apply to new hires in order to avoid contractual rights concerns. Requiring new employees to work longer careers would impact retention over a longer time horizon, and is unlikely to help with current staffing shortages.
- ❖ Financial incentives could apply to current members and have an immediate impact on retention and staffing shortages.
- ❖ Retaining current employees will not fill current vacancies, but may reduce the need for additional recruitments in the short term. However, delaying today's retirements can increase the number of future retirements, which may effectively push retention problems down the road.
- ❖ Policy makers may prefer different approaches in addressing this issue such as assessing the impacts of current efforts before taking further

action, addressing the issue outside of the pension system, or developing one or more pension options.

Options Considered

- ❖ Longevity pay.
- ❖ Retention bonuses.
- ❖ Raising service-based retirement eligibility to 30 years.
- ❖ Increasing the benefit accrual rate after 25 years of service.
- ❖ Offering a Deferred Retirement Option Program.
- ❖ Expanding retire-rehire opportunities for troopers by creating a trooper reserve program.
- ❖ Including voluntary overtime in the salary used for calculating pensions. (Stakeholder proposal.)

Key Findings

- ❖ WSPRS benefits are generally competitive with LEOFF 2 benefits and do not appear to be negatively impacting recruitment.
- ❖ An increasing number of retirements is a contributing factor in retention challenges. The average annual number of retirements has increased by nearly 50 percent in the last five years compared to the long-term average.
- ❖ Retirement eligibility at 25 years of service results in some WSPRS members retiring at earlier ages. WSPRS members retiring under 25 and out eligibility retire an average of eight years younger than other WSPRS members, and six years younger than law enforcement officers in LEOFF 2.
- ❖ Retire-rehire rules may provide a financial incentive for WSPRS members to seek employment with other law enforcement agencies or public employers before fully exiting the workforce. However, the impact is uncertain, due to lack of data.
- ❖ The pension-related options identified in the JTC study could encourage or require WSP employees to work longer careers. However, most will require further development by policy makers to implement.
- ❖ Longevity pay and retention bonus are typically matters of human resource policy. However, the inclusion of such payments in pensionable salary is a matter of pension policy.

- ❖ Including voluntary overtime in the salary used for calculating pensions could have a short-term or long-term impact on retention, depending on how the option is implemented.

Stakeholder Proposal

Include voluntary overtime in the average final salary for WSPRS Plan 1 and Plan 2, for future salaries only.

- ❖ Provides benefit consistency in the treatment of voluntary overtime among the open state plans and among WSPRS members.
- ❖ May have a short-term impact on retention by providing a financial incentive for some members to delay retirement.
- ❖ Provides the largest incentive to WSPRS:
 - ◇ Plan 1 members.
 - ◇ Members able to work the most voluntary overtime.
- ❖ Will add long-term costs to the retirement system.
- ❖ Reverses prior legislative action removing voluntary overtime from WSPRS pension calculations.

Committee Activity

The committee considered this issue at the May, June, July, September, October, and December meetings and made a recommendation.

The SCPP reported on the progress of the study to the Governor and the fiscal committees of the Legislature on November 1, 2016. Following its report, the committee continued to study the voluntary overtime option brought forward by stakeholders and made a recommendation.

Recommendation to the 2017 Legislature

Include voluntary overtime in the average final salary for WSPRS Plan 1 and Plan 2, for future salaries only.

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