

Via Email 2/1/2012

Dear Senator Smith,

I want to go on record as opposing this bill and it's companion bill HB 2350 which proposes to merge Plan 1 with Plan 2 of the Law enforcement and firefighters retirement system. This bill was proposed and generated in secret and was proposed in an earlier session of the house as HB 2097.

I believe this is a bad bill for all parties including the state. Further that this is a misguided attempt by certain members of the Plan 2 board to attempt to raid another plan only to further their own ends and would possibly bankrupt both plans due to over indulgent awards by the plan 2 board who would if these bills pass control the spending of a new merged plan. It will not save the state any funds but would obligate them to spending more to support a merged plan. The Leoff II board who were responsible for drafting this bill even voted against it. This position has just recently been reversed after some arm twisting by a couple board members.

If passed there will certainly be extended and expensive law suits over such action.

This issue is very complex. LEOFF 1 is comprised of over 40 years of legislation and litigation. The two pension systems differ significantly. Any merger needs to be very carefully crafted with consideration of the implications and impacts that would occur.

The bill was dropped without any actuarial report or fiscal statement. Somehow this bill is supposed to generate an extra \$15 million dollars but no one has yet been able to explain how or even if that would happen. The Leoff I system is a system with defined benefits the members are composed of nearly all retired officers who do not continue to contribute. The Leoff II system is composed of almost all officers who continue to contribute to the system. Merging the two would not generate new revenue but would take a system that is currently paid for and in its place create a bigger system that must be continually supported by the legislature. This new system is proposed to be administered by those who only strive to line their own pockets at the expense of others. This is not a budget bill but a pension bill. As such it should go through the Select Committee on Pension Policy first.

There are powerful forces that want to see this bill passed. You legislators are up against a wall as you try to construct a budget. We realize temptation of what looks like an easy source of money is great. Any seasoned legislator realizes that using pensions to balance the budget is folly that will demand a large price in the future.

The prospect of the merger raises significant legal and constitutional issues. A legal opinion needs to be completed to insure the bill meets legal standards and that there is little likelihood of the state having to expend money defending a lawsuit.

Respectfully,

David J. Stanford

CC: Honorables Barbara Bailey, Mary Margaret Haugen