



Washington Law Enforcement and Firefighters' Plan 1

House Bill 2034 Redirects Pension Funds for Non-Pension Spending

Washington House Bill 2034 (HB 2034) terminates and restates the Law Enforcement Officers' and Firefighters' Plan 1 (LEOFF 1), effective 2029, and authorizes the transfer of surplus pension assets for other state uses. While the bill maintains benefit continuity for members, it redirects a significant portion of current plan assets away from pension funding and toward the Climate Commitment Account (CCA) and the State General Fund.

HB 2034 reduces LEOFF asset holdings. The LEOFF 1 plan is currently estimated to be overfunded, with assets equal to approximately 168.5% of projected liabilities. This provides a significant financial cushion designed to protect retirees and taxpayers against market volatility, economic downturns, and actuarial uncertainty. HB 2034 would transfer assets out of the plan, leaving it funded at 110% of liabilities, and grant politicians access to \$4 billion that police and government employers have saved for pension benefits.

While 110% funding exceeds the estimated amount needed to pay promised pension obligations, it reduces the plan's financial resilience, raising the potential for unexpected costs imposed on taxpayers.

HB 2034 raids police officers' pension assets to use for unrelated projects. HB 2034 allocates \$569 million from the surplus of LEOFF 1 assets to a climate program (CCA). These are pension contributions collected solely for the purpose of paying for retirement benefits for police officers. These funds were originally contributed by employers and plan members to secure guaranteed pension benefits, not for the other interests of today's politicians.

HB 2034 permits further transfers to non-pension accounts. In addition to the direct \$569 million transfer, HB 2034 directs remaining excess funds into the Pension Funding Stabilization Account (PFSA). Under HB 2034, these funds may then be transferred into the State General Fund through further legislative action. The bill establishes a statutory pathway for pension assets to be used for broader budgetary purposes. This establishes a dangerous precedent for redirecting pension funds and reduces the funding cushion available to absorb unpredictable market shocks.

HB 2034 could generate new costs for taxpayers. LEOFF 1 has operated without member or employer contributions since 2000. Depleting the current surplus introduces significant financial vulnerability. Should investment returns falter or medical liabilities escalate, the plan may be forced to resume mandatory contributions for the first time in 25 years.

Bottom Line: *Redirecting billions in surplus police pension assets to non-pension projects goes against the purpose of these funds and the interests of the stakeholders who contributed them. HB 2034 introduces legal and moral questions that should concern lawmakers.*

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