

End of Legislative Session Report – 2025

Washington State School Retirees' Association

The 2025 Washington State Legislative Session concluded on April 27. WSSRA came very close to passing a bill to restore an ongoing COLA for TRS 1 and PERS 1 retirees, the only public sector retirees who don't receive automatic annual COLAs. While our bill did not pass, we succeeded in freezing its nearly \$3 billion funding source. Our proposal will be studied by a special committee this summer and could be passed next year. Unfortunately, for the first time since 2021, most TRS 1 and PERS 1 retirees will not receive COLAs this year.

Faced with a four-year deficit of \$16 billion, the legislature's primary task was to balance the budget. To do this, it had to find a balance between raising taxes and fees, eliminating jobs and programs, and finding creative fiscal solutions. From the very start of session, a philosophical split emerged between the democratically controlled legislature and newly elected Governor Bob Ferguson, also a Democrat. While many Democrats in the legislature were eager to address the budget deficit by passing new tax proposals targeting the wealthiest Washingtonians, the Governor called for budget cuts and furlough days for state employees. This tension grew throughout session, with the Governor publicly speaking out against multiple tax packages proposed by the legislature. While the legislative session is over, the governor has until May 20 to sign most bills, and could still choose to veto the budget, or portions of it.

Due to the budget deficit, few bills requiring new funding received serious consideration. However, shortly before session, Senator June Robinson (D, Everett), the Senate's operating budget writer, surprised many by introducing Senate Bill 5085, which would finally restore an ongoing COLA for TRS 1 and PERS 1 retirees. It proposed merging TRS 1 and PERS 1, which are both underfunded, with Law Enforcement Officers' and Fire Fighters' retirement system Plan 1 (LEOFF 1), which is overfunded by nearly \$3 billion. The combined assets in the new plan would fully fund TRS 1 and PERS 1 and provide TRS 1 and PERS 1 members with an annual COLA of up to 3%, while also maintaining benefits for LEOFF 1 members. Senate Democrats fast-tracked the bill and passed it in early March over opposition from LEOFF 1 and LEOFF 2 members, who wanted to see the pension surplus used to further enhance their benefits.

Unfortunately, the House had other plans. Soon after SB 5085 passed the Senate, House democratic budget writers introduced House Bill 2034, which would transfer the \$3 billion LEOFF 1 surplus into the general fund, effectively blocking SB 5085. They also proposed

changes to pension funding policy that would allow that state to reduce pension contributions. While these proposals would save the state money now, in the long run they would cost the state money and could jeopardize retiree benefits. It soon became clear that neither chamber wished to back down and the issue would need to be settled in the final budget negotiation at the end of session.

As March turned to April, uncertainty mounted. National and global economics were thrown into turmoil as the United States rapidly changed trade policies and fears of a recession grew. The federal government withdrew funding for some state programs and legislators began to worry about cuts to Medicaid. Tensions continued to rise between the Governor and the legislature over taxes and cuts. All of this made the legislature less willing to try new ideas.

In the final week of session, a deal was struck. Neither SB 5085 or HB 2034 moved forward. The Select Committee on Pension Policy, which meets when the legislature is not in session, is now tasked with studying both bills and providing a report to the legislature by January 2026. We will be deeply involved in this process. The legislature also adopted the House's plan to save money by reducing pension contributions. While this won't reduce retiree benefits in the foreseeable future, it could lead to underfunded pensions and future negative consequences for retirees. We will fight to get pension contributions back on track.

Finally, we were successful in protecting the \$183 per month benefit that the state provides to help Medicare eligible retired public servants purchase health insurance from the Public Employees Benefits Board. Unlike pensions, this health care benefit is not contractually guaranteed and could be taken away by the legislature. Fortunately, the legislature looked in other areas to find savings.

Throughout the legislative session, our members were incredibly effective advocates. Our legislative committee held over 150 meetings with legislators. Our membership sent over 7,000 emails to their legislators. Thank you to all who helped us make a difference. Our hard work to protect pensions and benefits must continue.