

SB734 Clarifications for Participating Governmenta

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**Testimony in Support of Senate Bill 734
State Retirement and Pension System - Transfers Between Systems - Workgroup – Extension**

**Senate Budget and Tax Committee
March 5, 2026
8:30 A.M.**

**Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency**

The Board of Trustees for the State Retirement and Pension System wishes to express its support for Senate Bill 734, State Retirement and Pension System – Eligible Governmental Units. Senate Bill 734 is legislation sponsored by the Joint Committee on Pensions at the request of the Board. This legislation clarifies provisions of the enrollment process for new governmental units joining the Employees’ Pension System (EPS), Law Enforcement Officers’ Pension System (LEOPS), or Correctional Officers’ Retirement System (CORS).

The State Retirement Agency has received several questions from counties and municipalities seeking to join the LEOPS asking if they join the LEOPS, are they required to move all law enforcement officers from their jurisdiction into the LEOPS, or are they permitted to only move certain divisions within their law enforcement office? While staff has explained that the entire group must move, we believe clarifying this through legislation would be helpful. If only certain divisions of a participating governmental unit’s (PGU’s) law enforcement office were permitted to join the LEOPS, problems could develop in the future if a PGU employee who was moved into LEOPS later changed positions to one that was not covered by LEOPS. That individual, while still employed by the PGU as a law enforcement officer would no longer be permitted to participate in the LEOPS as they are now employed in a “non-LEOPS” position. This would create a disincentive for employees of that PGU to accept job opportunities that might remove them from the LEOPS. The converse could also occur. A law enforcement officer employed by a PGU, but not employed in a LEOPS eligible division, who later moves to a position that is LEOPS eligible, would now be required to join the LEOPS. With 10-year vesting for members of LEOPS, being moved in and out of the plan would make it much more difficult for a member to vest in the LEOPS. Additionally, keeping track of these changes would create a significant administrative burden for the Agency to ensure that proper employment and payroll changes are reported accurately and timely.

While this question has only been raised regarding counties and municipalities wanting to join LEOPS, the Agency believes it could also be raised for counties and municipalities wanting to join the EPS and the CORS. Accordingly, Senate Bill 734 provides similar clarifying changes to address counties and municipalities wanting to join the EPS and the CORS.

Additionally, the Agency has also been made aware that some potential PGUs seeking to join the EPS, CORS, or LEOPS, believe there is ambiguity in the law regarding the forms that must be completed and submitted by the PGU prior to their joining. Specifically, the issue of whether all employees of certain

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PGUs are required to submit election forms stating whether they are electing to join the EPS, CORS, or LEOPS or to opt out of membership, has been raised. Existing law states for eligible PGUs seeking to join the EPS, CORS, or LEOPS, if the PGU does not submit the necessary documentation on or before the effective date for the eligible PGU, the effective date shall be postponed until July 1 of the second year following the fiscal year in which the eligible PGU elects to participate in either the EPS, CORS, or LEOPS. Senate Bill 734 clarifies that for employees who have election rights to join one of the systems, “necessary documentation” includes properly completed election forms for each individual employed by an eligible PGU indicating whether they intend to participate in a State system or opt out of joining the EPS, CORS or LEOPS. To avoid confusion in the future for members who may later change their mind and claim they never received the election to join, clarifying that the Agency must receive all election forms for employees of an eligible PGU indicating the employees’ elections, will aid the Agency, the Board, and the Legislature when navigating this issue.

We appreciate being given this opportunity to express our support to the Budget and Tax Committee for this legislation and would request a favorable report on Senate Bill 734.