

**SENATE BILL REPORT**

**SHB 1269**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 1, 1991**

**Brief Description:** Changing provisions relating to public retirement.

**SPONSORS:** House Committee on Appropriations (originally sponsored by Representatives Silver, Spanel, Paris, May, P. Johnson, Fuhrman, Winsley, Hochstatter, Nealey, Wynne, Edmondson, Bowman, D. Sommers, Brumsickle, Betrozoff, Wood, Neher, Horn, Mielke, Miller, Ballard, Tate and McLean; by request of Joint Committee on Pension Policy).

**HOUSE COMMITTEE ON APPROPRIATIONS**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass as amended.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Gaspard, Johnson, L. Kreidler, Murray, Newhouse, Niemi, Owen, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

**Staff:** Denise Graham (786-7715)

**Hearing Dates:** March 28, 1991; April 1, 1991

**BACKGROUND:**

The Joint Committee on Pension Policy has addressed a number of retirement issues and suggested several changes in the laws relating to the various retirement systems.

From April 1973, to May 1974, members of the Teachers' Retirement System (TRS) who became legislators were treated the same as legislators in the Public Employees' Retirement System (PERS) in that they were provided a 3 percent benefit formula and were required to contribute 7.5 percent of legislative compensation. Other TRS members, however, received a 2 percent benefit formula and contributed 6 percent of compensation. When the benefit formula for teacher-legislators was changed back to 2 percent to match that of other members of TRS, the contribution rate for teacher-legislators remained at 7.5 percent.

TRS provides a benefit for members who work full time and who become permanently disabled. Teachers who are under an annual contract for less than full time cannot receive disability benefits if they become permanently disabled.

Survivors of members of the Law Enforcement Officers' and Fire Fighters' Fund (LEOFF) and the Washington State Patrol Retirement System (WSPRS) who were called to active duty

during the Desert Shield/Storm operations and who died in the line of that duty would not receive death benefits. Provisions under PERS and TRS would allow for benefits to be paid in this situation.

A member of PERS I who is employed by a public employer and is also an elected official of a city or town and who earns not more than \$10,000 in the elected position, may retire, receive an allowance, and remain an elected official. All others in similar dual positions must terminate from both the elective and non-elective position in order to receive a benefit.

The firemen's retirement systems existing prior to the establishment of LEOFF have disability boards for each county consisting of the chair of the district fire commissioners, the county auditor, the county treasurer, and two regularly employed fire fighters elected by the active members of the system. Since these systems were terminated in 1970, there are fewer and fewer actively employed members to serve on the board.

When LEOFF was created in 1970, a five-year window ending in 1975 was provided for restoring two types of contributions: (1) those withdrawn upon termination from a police or fire fighter retirement system existing prior to LEOFF; and (2) those withdrawn after a probationary period in the pre-LEOFF retirement systems. Although PERS, TRS, and WSPRS have had several open window periods for similar restorations of contributions, LEOFF has had only this one.

**SUMMARY:**

The contribution rate for a legislator-member of TRS I is reduced from 7.5 percent of legislative salary to 6 percent, except that members eligible for the 3 percent benefit factor continue to contribute at the 7.5 percent rate.

A member of TRS I who is under an annual half-time contract, or who has been under a half-time contract within the last three years, is eligible for permanent disability benefits.

Members of LEOFF and WSPRS who are called or recalled to active military duty between August 2, 1990 and July 1, 1991 and subsequently die in the line of that duty are considered to have died on the last day of their interrupted service, for purposes of death benefits for their beneficiaries.

Any elected official who is also employed by a public employer and whose annual elective salary is equal to or less than the highest paid elected member of the Legislature as set by statute (currently the Speaker of the House of Representatives, at \$21,900 per year) may retire and receive their retirement allowance while continuing to serve in the elected position.

Retired members of a firemen's retirement system established prior to LEOFF may be elected by active and retired members of this system to serve on the county disability boards.

Members of LEOFF I who were members of police or firefighters retirement systems prior to the establishment of LEOFF will have until July 1, 1992, to: (1) pay, with interest, employer contributions for a probationary period in the pre-LEOFF retirement system, and (2) restore, with interest, contributions withdrawn from the pre-LEOFF retirement system. Members will gain service credit for the period represented by these contributions.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The amendment would allow the Director of the Department of Retirement Systems (DRS) to waive the repayment of any overpayment of retirement benefits in cases where there has been no fraud, and where the overpayment is not such as to put a reasonable person on notice that an overpayment has occurred. DRS would be required to adopt rules governing the circumstances under which repayment could be waived.

**TESTIMONY FOR:**

This bill is an attempt to correct some of the inequities in the retirement system.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Representative Spanel, sponsor (pro); Gerald Allard, State Actuary; Chuck Langen, Office of the State Actuary