

SENATE BILL REPORT

HB 2142

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

Brief Description: Providing a schedule for notification to public employees of accumulated service credit.

SPONSORS: Representatives Spanel and Winsley; by request of Department of Retirement Systems.

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Johnson, L. Kreidler, Metcalf, 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 Department of Retirement Systems (DRS) administers six public retirement systems: the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSPRS), Judicial Retirement System (JRS) and the Judges' Retirement Fund (Judges).

In all systems, the benefit a retired member receives is based on the number of months of service credit the member has accumulated and the final annual average salary received by the member.

The 1990 Legislature passed SSB 6594 which requires DRS to annually report to each retirement system member the amount of service credit he or she earned the previous year as well as the member's total accumulated service credit. The bill directs DRS to begin notifying members no later than October 1, 1993, and to concentrate on members who are within five years of being eligible to retire.

In the process of implementing this bill, DRS conducted sample audits and determined that about 50 percent of the service credit data stored within its current computer system is inaccurate. To avoid sending out inaccurate data, DRS is planning to conduct audits of member files and to reconfigure its computer system in order to support the audit process and to capture the audited data. The Governor's proposed 1991-93

budget includes \$2.3 million from the Retirement Systems Expense Account to DRS to fund the computer system revisions and hire additional staff to conduct the audits.

SUMMARY:

A new schedule is established for notifying members of earned retirement service credit. DRS must annually notify

- 1) TRS members of accumulated service credit and service credit earned within the preceding calendar or school year by January 1, 1991;
- 2) members of all retirement systems other than TRS of service credit earned within the preceding calendar or school year by June 30, 1992;
- 3) all members who are within five years of being eligible for retirement of total accumulated service credit by October 1993;
- 4) LEOFF, WSPRS, JRS and Judges' members of total accumulated service credit by August 30, 1993;
- 5) PERS state employee members of total accumulated service credit by August 30, 1994;
- 6) PERS political subdivision employees of total accumulated service credit by January 31, 1995;
- 7) higher education institution employees of total accumulated service credit by June 30, 1995; and
- 8) PERS school district employees of total accumulated service credit by April 30, 1996.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: Representative Spanel, sponsor; George Northcroft, Director, Department of Retirement Systems