

SENATE BILL REPORT

EHB 2645

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 20, 1992

**Brief Description:** Prohibiting the department of retirement systems from recovering certain pension overpayments.

**SPONSORS:** Representatives Spanel, H. Sommers, Hine, McLean, Locke, Basich, Paris and Betrozoff

**HOUSE COMMITTEE ON APPROPRIATIONS**

**SENATE COMMITTEE ON WAYS & MEANS**

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

Signed by Senators Craswell, Vice Chairman; Bailey, Bluechel, Cantu, Gaspard, M. Kreidler, Metcalf, Murray, Newhouse, Rinehart, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

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

**Hearing Dates:** February 19, 1992; February 20, 1992

**BACKGROUND:**

In the fall of 1991, the Department of Retirement Systems discovered an error in its calculation of cost-of-living adjustments, primarily for members of Plan I of the Public Employees' Retirement System. The error resulted in 7,700 retirees receiving overpayments of their cost-of-living adjustments, some since July 1990. The amount of the overpayments ranges from \$.01 to \$31.77 per month, with an average of \$1.28 per retiree per month. The total amount of the overpayments is \$175,000.

Future benefits payments have been corrected effective January 1992, but under current law, the department is required to recover the amount of any overpayments made within three years prior to discovery of the error that resulted in the overpayments.

**SUMMARY:**

The Director of the Department Retirement Systems is prohibited from recovering pension overpayments made between July 1, 1990 and February 1, 1992, that were made due to an incorrect calculation of the cost-of-living adjustment provisions of Plan I of the Public Employees' and Teachers' Retirement systems.

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The Director of the Department of Retirement Systems may waive the collection of overpayments up to \$50 per member per month, except in cases of fraud. The department is directed to report annually to the House of Representatives and the Senate each overpayment made the previous calendar year and the amount waived.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

The department made an error in calculating the amount of the cost-of-living increase beginning in July of 1990. The department is requesting the authority not to collect the amounts overpaid because repayment is likely to be burdensome for many retirees.

**TESTIMONY AGAINST:** None

**TESTIFIED:** George Northcroft, Director, Department of Retirement Systems (pro)