

2 SSB 5888 - S AMD - 000764
3 By Senators Gaspard and Rinehart

4 ADOPTED 4/13/93

5 Strike everything after the enacting clause and insert the
6 following:

7 **"PART I - COST-OF-LIVING ADJUSTMENT EXTENSION**

8 NEW SECTION. **Sec. 1.** The benefit adjustment granted by sections
9 711(1) and 712(1), chapter 232, Laws of 1992 (uncodified) being
10 received by plan I beneficiaries as of June 30, 1993, unless otherwise
11 improper, shall be continued through June 30, 1995.

12 **PART II - NEW TEMPORARY COST-OF-LIVING ADJUSTMENT**

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32 RCW
14 under the subchapter heading "Plan I" to read as follows:

15 (1) Effective July 1, 1993, through June 30, 1995, the monthly
16 benefit of each plan I beneficiary under this chapter is increased
17 three dollars per month per year of creditable service established by
18 the member, reflecting any actuarial reduction made or survivor option
19 taken, if the beneficiary:

20 (a) Is not receiving a minimum benefit under RCW 41.32.487 or cost-
21 of-living adjustment under RCW 41.32.575; and

22 (b) Is at least age seventy as of July 1, 1993; and

23 (c) Was receiving benefits as of July 1, 1988; and

24 (d) Is not a recipient of the temporary disability under RCW
25 41.32.540.

26 (2) Any fraction of a year is counted in the computation of this
27 adjustment.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.40 RCW
29 under the subchapter heading "Plan I" to read as follows:

30 (1) Effective July 1, 1993, through June 30, 1995, the monthly
31 benefit of each plan I beneficiary under this chapter is increased
32 three dollars per month per year of creditable service established by

1 the member, reflecting any actuarial reduction made or survivor option
2 taken, if the beneficiary:

3 (a) Is not receiving a minimum benefit under RCW 41.40.198 or cost-
4 of-living adjustment under RCW 41.40.325; and

5 (b) Is at least age seventy as of July 1, 1993; and

6 (c) Was receiving benefits as of July 1, 1988.

7 (2) Any fraction of a year is counted in the computation of this
8 adjustment.

9

PART III - EARLY RETIREMENT

10 NEW SECTION. **Sec. 4.** (1) Subject to subsection (2) of this
11 section, in addition to members eligible to retire under RCW 41.40.180,
12 any member of the public employees' retirement system plan I who meets
13 the following criteria may retire after providing written notification
14 to the member's employer and submitting the required application to
15 the director on a form provided by the department:

16 (a) The member is employed by an employer in an eligible position
17 on March 1, 1993; and

18 (b) The member has: (i) Attained the age of fifty-five years and
19 completed five service credit years of service; (ii) completed twenty-
20 five service credit years of service; or (iii) attained the age of
21 fifty years and completed twenty service credit years of service.

22 (2) A member who wishes to apply for retirement under subsection
23 (1) of this section who is employed by a school district must submit
24 the required notification and application form no later than July 1,
25 1993, setting forth that the member shall be retired no later than
26 August 31, 1993. A member employed by any employer other than a school
27 district must submit the required notification and application no later
28 than August 31, 1993, setting forth that the member shall be retired no
29 later than December 31, 1993.

30 NEW SECTION. **Sec. 5.** Section 4 of this act is added to chapter
31 41.40 RCW, but because of its temporary nature, shall not be codified.

32 NEW SECTION. **Sec. 6.** (1) Subject to subsection (2) of this
33 section, in addition to members eligible to retire under RCW 41.32.480,
34 any member of the teachers' retirement system plan I who meets the
35 following criteria may retire after providing written notification to

1 the member's employer and submitting the required application to the
2 director on a form provided by the department:

3 (a) The member is employed by an employer on March 1, 1993, and is
4 not a substitute teacher; and

5 (b) The member has: (i) Attained the age of fifty-five years and
6 completed five service credit years of service; (ii) completed twenty-
7 five service credit years of service; or (iii) attained the age of
8 fifty years and completed twenty service credit years of service.

9 (2) A member who wishes to apply for retirement under subsection
10 (1) of this section must submit the required notification and
11 application form no later than July 1, 1993, setting forth that the
12 member shall be retired no later than August 31, 1993. A member
13 employed by any employer other than a school district must submit the
14 required notification and application no later than August 31, 1993,
15 setting forth that the member shall be retired no later than December
16 31, 1993.

17 NEW SECTION. **Sec. 7.** Section 6 of this act is added to chapter
18 41.32 RCW, but because of its temporary nature, shall not be codified.

19 NEW SECTION. **Sec. 8.** The office of the state actuary shall study
20 the actual utilization of the early retirement offered by this act, the
21 replacement of persons who utilized the early retirement, and the
22 fiscal and programmatic impact of early retirement on the state, local
23 governments, and school districts. The office of financial management
24 and the office of the superintendent of public instruction shall
25 provide technical assistance and information to the office of the state
26 actuary for the study required in this section. An initial report on
27 the study shall be submitted to the joint committee on pension policy
28 and the fiscal committees of the legislature by December 31, 1993, and
29 the final report on the study shall be submitted to the same committees
30 by October 1, 1994.

31 NEW SECTION. **Sec. 9.** In order to ensure that the state derives
32 the expected benefits from the early retirement provisions of this act,
33 no state agency may engage through personal service contracts persons
34 who retire from service under the provisions of this act. Exceptions
35 to this section may be granted by written approval from the director of
36 the office of financial management if the director finds that the

1 proposed contract is necessary to protect the public safety, protect
2 against the loss of federal certification or loss of critical federal
3 funds, or carry out functions so essential to the agency that even
4 temporary suspension or delay of services would have a significant
5 negative impact on the public. At the end of each three-month period
6 in which exceptions are approved, the director shall forward a copy of
7 any approvals, together with justification for the exceptions, to the
8 fiscal committees of the legislature. Each forwarded approval shall
9 include the name of the proposed contractor, the agency and division or
10 department requesting the contract, duration and cost of the proposed
11 contract, and specific functions and duties to be carried out under the
12 contract. This section shall expire June 30, 1995.

13 NEW SECTION. **Sec. 10.** Section 9 of this act is added to chapter
14 39.29 RCW, but because of its temporary nature, shall not be codified.

15 NEW SECTION. **Sec. 11.** In order to ensure that the state derives
16 the expected benefits from the early retirement provisions of this act,
17 no board of directors of a school district or educational service
18 district may engage through personal service contracts persons who
19 retire from service under the provisions of this act. Exceptions to
20 this section may be granted by written approval from the superintendent
21 of public instruction if the superintendent finds that the proposed
22 contract is necessary to protect student safety, protect against the
23 loss of school district certification or loss of federal funds, or
24 carry out functions so essential to the district that even temporary
25 suspension or delay of services would have a significant negative
26 impact on students. At the end of each three-month period in which
27 exceptions are approved, the superintendent shall forward a copy of any
28 approvals, together with justification for the exceptions, to the
29 office of financial management and the fiscal committees of the
30 legislature. Each forwarded approval shall include the name of the
31 proposed contractor, the district requesting the contract, duration and
32 cost of the proposed contract, and specific functions and duties to be
33 carried out under the contract. This section shall expire August 31,
34 1995.

1 NEW SECTION. **Sec. 12.** Section 11 of this act is added to chapter
2 28A.400 RCW, but because of its temporary nature, shall not be
3 codified.

4 **Sec. 13.** RCW 43.01.170 and 1992 c 234 s 11 are each amended to
5 read as follows:

6 In order to ensure that the state derives the expected benefits
7 from the early retirement provisions of chapter 234, Laws of 1992, and
8 chapter . . . , Laws of 1993 (this act), no state agency may hire
9 persons who retire from ((state)) service under the provisions of
10 chapter 234, Laws of 1992, or chapter . . . , Laws of 1993 (this act),
11 as temporary or project employees, as defined by the state personnel
12 board for employees covered under chapter 41.06 RCW ((and)), by the
13 higher education personnel board for employees covered under chapter
14 28B.16 RCW, and by the employer for persons not covered under chapter
15 28B.16 RCW who are employed by institutions of higher education or
16 community or technical colleges. Exceptions to this section may be
17 granted by written approval from the director of the office of
18 financial management if the director finds that the temporary or
19 project employment of a retiree is necessary to protect the public
20 safety, protect against the loss of federal certification or loss of
21 critical federal funds, or carry out functions so essential to the
22 agency that even temporary suspension or delay of services would have
23 a significant negative impact on the public. At the end of each three-
24 month period in which exceptions are approved, the director shall
25 forward a copy of any approvals, together with justification for the
26 exceptions, to the fiscal committees of the legislature. Each
27 forwarded approval shall include the name of the temporary or project
28 employee, the agency and division or department requesting the
29 employment, duration and cost of the proposed employment, and specific
30 functions and duties to be carried out during the employment. This
31 section shall expire June 30, 1995.

32 **Sec. 14.** RCW 28A.400.212 and 1992 c 234 s 13 are each amended to
33 read as follows:

34 An employee of a school district that has established an attendance
35 incentive program under RCW 28A.400.210 who retires under section 1 or
36 3, chapter 234, Laws of 1992, or section 4 or 6 of this act shall
37 receive, at the time of his or her separation from school district

1 employment, not less than one-half of the remuneration for accrued
2 leave for illness or injury payable to him or her under the district's
3 incentive program. The school district board of directors may, at its
4 discretion, pay the remainder of such an employee's remuneration for
5 accrued leave for illness or injury after the time of the employee's
6 separation from school district employment, but the employee or the
7 employee's estate is entitled to receive the remainder of the
8 remuneration no later than the date the employee would have been
9 eligible to retire under the provisions of RCW 41.40.180 or 41.32.480
10 had the employee continued to work for the district until eligible to
11 retire, or three years following the date of the employee's separation
12 from school district employment, whichever occurs first. A district
13 exercising its discretion under this section to pay the remainder of
14 the remuneration after the time of the employee's separation from
15 school district employment shall establish a policy and procedure for
16 paying the remaining remuneration that applies to all affected
17 employees equally and without discrimination. Any remuneration paid
18 shall be based on the number of days of leave the employee had accrued
19 and the compensation the employee received at the time he or she
20 retired under section 1 or 3, chapter 234, Laws of 1992, or section 4
21 or 6 of this act.

22

PART IV - CITIES' PORTABILITY

23 **Sec. 15.** RCW 41.54.061 and 1990 c 192 s 3 are each amended to read
24 as follows:

25 (1) The cities of Seattle, Spokane, and Tacoma shall each have the
26 option of making an irrevocable election to have its employee
27 retirement system included in the coverage of this chapter by adopting
28 a resolution transmitting it to the director and the joint committee on
29 pension policy prior to December (~~(1, 1990)~~) 31, 1993.

30 The resolution shall indicate the city's desire to be covered by
31 this chapter and its willingness to pay for the additional cost it may
32 incur as a result of the benefits provided by this chapter.

33 (2) This chapter shall become effective on January 1, (~~(1991)~~)
34 1994, for each city which adopts a resolution pursuant to subsection
35 (1) of this section. (~~(However, if all three cities adopt such~~
36 ~~resolutions prior to June 1, 1990, the provisions of this chapter shall~~
37 ~~become effective for those systems on July 1, 1990.)~~)

1 ~~retirement system; the law enforcement officers' and fire fighters'~~
2 ~~retirement system; and the Washington state patrol retirement system))~~
3 adopt the economic assumptions used by the state actuary in conducting
4 valuation studies of the state retirement systems.

5 (3) The council may utilize information provided by the state
6 actuary and such other information as it may request.

7 **Sec. 18.** RCW 41.45.040 and 1989 c 273 s 4 are each amended to read
8 as follows:

9 (1) The adoption of the economic assumptions and the
10 ~~((recommendation of changes in employer and state))~~ contribution rates
11 as provided in RCW 41.45.060 shall be by affirmative vote of at least
12 five members of the council.

13 (2) The employer and state contribution rates ~~((recommended))~~
14 adopted by the council shall be the level percentages of pay which are
15 needed:

16 (a) To fully amortize the total costs of the public employees'
17 retirement system plan I, the teachers' retirement system plan I, the
18 law enforcement officers' and fire fighters' retirement system plan I,
19 and the unfunded liability of the Washington state patrol retirement
20 system not later than June 30, 2024; and

21 (b) To also continue to fully fund the public employees' retirement
22 system plan II, the teachers' retirement system plan II, and the law
23 enforcement officers' and fire fighters' retirement system plan II in
24 accordance with the provisions of RCW 41.40.650, 41.32.775, and
25 41.26.450, respectively.

26 **Sec. 19.** RCW 41.45.060 and 1992 c 239 s 2 are each amended to read
27 as follows:

28 ~~((Beginning July))~~ (1) For the period of September 1, 1993, through
29 August 31, 1995, the basic state contribution rate for the law
30 enforcement officers' and fire fighters' retirement system, and the
31 basic employer contribution rates for the public employees' retirement
32 system, the teachers' retirement system, and the Washington state
33 patrol retirement system shall be as ~~((follows):~~

34 ~~(1) 7.47% for all members of the public employees' retirement~~
35 ~~system;~~

36 ~~(2) 12.60% for all members of the teachers' retirement system;~~

1 ~~(3) 16.44% for all members of the law enforcement officers' and~~
2 ~~fire fighters' retirement system; and~~

3 ~~(4) 15.53% for all members of the Washington state patrol~~
4 ~~retirement system))~~ determined in the 1991 valuations prepared by the
5 office of the state actuary.

6 (2) Not later than September 30, 1994, and every two years
7 thereafter:

8 (a) The council shall adopt the contributions to be used in the
9 ensuing biennial period for the systems specified in subsection (1) of
10 this section.

11 (b) The council shall immediately notify the directors of the
12 office of financial management and department of retirement systems of
13 the state and employer contribution rates adopted under (a) of this
14 subsection.

15 (c) The director of the department of retirement systems shall
16 collect those rates adopted by the council under this chapter.

17 **Sec. 20.** RCW 41.45.0601 and 1992 c 239 s 1 are each amended to
18 read as follows:

19 Beginning September 1, 1992, through ~~((June 30))~~ August 31, 1993,
20 the basic state contribution rate for the law enforcement officers' and
21 fire fighters' retirement system, and the basic employer contribution
22 rates for the public employees' retirement system, the teachers'
23 retirement system, and the Washington state patrol retirement system
24 shall be as follows:

25 (1) 7.27% for all members of the public employees' retirement
26 system;

27 (2) 12.08% for all members of the teachers' retirement system;

28 (3) 12.99% for all members of the law enforcement officers' and
29 fire fighters' retirement system; and

30 (4) 17.16% for all members of the Washington state patrol
31 retirement system.

32 NEW SECTION. **Sec. 21.** A new section is added to chapter 41.50 RCW
33 to read as follows:

34 The director shall inform all employers in writing as to the
35 employer rates adopted by the economic and revenue forecast council
36 upon the notification of the council as prescribed in RCW 41.45.060.

PART VI - STATE INVESTMENT BOARD

Sec. 22. RCW 43.33A.020 and 1985 c 195 s 1 are each amended to read as follows:

There is hereby created the state investment board to consist of ~~((fourteen))~~ sixteen members to be appointed as provided in this section.

(1) One member who is an active member of the public employees' retirement system and has been an active member for at least five years. This member shall be appointed by the governor, subject to confirmation by the senate, from a list of nominations submitted by organizations representing active members of the system. The initial term of appointment shall be one year.

(2) One member who is an active member of the law enforcement officers' and fire fighters' retirement system and has been an active member for at least five years. This member shall be appointed by the governor, subject to confirmation by the senate, from a list of nominations submitted by organizations representing active members of the system. The initial term of appointment shall be two years.

(3) One member who is an active member of the teachers' retirement system and has been an active member for at least five years. This member shall be appointed by the superintendent of public instruction subject to confirmation by the senate. The initial term of appointment shall be three years.

(4) The state treasurer or the assistant state treasurer if designated by the state treasurer.

~~((A))~~ Two members of the state house of representatives ~~((This member shall be))~~ appointed by the speaker of the house of representatives, one from each of the majority and minority parties.

~~((A))~~ Two members of the state senate ~~((This member shall be))~~ appointed by the president of the senate, one from each of the majority and minority parties.

(7) One member who is a retired member of a state retirement system shall be appointed by the governor, subject to confirmation by the senate. The initial term of appointment shall be three years.

(8) The director of the department of labor and industries.

(9) The director of the department of retirement systems.

1 (10) Five nonvoting members appointed by the state investment board
2 who are considered experienced and qualified in the field of
3 investments.

4 The legislative members shall serve terms of two years. The
5 initial legislative members appointed to the board shall be appointed
6 no sooner than January 10, 1983. The position of a legislative member
7 on the board shall become vacant at the end of that member's term on
8 the board or whenever the member ceases to be a member of the senate or
9 house of representatives from which the member was appointed.

10 After the initial term of appointment, all other members of the
11 state investment board, except ex officio members, shall serve terms of
12 three years and shall hold office until successors are appointed.
13 Members' terms, except for ex officio members, shall commence on
14 January 1 of the year in which the appointments are made.

15 Members may be reappointed for additional terms. Appointments for
16 vacancies shall be made for the unexpired terms in the same manner as
17 the original appointments. Any member may be removed from the board
18 for cause by the member's respective appointing authority.

19 **Sec. 23.** RCW 43.33A.040 and 1981 c 219 s 2 are each amended to
20 read as follows:

21 (1) A quorum to conduct the business of the state investment board
22 consists of at least (~~four voting members of the board before January~~
23 ~~10, 1983, and five~~) six voting members (~~(thereafter)~~). No action may
24 be taken by the board without the affirmative vote of (~~four members~~
25 ~~before January 10, 1983, and five~~) at least six members
26 (~~(thereafter)~~).

27 (2) The state investment board shall meet at least quarterly at
28 such times as it may fix. The board shall elect a chairperson and vice
29 chairperson annually: PROVIDED, That the legislative members are not
30 eligible to serve as chairperson.

31 **PART VII - MISCELLANEOUS**

32 NEW SECTION. **Sec. 24.** Part headings as used in this act do not
33 constitute any part of the law.

34 NEW SECTION. **Sec. 25.** This act is necessary for the immediate
35 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take
2 effect immediately."

3 **SSB 5888** - S AMD
4 By Senators Gaspard and Rinehart

5 ADOPTED 4/13/93

6 On page 1, line 1 of the title, after "benefits;" strike the
7 remainder of the title and insert "amending RCW 43.01.170, 28A.400.212,
8 41.54.061, 41.54.040, 41.45.030, 41.45.040, 41.45.060, 41.45.0601,
9 43.33A.020, and 43.33A.040; adding a new section to chapter 41.32 RCW;
10 adding a new section to chapter 41.40 RCW; adding a new section to
11 chapter 41.50 RCW; creating new sections; and declaring an emergency."

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