

1 **SHB 3010 - H AMD Failed 3-12-02 0554**

2 By Representative Alexander

3 Strike everything after the enacting clause and insert the
4 following:

5 "NEW SECTION. **Sec. 1.** A new section is added to chapter 41.04
6 RCW to read as follows:

7 (1) The select committee on pension policy is created. The select
8 committee consists of:

9 (a) Four active members or representatives from organizations of
10 active members of the state retirement systems appointed by the
11 governor for staggered three-year terms;

12 (b) Four retired members or representatives of retired members'
13 organizations of the state retirement systems appointed by the governor
14 for staggered three-year terms, with no two members from the same
15 system; and

16 (c) Four employer representatives of members of the state
17 retirement systems appointed by the governor for staggered three-year
18 terms.

19 (2) Following the terms of members and representatives appointed
20 under subsection (1)(b) of this section, the retiree positions shall be
21 rotated to ensure that each system has an opportunity to have a retiree
22 representative on the committee.

23 (3) The committee shall elect a chairperson and a vice-
24 chairperson.

25 (4) The committee shall establish an executive committee of four
26 members, including the chairperson and the vice-chairperson.

27 (5) Members of the select committee serve without compensation,
28 but shall be reimbursed for travel expenses under RCW 43.03.050 and
29 43.03.060.

30 (6) The office of state actuary under chapter 44.44 RCW shall
31 provide staff and technical support to the committee.

32 **Sec. 2.** RCW 41.50.110 and 1998 c 341 s 508 are each amended to
33 read as follows:

34 (1) Except as provided by RCW 41.50.255 and subsection (6) of this
35 section, all expenses of the administration of the department ((and)),

1 the expenses of administration of the retirement systems, and the
2 expenses of the administration of the office of the state actuary
3 created in chapters 2.10, 2.12, 41.26, 41.32, 41.40, 41.34, 41.35,
4 (~~and~~) 43.43, and 44.44 RCW shall be paid from the department of
5 retirement systems expense fund.

6 (2) In order to reimburse the department of retirement systems
7 expense fund on an equitable basis the department shall ascertain and
8 report to each employer, as defined in RCW 41.26.030, 41.32.010,
9 41.35.010, or 41.40.010, the sum necessary to defray its proportional
10 share of the entire expense of the administration of the retirement
11 system that the employer participates in during the ensuing biennium or
12 fiscal year whichever may be required. Such sum is to be computed in
13 an amount directly proportional to the estimated entire expense of the
14 administration as the ratio of monthly salaries of the employer's
15 members bears to the total salaries of all members in the entire
16 system. It shall then be the duty of all such employers to include in
17 their budgets or otherwise provide the amounts so required.

18 (3) The department shall compute and bill each employer, as
19 defined in RCW 41.26.030, 41.32.010, 41.35.010, or 41.40.010, at the
20 end of each month for the amount due for that month to the department
21 of retirement systems expense fund and the same shall be paid as are
22 its other obligations. Such computation as to each employer shall be
23 made on a percentage rate of salary established by the department.
24 However, the department may at its discretion establish a system of
25 billing based upon calendar year quarters in which event the said
26 billing shall be at the end of each such quarter.

27 (4) The director may adjust the expense fund contribution rate for
28 each system at any time when necessary to reflect unanticipated costs
29 or savings in administering the department.

30 (5) An employer who fails to submit timely and accurate reports to
31 the department may be assessed an additional fee related to the
32 increased costs incurred by the department in processing the deficient
33 reports. Fees paid under this subsection shall be deposited in the
34 retirement system expense fund.

35 (a) Every six months the department shall determine the amount of
36 an employer's fee by reviewing the timeliness and accuracy of the
37 reports submitted by the employer in the preceding six months. If
38 those reports were not both timely and accurate the department may
39 prospectively assess an additional fee under this subsection.

1 (b) An additional fee assessed by the department under this
2 subsection shall not exceed fifty percent of the standard fee.

3 (c) The department shall adopt rules implementing this section.

4 (6) Expenses other than those under RCW 41.34.060(~~(+2)~~) (3) shall
5 be paid pursuant to subsection (1) of this section.

6 **Sec. 3.** RCW 44.44.040 and 1987 c 25 s 3 are each amended to read
7 as follows:

8 The office of the state actuary shall have the following powers
9 and duties:

10 (1) Perform all actuarial services for the department of
11 retirement systems, including all studies required by law.
12 (~~Reimbursement for such services shall be made to the state actuary~~
13 ~~pursuant to the provisions of RCW 39.34.130 as now or hereafter~~
14 ~~amended.~~)

15 (2) Advise the legislature and the governor regarding pension
16 benefit provisions, and funding policies and investment policies of the
17 state investment board.

18 (3) Consult with the legislature and the governor concerning
19 determination of actuarial assumptions used by the department of
20 retirement systems.

21 (4) Prepare a report, to be known as the actuarial fiscal note, on
22 each pension bill introduced in the legislature which briefly explains
23 the financial impact of the bill. The actuarial fiscal note shall
24 include: (a) The statutorily required contribution for the biennium
25 and the following twenty-five years; (b) the biennial cost of the
26 increased benefits if these exceed the required contribution; and (c)
27 any change in the present value of the unfunded accrued benefits. An
28 actuarial fiscal note shall also be prepared for all amendments which
29 are offered in committee or on the floor of the house of
30 representatives or the senate to any pension bill. However, a majority
31 of the members present may suspend the requirement for an actuarial
32 fiscal note for amendments offered on the floor of the house of
33 representatives or the senate.

34 (5) Provide such actuarial services to the legislature as may be
35 requested from time to time.

36 (6) Provide staff and assistance to the committee established
37 under RCW (~~46.44.050~~) 44.44.050 and the committee established under
38 section 1 of this act.

1 NEW SECTION. Sec. 4. A new section is added to chapter 41.04 RCW
2 to read as follows:

3 The select committee on pension policy has the following powers
4 and duties:

5 (1) Study pension issues, develop pension policies for public
6 employees in state retirement systems, and make recommendations to the
7 legislature; and

8 (2) Study the financial condition of the state pension systems,
9 develop funding policies, and make recommendations to the legislature.

10 **Sec. 5.** RCW 41.45.100 and 1998 c 283 s 2 are each amended to read
11 as follows:

12 (1) The pension funding council is hereby created. The council
13 consists of the:

14 (a) Director of the department of retirement systems;

15 (b) Director of the office of financial management;

16 (c) Chair and ranking minority member of the house of
17 representatives appropriations committee; and

18 (d) Chair and ranking minority member of the senate ways and means
19 committee.

20 The council may select officers as the members deem necessary.

21 (2) The pension funding council shall adopt changes to economic
22 assumptions and contribution rates by an affirmative vote of at least
23 four members.

24 (3) The council may appoint or remove the state actuary by a two-
25 thirds vote of the council.

26 NEW SECTION. Sec. 6. RCW 41.54.061 is decodified.

27 **Sec. 7.** RCW 44.44.030 and 2001 c 259 s 11 are each amended to
28 read as follows:

29 (1) Subject to RCW 44.04.260, the state actuary shall have the
30 authority to select and employ such research, technical, clerical
31 personnel, and consultants as the actuary deems necessary, whose
32 salaries shall be fixed by the actuary and approved by the ((~~joint~~
33 ~~committee on pension policy~~)) pension funding council, and who shall be
34 exempt from the provisions of the state civil service law, chapter
35 41.06 RCW.

1 (2) All actuarial valuations and experience studies performed by
2 the office of the state actuary shall be signed by a member of the
3 American academy of actuaries. If the state actuary is not such a
4 member, the state actuary, after approval by the ((committee)) council,
5 shall contract for a period not to exceed two years with a member of
6 the American academy of actuaries to assist in developing actuarial
7 valuations and experience studies."

8 Correct the title

EFFECT: Removes the legislative participation on the select committee, retains the Joint Committee on Pension Policy, and changes the select committee membership to four retirees, four actives, and four employers. Also retains the change to the Office of the State Actuary's funding language so that it matches historical budgeting practices.