

SENATE BILL REPORT

SB 6374

As Passed Senate, February 15, 2002

Title: An act relating to correcting errors and oversights in certain retirement system statutes.

Brief Description: Correcting errors and oversights in certain retirement system statutes.

Sponsors: Senators Jacobsen, Winsley, Regala, Carlson and Fraser; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity: Ways & Means: 1/31/02, 2/2/02 [DP].

Passed Senate: 2/15/02, 46-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fraser, Hewitt, Honeyford, Kohl-Welles, Long, Parlette, Poulsen, Rasmussen, Roach, Rossi, Sheahan, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Erin Hannan (786-7708)

Background: Erroneous References Relating to Certificated Teaching Employees. In the 2001 sessions, the Legislature passed ESSB 5937, which allowed Public Employees' Retirement System, Plan 1 (PERS 1) and Teachers' Retirement System, Plan 1 (TRS 1) employees to retire and return to work without actuarial reduction in benefits. Following the passage of ESSB 5937, several referential errors were discovered. These errors made replacement and post-retirement rehires exempt from provisions dealing with payroll deductions, collective bargaining, review requirements, and several other rights associated with regular certificated employees.

Reconciliation of Existing Statutes and Removing References to Restated LEOFF 1. In the 2001 sessions, duplicate statutes detailing the contribution rate setting process were enacted. Further, although the Legislature did not enact ESSB 6166, which would have terminated and restated the Law Enforcement Officers' and Fire Fighters' retirement system Plan 1 (LEOFF 1), many enacted bills of the 2001 legislative session assumed passage of ESSB 6166.

Correcting Erroneous References in SERS Statutes. Legislation to create a new School Employees' Retirement System, Plans 2 (SERS 2) and 3 (SERS 3) was enacted in 1998. The new retirement systems covered classified school employees, and was modeled after the Teachers' Retirement System, Plan 3 (TRS 3) statutes. In some cases, cross-references from TRS 3 statutes were mistakenly retained in SERS 3 statutes.

Inclusion of PERS 3 and TRS 3 in Statutes Relating to Benefit Division Orders. Legislation to create the SERS 3 and the Public Employees' Retirement System, Plan 3 (PERS 3) plans

was enacted in 1998 and 1999, respectively. However, neither bill specified the process by which retirement benefits might be divided in the event of a divorce.

For all other plans within the state retirement systems, if a member divorces, the court may incorporate into the divorce order the division of regular retirement benefits between the member and ex-spouse. Pre-assignment of this benefit through the dissolution order guarantees the ex-spouse a portion of the member's benefit until the member dies.

Resolving Conflicts Related to the Partial Veto of ESSB 5937. Legislation was enacted in the 2001 legislative session that provided retirees of Public Employees' Retirement System, Plan 1 (PERS 1) and TRS 1 to return to work for up to 1,500 hours per year without reduction of their pension benefits. As it passed the Legislature, the bill contained a partial expiration date which called for reenactment of the original statutes governing post-retirement employment for members of the affected state retirement systems. The portion of the bill containing the expiration date was vetoed by the Governor, creating a conflict between the original statute and the new provision created in the bill.

Summary of Bill: Erroneous References Relating to Certificated Teaching Employees. The exemption of certificated replacement and post-retirement workers is removed from rights associated with regular certificated employees, and exemptions are inserted of the same from continuing contract provisions.

Reconciling Existing Statutes and Removing References to Restated LEOFF 1. Changes are made relating to statutory reconciliation and statutes relating to LEOFF 1 as follows: (1) duplicate statutes dealing with the adoption of contribution rates are reconciled by reenacting the statute referring to the original LEOFF 1; (2) references to LEOFF 1 in the statute dealing with the amortization of unfunded liabilities are reinserted; and (3) statutory references to Restated LEOFF 1 are replaced by references to the original LEOFF 1.

Correcting Erroneous References in SERS Statutes. Mistaken cross-references to PERS and TRS in SERS statutes are corrected.

Inclusion of PERS 3 and TRS 3 in Statutes Relating to Benefit Division Orders. References to PERS 3 and TRS 3 are included in statutes relating to pre-retirement assignment of survivor benefits in divorce orders.

Resolving Conflicts Related to the Partial Veto of ESSB 5937. The original statute governing post-retirement employment for PERS 1 and TRS 1 is decodified.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: None.

Testified: No one.