
HOUSE BILL 2930

State of Washington 57th Legislature 2002 Regular Session

By Representatives Fromhold, Cox, Kessler, Sommers, Doumit, Ogden and Kenney

Read first time 02/07/2002. Referred to Committee on Appropriations.

1 AN ACT Relating to increasing member involvement in, knowledge of,
2 and financial security in the retirement systems; amending RCW
3 41.50.075; adding new sections to chapter 41.50 RCW; and creating a new
4 section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
7 articulate the responsibilities of the pension oversight board and to
8 further the study of issues in the state retirement systems. It is
9 also the intent of the legislature to improve upon the coordination of
10 and the reports from the department of retirement systems, the state
11 investment board, and the office of the state actuary to make them more
12 concise and user-friendly, to further the disclosure of the financial
13 and actuarial status of the systems, and to empower interested parties
14 in assessing accountability.

15 **Sec. 2.** RCW 41.50.075 and 2000 c 247 s 601 are each amended to
16 read as follows:

17 (1) Two funds are hereby created and established in the state
18 treasury to be known as the Washington law enforcement officers' and

1 fire fighters' system plan 1 retirement fund, and the Washington law
2 enforcement officers' and fire fighters' system plan 2 retirement fund
3 which shall consist of all moneys paid into them in accordance with the
4 provisions of this chapter and chapter 41.26 RCW, whether such moneys
5 take the form of cash, securities, or other assets. The plan 1 fund
6 shall consist of all moneys paid to finance the benefits provided to
7 members of the law enforcement officers' and fire fighters' retirement
8 system plan 1, and the plan 2 fund shall consist of all moneys paid to
9 finance the benefits provided to members of the law enforcement
10 officers' and fire fighters' retirement system plan 2.

11 (2) All of the assets of the Washington state teachers' retirement
12 system shall be credited according to the purposes for which they are
13 held, to two funds to be maintained in the state treasury, namely, the
14 teachers' retirement system plan 1 fund and the teachers' retirement
15 system combined plan 2 and 3 fund. The plan 1 fund shall consist of
16 all moneys paid to finance the benefits provided to members of the
17 Washington state teachers' retirement system plan 1, and the combined
18 plan 2 and 3 fund shall consist of all moneys paid to finance the
19 benefits provided to members of the Washington state teachers'
20 retirement system plan 2 and 3.

21 (3) There is hereby established in the state treasury two separate
22 funds, namely the public employees' retirement system plan 1 fund and
23 the public employees' retirement system combined plan 2 and plan 3
24 fund. The plan 1 fund shall consist of all moneys paid to finance the
25 benefits provided to members of the public employees' retirement system
26 plan 1, and the combined plan 2 and plan 3 fund shall consist of all
27 moneys paid to finance the benefits provided to members of the public
28 employees' retirement system plans 2 and 3.

29 (4) There is hereby established in the state treasury the school
30 employees' retirement system combined plan 2 and 3 fund. The combined
31 plan 2 and 3 fund shall consist of all moneys paid to finance the
32 benefits provided to members of the school employees' retirement system
33 plan 2 and plan 3.

34 (5) The legislature shall expend from the funds created in this
35 section only to satisfy the liabilities, if any, of each of the
36 respective systems.

37 NEW SECTION. Sec. 3. A new section is added to chapter 41.50 RCW
38 to read as follows:

1 (1)(a) The state pension oversight board is created and consists of
2 the following members:

3 (i) Four active members or representatives from organizations of
4 active members of the state retirement system appointed by the governor
5 for staggered three-year terms;

6 (ii) Four retired members or representatives of retired members'
7 organizations of the state retirement system appointed by the governor
8 for staggered three-year terms, with no two members from the same
9 system;

10 (iii) Five employer representatives appointed by the governor for
11 staggered three-year terms;

12 (iv) The director of the department, the director of financial
13 management, and the executive director of the state investment board;
14 and

15 (v) Four members of the legislature, with one member representing
16 each of the two largest caucuses in the senate and the house of
17 representatives, appointed by the president of the senate and the
18 speaker of the house of representatives. The legislators shall be
19 nonvoting members of the board.

20 (b) The board shall establish policies and procedures for its
21 internal management.

22 (2) The board shall provide open and balanced review of pension
23 policy issues and advise and recommend changes on pension policy
24 issues; contribution rates; long-term assumptions used in developing
25 those rates; and legislation to the legislature, the governor, the
26 pension funding council, and the joint committee on pension policy.

27 (3) The board shall from time to time make written recommendations
28 to the legislature concerning deficiencies, conflicts, or obsolete
29 provisions in, and need for reorganization or revision of, the statutes
30 governing pension policy, and shall prepare for submission to the
31 legislature, legislation for the correction or removal of those
32 deficiencies, conflicts, or obsolete provisions, or to otherwise
33 improve the form or substance of any portion of the statute law of this
34 state as the public interest or the administration of pension policy
35 may require.

36 (4) The board shall discharge its duties in the interest of the
37 public employers, participants, and beneficiaries.

38 (5) The department shall provide staff and actuarial services to
39 the board.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.50 RCW
2 to read as follows:

3 The department is to produce a summary level and consolidated
4 annual financial report with the focus of presenting information about
5 the status of the various retirement plans to active and retired
6 members, policy makers, and other interested parties. Information
7 included in the report is to be provided by the office of the state
8 actuary, the state investment board, and the department. The
9 department shall consult with the state investment board and the office
10 of the state actuary during the preparation of this report. The
11 department shall meet with the department's advisory board in order to
12 ensure the usability of the report. In addition, the department shall
13 give annual notice of report review and then accept and consider input
14 on the style and substance of the report from interested parties.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.50 RCW
16 to read as follows:

17 Beginning in 2003 and every four years thereafter, the department
18 shall convene a task force comprised of representatives of the
19 department, the office of the state actuary, the state investment
20 board, the office of financial management, the office of the state
21 auditor, and the advisory committee to the department. This task force
22 shall review all the major reports prepared by state agencies
23 concerning the state retirement systems and examine the best practices
24 from other states. The goals of the task force are to determine what
25 information needs to be reported and to seek ways to: Promote more
26 effective monitoring of the public retirement systems, streamline
27 reporting, become more efficient in the production and distribution of
28 the information, minimize redundancies and confusion, and maximize the
29 public's investment in these reports. The task force shall report by
30 the end of October in each year the task force is convened to the state
31 pension oversight board with their recommendations for changing and
32 consolidating these reports. Any changes in current state law that may
33 be required to accomplish these recommendations shall be noted.

34 NEW SECTION. **Sec. 6.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

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