
HOUSE BILL 3010

State of Washington

57th Legislature

2002 Regular Session

By Representatives Fromhold and McIntire

Read first time . Referred to Committee on .

1 AN ACT Relating to creating the select committee on pension policy;
2 amending RCW 41.40.037, 41.45.100, 41.54.061, 44.04.260, and 44.44.030;
3 reenacting and amending RCW 41.32.570; adding new sections to chapter
4 41.04 RCW; and repealing RCW 44.44.015, 44.44.050, and 44.44.060.

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

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

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

10 (a) Four members of the senate appointed by the president of the
11 senate, two of whom are members of the majority party and two of whom
12 are members of the minority party;

13 (b) Four members of the house of representatives appointed by the
14 speaker, two of whom are members of the majority party and two of whom
15 are members of the minority party;

16 (c) Four active members or representatives from organizations of
17 active members of the state retirement systems appointed by the
18 governor for staggered three-year terms;

1 (d) Two retired members or representatives of retired members'
2 organizations of the state retirement systems appointed by the governor
3 for staggered three-year terms, with no two members from the same
4 system; and

5 (e) Two employer representatives of members of the state retirement
6 systems appointed by the governor for staggered three-year terms.

7 Members of the committee shall be appointed before the close of the
8 2003 legislative session and before the close of each regular session
9 during an odd-numbered year thereafter.

10 (2)(a) The term of office of each member of the house of
11 representatives or senate serving on the committee runs from the close
12 of the session in which he or she is appointed until the close of the
13 next regular session held in an odd-numbered year. If a successor is
14 not appointed during a session, the member's term continues until the
15 member is reappointed or a successor is appointed. The term of office
16 for a committee member who is a member of the house of representatives
17 or the senate who does not continue as a member of the senate or house
18 of representatives ceases upon the convening of the next session of the
19 legislature during the odd-numbered year following the member's
20 appointment, or upon the member's resignation, whichever is earlier.
21 All vacancies of positions held by members of the legislature must be
22 filled from the same political party and from the same house as the
23 member whose seat was vacated.

24 (b) Following the terms of representatives appointed under
25 subsection (1)(d) of this section, successors shall be chosen to ensure
26 that each plan of each retirement system is represented on the
27 committee before any plan of any retirement system is represented
28 again.

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

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

32 (5) Nonlegislative members of the select committee serve without
33 compensation, but shall be reimbursed for travel expenses under RCW
34 43.03.050 and 43.03.060.

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

37 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.04 RCW
38 to read as follows:

1 The select committee on pension policy has the following powers and
2 duties:

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

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

8 (3) The state actuary shall conduct a benefit survey of selected
9 other state retirement systems and shall report results of the study to
10 the select committee on pension policy by December 2002.

11 **Sec. 3.** RCW 41.32.570 and 2001 2nd sp.s. c 10 s 3 and 2001 c 317
12 s 1 are each reenacted and amended to read as follows:

13 (1)(a) If a retiree enters employment with an employer sooner than
14 one calendar month after his or her accrual date, the retiree's monthly
15 retirement allowance will be reduced by five and one-half percent for
16 every seven hours worked during that month. This reduction will be
17 applied each month until the retiree remains absent from employment
18 with an employer for one full calendar month.

19 (b) The benefit reduction provided in (a) of this subsection will
20 accrue for a maximum of one hundred forty hours per month. Any monthly
21 benefit reduction over one hundred percent will be applied to the
22 benefit the retiree is eligible to receive in subsequent months.

23 (2) Any retired teacher or retired administrator who enters service
24 in any public educational institution in Washington state and who has
25 satisfied the break in employment requirement of subsection (1) of this
26 section shall cease to receive pension payments while engaged in such
27 service, after the retiree has rendered service for more than one
28 thousand five hundred hours in a school year. When a retired teacher
29 or administrator renders service beyond eight hundred sixty-seven
30 hours, the department shall collect from the employer the applicable
31 employer retirement contributions for the entire duration of the
32 member's employment during that fiscal year.

33 (3) The department shall collect and provide the state actuary with
34 information relevant to the use of this section for the ((joint))
35 select committee on pension policy.

36 (4) The legislature reserves the right to amend or repeal this
37 section in the future and no member or beneficiary has a contractual

1 right to be employed for more than five hundred twenty-five hours per
2 year without a reduction of his or her pension.

3 **Sec. 4.** RCW 41.40.037 and 2001 2nd sp.s. c 10 s 4 are each amended
4 to read as follows:

5 (1)(a) If a retiree enters employment with an employer sooner than
6 one calendar month after his or her accrual date, the retiree's monthly
7 retirement allowance will be reduced by five and one-half percent for
8 every eight hours worked during that month. This reduction will be
9 applied each month until the retiree remains absent from employment
10 with an employer for one full calendar month.

11 (b) The benefit reduction provided in (a) of this subsection will
12 accrue for a maximum of one hundred sixty hours per month. Any benefit
13 reduction over one hundred percent will be applied to the benefit the
14 retiree is eligible to receive in subsequent months.

15 (2)(a) A retiree from plan 1 who has satisfied the break in
16 employment requirement of subsection (1) of this section and who enters
17 employment with an employer may continue to receive pension payments
18 while engaged in such service for up to one thousand five hundred hours
19 of service in a calendar year without a reduction of pension. When a
20 plan 1 member renders service beyond eight hundred sixty-seven hours,
21 the department shall collect from the employer the applicable employer
22 retirement contributions for the entire duration of the member's
23 employment during that calendar year.

24 (b) A retiree from plan 2 or plan 3 who has satisfied the break in
25 employment requirement of subsection (1) of this section may work up to
26 eight hundred sixty-seven hours in a calendar year in an eligible
27 position, as defined in RCW 41.32.010, 41.35.010, or 41.40.010, or as
28 a fire fighter or law enforcement officer, as defined in RCW 41.26.030,
29 without suspension of his or her benefit.

30 (3) If the retiree opts to reestablish membership under RCW
31 41.40.023(12), he or she terminates his or her retirement status and
32 becomes a member. Retirement benefits shall not accrue during the
33 period of membership and the individual shall make contributions and
34 receive membership credit. Such a member shall have the right to again
35 retire if eligible in accordance with RCW 41.40.180. However, if the
36 right to retire is exercised to become effective before the member has
37 rendered two uninterrupted years of service, the retirement formula and

1 survivor options the member had at the time of the member's previous
2 retirement shall be reinstated.

3 (4) The department shall collect and provide the state actuary with
4 information relevant to the use of this section for the ((joint))
5 select committee on pension policy.

6 (5) The legislature reserves the right to amend or repeal this
7 section in the future and no member or beneficiary has a contractual
8 right to be employed for more than five months in a calendar year
9 without a reduction of his or her pension.

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 **Sec. 6.** RCW 41.54.061 and 1993 c 519 s 15 are each amended to read
27 as follows:

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

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

1 (2) This chapter shall become effective on January 1, 1994, for
2 each city which adopts a resolution pursuant to subsection (1) of this
3 section.

4 **Sec. 7.** RCW 44.04.260 and 2001 c 259 s 1 are each amended to read
5 as follows:

6 The joint legislative audit and review committee, the legislative
7 transportation committee, (~~the joint committee on pension policy,~~)
8 the legislative evaluation and accountability program committee, and
9 the joint legislative systems committee are subject to such operational
10 policies, procedures, and oversight as are deemed necessary by the
11 facilities and operations committee of the senate and the executive
12 rules committee of the house of representatives to ensure operational
13 adequacy of the agencies of the legislative branch. As used in this
14 section, "operational policies, procedures, and oversight" includes the
15 development process of biennial budgets, contracting procedures,
16 personnel policies, and compensation plans, selection of a chief
17 administrator, facilities, and expenditures. This section does not
18 grant oversight authority to the facilities and operations committee of
19 the senate over any standing committee of the house of representatives
20 or oversight authority to the executive rules committee of the house of
21 representatives over any standing committee of the senate.

22 **Sec. 8.** RCW 44.44.030 and 2001 c 259 s 11 are each amended to read
23 as follows:

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

31 (2) All actuarial valuations and experience studies performed by
32 the office of the state actuary shall be signed by a member of the
33 American academy of actuaries. If the state actuary is not such a
34 member, the state actuary, after approval by the (~~committee~~) council,
35 shall contract for a period not to exceed two years with a member of
36 the American academy of actuaries to assist in developing actuarial
37 valuations and experience studies.

1 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each
2 repealed:

3 (1) RCW 44.44.015 (Administration) and 2001 c 259 s 10;

4 (2) RCW 44.44.050 (Joint committee on pension policy--Membership,
5 terms, leadership) and 1987 c 25 s 4; and

6 (3) RCW 44.44.060 (Joint committee on pension policy--Powers and
7 duties) and 1987 c 25 s 5.

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