

SENATE BILL REPORT

SB 6006

As Reported by Senate Committee On:
Ways & Means, February 26, 2009

Title: An act relating to authorized expenditures from the OASI revolving fund and OASI contribution account.

Brief Description: Including costs as authorized expenditures from the OASI revolving fund and OASI contribution account.

Sponsors: Senators Regala and Zarelli; by request of Department of Retirement Systems.

Brief History:

Committee Activity: Ways & Means: 2/18/09, 2/26/09 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore, Regala, Rockefeller and Schoesler.

Staff: Erik Sund (786-7454)

Background: The Old Age and Survivor's Insurance (OASI) program is a joint federal-state offering that extends federal Social Security and Medicare benefits to state and local government employees. The state administers the program under an agreement with the federal government authorized by Section 218 of the Social Security Act (SSA). The SSA allows the states considerable flexibility in determining which state and local government retirement systems will participate in the various federal retirement benefit programs. Absent a specific agreement with the federal government, a state or local retirement system will not include federal retirement benefits and the employees without such benefits will not be assessed the pertinent federal payroll taxes. The provisions of the SSA allow a state to implement a referendum process to determine whether or not a state or local retirement benefits coverage group will participate in federal retirement benefits programs.

The authority to administer the OASI program may be delegated by the Governor to any state agency. OASI is currently managed by the Employment Security Department (ESD);

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however, the Governor has directed that the Department of Retirement Systems (DRS) take over administration of the program beginning July 1, 2009. The ESD pays for the administrative expenses of the program through the General Fund. Costs are recovered by collections from participating agencies and local government entities.

Summary of Bill: The administrative expenses of the OASI program are paid from the OASI Revolving Fund rather than the General Fund-Local. All such administrative costs must be recovered by contributions from participating employers and employees.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill will help set up the administrative framework to allow DRS to administer the OASI program.

Persons Testifying: PRO: Jeff Wickman, DRS.