

CERTIFICATION OF ENROLLMENT  
**SECOND SUBSTITUTE HOUSE BILL 1661**

66th Legislature  
2020 Regular Session

Passed by the House March 12, 2020  
Yeas 97 Nays 0

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**Speaker of the House of  
Representatives**

Passed by the Senate March 11, 2020  
Yeas 48 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1661** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SECOND SUBSTITUTE HOUSE BILL 1661**

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AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

**State of Washington**                      **66th Legislature**                      **2020 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Chandler and Ormsby)

READ FIRST TIME 02/04/20.

1            AN ACT Relating to the higher education retirement plans;  
2 amending RCW 28B.10.423, 41.45.050, 41.45.060, and 41.50.075;  
3 reenacting and amending RCW 43.84.092; adding a new section to  
4 chapter 41.50 RCW; creating a new section; and providing an effective  
5 date.

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

7            NEW SECTION.    **Sec. 1.** (1) The legislature finds that:

8            (a) Chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute  
9 House Bill No. 1981) established a framework to allow the state's  
10 institutions of higher education to begin funding the unfunded  
11 portion of the defined benefit component of the higher education  
12 retirement plans.

13            (b) Moneys in the fund are being invested in short-term assets  
14 with low rates of return because there is no stated or clear pathway  
15 for when these funds will be used to pay benefits and that a stated  
16 strategy would allow these funds to be invested at a higher rate of  
17 return.

18            (c) The first actuarial analysis of the plans was completed in  
19 2016, which provided information about projected future costs and  
20 potential institution specific rates that would allow benefits to be  
21 paid from the fund beginning in 2035.

1 (2) Therefore, the legislature intends the following:

2 (a) To establish institution specific contribution rates for each  
3 institutions of higher education supplemental benefit plan.

4 (b) The pension funding council will adjust the institution  
5 specific rates periodically based on updated experience and actuarial  
6 analyses to maintain progress towards funding the actuarial  
7 liabilities of each institution and to allow payment from the funds  
8 by 2035.

9 (c) Future contribution rates represent the cost of paying on a  
10 combined prefunded and pay-as-you-go basis in a way that reduces the  
11 year-to-year changes in cost that the higher education retirement  
12 plan supplemental benefit has under current law.

13 (d) The department of retirement systems assumes responsibility  
14 for administering the higher education retirement plan supplemental  
15 benefit fund when sufficient assets have been accumulated, as  
16 determined by the pension funding council.

17 (e) When sufficient funding has been accumulated to begin making  
18 benefit payments that the payments be made solely from that  
19 institution's portion of the higher education retirement plan  
20 supplemental benefit fund.

21 (f) That moneys in the fund be invested in a way to maximize  
22 returns.

23 **Sec. 2.** RCW 28B.10.423 and 2012 c 229 s 516 are each amended to  
24 read as follows:

25 (1) For employees who are first employed by an institution of  
26 higher education in a position eligible for participation in an old  
27 age annuities or retirement income plan under this chapter prior to  
28 July 1, 2011, it is the intent of RCW 28B.10.400, 28B.10.405,  
29 28B.10.410, 28B.10.415, and 28B.10.420(~~(7)~~) and (~~(28B.10.423)~~) this  
30 section that the retirement income resulting from the contributions  
31 described herein from the state of Washington and the employee shall  
32 be projected actuarially so that it shall not exceed sixty percent of  
33 the average of the highest two consecutive years salary. Periodic  
34 review of the retirement systems established pursuant to RCW  
35 28B.10.400, 28B.10.405, 28B.10.410, 28B.10.415, and 28B.10.420(~~(7)~~)  
36 and (~~(28B.10.423)~~) this section will be undertaken at such time and  
37 in such manner as determined by the committees on ways and means of  
38 the senate and of the house of representatives, the select committee  
39 on pension policy, and the pension funding council, and joint

1 contribution rates will be adjusted if necessary to accomplish this  
2 intent.

3 (2) Beginning July 1, 2011, state funding for annuity or  
4 retirement income plans under RCW 28B.10.400 shall not exceed six  
5 percent of salary. The state board for community and technical  
6 colleges and the student achievement council are exempt from the  
7 provisions of this subsection (2).

8 (3) By June 30, 2013, and every two years thereafter, each  
9 institution of higher education that is responsible for payment of  
10 supplemental amounts under RCW 28B.10.400(1)(c) shall contract with  
11 the state actuary under chapter 41.44 RCW for an actuarial valuation  
12 of their supplemental benefit plan. By June 30, 2013, and at least  
13 once every six years thereafter, each institution shall also contract  
14 with the state actuary under chapter 41.44 RCW for an actuarial  
15 experience study of the mortality, service, compensation, and other  
16 experience of the annuity or retirement income plans created in this  
17 chapter, and into the financial condition of each system. At the  
18 discretion of the state actuary, the valuation or experience study  
19 may be performed by the state actuary or by an outside actuarial firm  
20 under contract to the office of the state actuary. Each institution  
21 of higher education is required to provide the data and information  
22 required for the performance of the valuation or experience study to  
23 the office of the state actuary or to the actuary performing the  
24 study on behalf of the state actuary. The state actuary may charge  
25 each institution for the actual cost of the valuation or experience  
26 study through an interagency agreement. Upon completion of the  
27 valuation or experience study, the state actuary shall provide copies  
28 of the study to the institution of higher education and to the select  
29 committee on pension policy and the pension funding council.

30 (4) (a) ~~((A higher education retirement plan supplemental benefit~~  
31 ~~fund is created in the custody of the state treasurer for the purpose~~  
32 ~~of funding future benefit obligations of higher education retirement~~  
33 ~~plan supplemental benefits. The state investment board has the full~~  
34 ~~power to invest, reinvest, manage, contract, sell, or exchange~~  
35 ~~investment money in the fund.~~

36 ~~(b))~~ From January 1, 2012, through June 30, 2013, an employer  
37 contribution rate of one-quarter of one percent of salary is  
38 established to begin prefunding the unfunded future obligations of  
39 the supplemental benefit established in RCW 28B.10.400.

1       ~~((e))~~ (b) Beginning July 1, 2013, an employer contribution rate  
2 of one-half of one percent of salary is established to prefund the  
3 unfunded future obligations of the supplemental benefit established  
4 in RCW 28B.10.400.

5       ~~((d))~~ (c) (i) Beginning July 1, 2020, the employer contribution  
6 rates for each state institution of higher education are as follows:

7       University of Washington: 0.38 percent

8       Washington State University: 0.30 percent

9       Western Washington University: 0.21 percent

10       Eastern Washington University: 0.28 percent

11       Central Washington University: 0.28 percent

12       The Evergreen State College: 0.23 percent

13       State board for community and technical colleges: 0.13 percent

14       (ii) The contribution rates established in this section may be  
15 changed by rates adopted by the pension funding council beginning  
16 July 1, 2021, consistent with (e) of this subsection.

17       (iii) The rates in this subsection (4) are subject to the limit  
18 established in subsection (2) of this section.

19       (d) Consistent with chapter 41.50 RCW, the department of  
20 retirement systems shall collect the employer contribution rates  
21 established in this section from each state institution of higher  
22 education, and deposit those contributions into the higher education  
23 retirement plan supplemental benefit fund under RCW 41.50.075(6). The  
24 contributions made by each employer into the higher education  
25 retirement plan supplemental benefit fund and the earnings on those  
26 contributions shall be accounted for separately within the fund.

27       (e) Following the completion and review of the ~~((initial))~~  
28 actuarial valuations and experience study conducted pursuant to  
29 subsection (3) of this section, the pension funding council may~~((+~~

30       ~~((i) Adopt))~~, by July 31, 2020, and every two years thereafter,  
31 adopt and make changes to the employer contribution rates established  
32 in this subsection consistent with the procedures established in  
33 chapter 41.45 RCW. If the actuarial valuations of the higher  
34 education retirement plans of each institution contributing to the  
35 higher education retirement plan supplemental benefit fund suggest  
36 that different contribution rates are appropriate for each  
37 institution, different rates may be adopted. Rates adopted by the  
38 pension funding council are subject to revision by the legislature~~((+~~

39       ~~((ii) Recommend legislation that will, upon accumulation of~~  
40 ~~sufficient funding in the higher education retirement plan~~

1 ~~supplemental benefit fund, transfer the responsibility for making~~  
2 ~~supplemental benefit payments to the department of retirement~~  
3 ~~systems, and adjust employer contribution rates to reflect the~~  
4 ~~transfer of responsibility)).~~

5 (f) (i) The rates adopted by the pension funding council must be  
6 designed to keep the cost of the higher education retirement plan  
7 supplemental benefits at a more level percentage of pay than a pay-  
8 as-you-go method. This more level percentage of pay of costs means a  
9 combination of the cost of supplemental benefits paid by the  
10 institution directly, plus the cost of contributions to the higher  
11 education retirement plan supplemental benefit fund. Contributions  
12 shall continue until the projected value of the funds equals the  
13 projected cost of future benefits for the institution.

14 (ii) Funds are anticipated to be accumulated in the higher  
15 education retirement plan supplemental benefit fund, and not expended  
16 on benefits until approximately the year 2035.

17 (iii) The pension funding council, in consultation with the state  
18 actuary, may choose and occasionally revise, a funding method  
19 designed to achieve these objectives.

20 **Sec. 3.** RCW 41.45.050 and 2004 c 242 s 38 are each amended to  
21 read as follows:

22 (1) Employers of members of the public employees' retirement  
23 system, the teachers' retirement system, the school employees'  
24 retirement system, the public safety employees' retirement system,  
25 ~~((and))~~ the Washington state patrol retirement system, and the higher  
26 education retirement plans shall make contributions to those systems  
27 and plans based on the rates established in RCW 41.45.060 and  
28 41.45.070.

29 (2) The state shall make contributions to the law enforcement  
30 officers' and firefighters' retirement system plan 2 based on the  
31 rates established in RCW 41.45.060 and 41.45.070. The state treasurer  
32 shall transfer the required contributions each month on the basis of  
33 salary data provided by the department.

34 (3) The department shall bill employers, and the state shall make  
35 contributions to the law enforcement officers' and firefighters'  
36 retirement system plan 2, using the combined rates established in RCW  
37 41.45.060 and 41.45.070 regardless of the level of appropriation  
38 provided in the biennial budget. Any member of an affected retirement

1 system may, by mandamus or other appropriate proceeding, require the  
2 transfer and payment of funds as directed in this section.

3 (4) The contributions received for the public employees'  
4 retirement system shall be allocated between the public employees'  
5 retirement system plan 1 fund and the public employees' retirement  
6 system combined plan 2 and plan 3 fund as follows: The contributions  
7 necessary to fully fund the public employees' retirement system  
8 combined plan 2 and plan 3 employer contribution shall first be  
9 deposited in the public employees' retirement system combined plan 2  
10 and plan 3 fund. All remaining public employees' retirement system  
11 employer contributions shall be deposited in the public employees'  
12 retirement system plan 1 fund.

13 (5) The contributions received for the teachers' retirement  
14 system shall be allocated between the plan 1 fund and the combined  
15 plan 2 and plan 3 fund as follows: The contributions necessary to  
16 fully fund the combined plan 2 and plan 3 employer contribution shall  
17 first be deposited in the combined plan 2 and plan 3 fund. All  
18 remaining teachers' retirement system employer contributions shall be  
19 deposited in the plan 1 fund.

20 (6) The contributions received for the school employees'  
21 retirement system shall be allocated between the public employees'  
22 retirement system plan 1 fund and the school employees' retirement  
23 system combined plan 2 and plan 3 fund as follows: The contributions  
24 necessary to fully fund the combined plan 2 and plan 3 employer  
25 contribution shall first be deposited in the combined plan 2 and plan  
26 3 fund. All remaining school employees' retirement system employer  
27 contributions shall be deposited in the public employees' retirement  
28 system plan 1 fund.

29 (7) The contributions received for the law enforcement officers'  
30 and firefighters' retirement system plan 2 shall be deposited in the  
31 law enforcement officers' and firefighters' retirement system plan 2  
32 fund.

33 (8) The contributions received for the public safety employees'  
34 retirement system shall be allocated between the public employees'  
35 retirement system plan 1 fund and the public safety employees'  
36 retirement system plan 2 fund as follows: The contributions necessary  
37 to fully fund the plan 2 employer contribution shall first be  
38 deposited in the plan 2 fund. All remaining public safety employees'  
39 retirement system employer contributions shall be deposited in the  
40 public employees' retirement system plan 1 fund.

1       (9) The contributions received for the higher education  
2 retirement plan supplemental benefit fund shall be deposited in the  
3 higher education retirement plan supplemental benefit fund and  
4 amounts received from each institution accounted for separately and  
5 shall only be used to make benefit payments to the beneficiaries of  
6 that institution's plan.

7       **Sec. 4.** RCW 41.45.060 and 2009 c 561 s 3 are each amended to  
8 read as follows:

9       (1) The state actuary shall provide preliminary actuarial  
10 valuation results based on the economic assumptions and asset value  
11 smoothing technique included in RCW 41.45.035 or adopted under RCW  
12 41.45.030 or 41.45.035.

13       (2) Not later than July 31, 2008, and every two years thereafter,  
14 consistent with the economic assumptions and asset value smoothing  
15 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or  
16 41.45.035, the council shall adopt and may make changes to:

17       (a) A basic state contribution rate for the law enforcement  
18 officers' and firefighters' retirement system plan 1;

19       (b) Basic employer contribution rates for the public employees'  
20 retirement system, the teachers' retirement system, and the  
21 Washington state patrol retirement system; and

22       (c) Basic employer contribution rates for the school employees'  
23 retirement system and the public safety employees' retirement system  
24 for funding both those systems and the public employees' retirement  
25 system plan 1.

26       The council may adopt annual rate changes for any plan for any  
27 rate-setting period. The contribution rates adopted by the council  
28 shall be subject to revision by the legislature.

29       (3) The employer and state contribution rates adopted by the  
30 council shall be the level percentages of pay that are needed:

31       (a) To fully amortize the total costs of the law enforcement  
32 officers' and firefighters' retirement system plan 1 not later than  
33 June 30, 2024;

34       (b) To fully fund the public employees' retirement system plans 2  
35 and 3, the teachers' retirement system plans 2 and 3, the public  
36 safety employees' retirement system plan 2, and the school employees'  
37 retirement system plans 2 and 3 in accordance with RCW 41.45.061,  
38 41.45.067, and this section; and



1 (c) To fully fund the public employees' retirement system plan 1  
2 and the teachers' retirement system plan 1 in accordance with RCW  
3 41.45.070, 41.45.150, and this section.

4 (4) The aggregate actuarial cost method shall be used to  
5 calculate a combined plan 2 and 3 normal cost, a Washington state  
6 patrol retirement system normal cost, and a public safety employees'  
7 retirement system normal cost.

8 (5) A modified entry age normal cost method, as set forth in this  
9 chapter, shall be used to calculate employer contributions to the  
10 public employees' retirement system plan 1 and the teachers'  
11 retirement system plan 1.

12 (6) The employer contribution rate for the public employees'  
13 retirement system and the school employees' retirement system shall  
14 equal the sum of:

15 (a) The amount required to pay the combined plan 2 and plan 3  
16 normal cost for the system, subject to any minimum rates applied  
17 pursuant to RCW 41.45.155; plus

18 (b) The amount required to amortize the unfunded actuarial  
19 accrued liability in plan 1 of the public employees' retirement  
20 system over a rolling ten-year period using projected future salary  
21 growth and growth in system membership, and subject to any minimum or  
22 maximum rates applied pursuant to RCW 41.45.150; plus

23 (c) The amounts required to amortize the costs of any benefit  
24 improvements in plan 1 of the public employees' retirement system  
25 that become effective after June 30, 2009. The cost of each benefit  
26 improvement shall be amortized over a fixed ten-year period using  
27 projected future salary growth and growth in system membership. The  
28 amounts required under this subsection are not subject to, and are  
29 collected in addition to, any minimum or maximum rates applied  
30 pursuant to RCW 41.45.150.

31 (7) The employer contribution rate for the public safety  
32 employees' retirement system shall equal the sum of:

33 (a) The amount required to pay the normal cost for the system,  
34 subject to any minimum rates applied pursuant to RCW 41.45.155; plus

35 (b) The amount required to amortize the unfunded actuarial  
36 accrued liability in plan 1 of the public employees' retirement  
37 system over a rolling ten-year period using projected future salary  
38 growth and growth in system membership, and subject to any minimum or  
39 maximum rates applied pursuant to RCW 41.45.150; plus

1 (c) The amounts required to amortize the costs of any benefit  
2 improvements in plan 1 of the public employees' retirement system  
3 that become effective after June 30, 2009. The cost of each benefit  
4 improvement shall be amortized over a fixed ten-year period using  
5 projected future salary growth and growth in system membership. The  
6 amounts required under this subsection are not subject to, and are  
7 collected in addition to, any minimum or maximum rates applied  
8 pursuant to RCW 41.45.150.

9 (8) The employer contribution rate for the teachers' retirement  
10 system shall equal the sum of:

11 (a) The amount required to pay the combined plan 2 and plan 3  
12 normal cost for the system, subject to any minimum rates applied  
13 pursuant to RCW 41.45.155; plus

14 (b) The amount required to amortize the unfunded actuarial  
15 accrued liability in plan 1 of the teachers' retirement system over a  
16 rolling ten-year period using projected future salary growth and  
17 growth in system membership, and subject to any minimum or maximum  
18 rates applied pursuant to RCW 41.45.150; plus

19 (c) The amounts required to amortize the costs of any benefit  
20 improvements in plan 1 of the teachers' retirement system that become  
21 effective after June 30, 2009. The cost of each benefit improvement  
22 shall be amortized over a fixed ten-year period using projected  
23 future salary growth and growth in system membership. The amounts  
24 required under this subsection are not subject to, and are collected  
25 in addition to, any minimum or maximum rates applied pursuant to RCW  
26 41.45.150.

27 (9) The employer contribution rate for each of the institutions  
28 of higher education for the higher education supplemental retirement  
29 benefits must be sufficient to fund, as a level percentage of pay, a  
30 portion of the projected cost of the supplemental retirement benefits  
31 for the institution beginning in 2035, with the other portion  
32 supported on a pay-as-you-go basis, either as direct payments by each  
33 institution to retirees, or as contributions to the higher education  
34 retirement plan supplemental benefit fund. Contributions must  
35 continue until the council determines that the institution for higher  
36 education supplemental retirement benefit liabilities are satisfied.

37 (10) The council shall immediately notify the directors of the  
38 office of financial management and department of retirement systems  
39 of the state and employer contribution rates adopted. The rates shall

1 be effective for the ensuing biennial period, subject to any  
2 legislative modifications.

3 ~~((10))~~ (11) The director shall collect those rates adopted by  
4 the council. The rates established in RCW 41.45.062, or by the  
5 council, shall be subject to revision by the legislature.

6 ~~((11))~~ (12) The state actuary shall prepare final actuarial  
7 valuation results based on the economic assumptions, asset value  
8 smoothing technique, and contribution rates included in or adopted  
9 under RCW 41.45.030, 41.45.035, and this section.

10 **Sec. 5.** RCW 41.50.075 and 2004 c 242 s 44 are each amended to  
11 read as follows:

12 (1) Two funds are hereby created and established in the state  
13 treasury to be known as the Washington law enforcement officers' and  
14 firefighters' system plan 1 retirement fund, and the Washington law  
15 enforcement officers' and firefighters' system plan 2 retirement fund  
16 which shall consist of all moneys paid into them in accordance with  
17 the provisions of this chapter and chapter 41.26 RCW, whether such  
18 moneys take the form of cash, securities, or other assets. The plan 1  
19 fund shall consist of all moneys paid to finance the benefits  
20 provided to members of the law enforcement officers' and  
21 firefighters' retirement system plan 1, and the plan 2 fund shall  
22 consist of all moneys paid to finance the benefits provided to  
23 members of the law enforcement officers' and firefighters' retirement  
24 system plan 2.

25 (2) All of the assets of the Washington state teachers'  
26 retirement system shall be credited according to the purposes for  
27 which they are held, to two funds to be maintained in the state  
28 treasury, namely, the teachers' retirement system plan 1 fund and the  
29 teachers' retirement system combined plan 2 and 3 fund. The plan 1  
30 fund shall consist of all moneys paid to finance the benefits  
31 provided to members of the Washington state teachers' retirement  
32 system plan 1, and the combined plan 2 and 3 fund shall consist of  
33 all moneys paid to finance the benefits provided to members of the  
34 Washington state teachers' retirement system plan 2 and 3.

35 (3) There is hereby established in the state treasury two  
36 separate funds, namely the public employees' retirement system plan 1  
37 fund and the public employees' retirement system combined plan 2 and  
38 plan 3 fund. The plan 1 fund shall consist of all moneys paid to  
39 finance the benefits provided to members of the public employees'

1 retirement system plan 1, and the combined plan 2 and plan 3 fund  
2 shall consist of all moneys paid to finance the benefits provided to  
3 members of the public employees' retirement system plans 2 and 3.

4 (4) There is hereby established in the state treasury the school  
5 employees' retirement system combined plan 2 and 3 fund. The combined  
6 plan 2 and 3 fund shall consist of all moneys paid to finance the  
7 benefits provided to members of the school employees' retirement  
8 system plan 2 and plan 3.

9 (5) There is hereby established in the state treasury the public  
10 safety employees' retirement system plan 2 fund. The plan 2 fund  
11 shall consist of all moneys paid to finance the benefits provided to  
12 members of the public safety employees' retirement system plan 2.

13 (6) (a) (i) There is hereby established in the state treasury the  
14 higher education retirement plan supplemental benefit fund. The  
15 higher education retirement plan supplemental benefit fund shall  
16 consist of all moneys paid to finance the benefits provided to  
17 members of each of the higher education retirement plans.

18 (ii) The fund in this subsection (6) was originally created under  
19 chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute House  
20 Bill No. 1981).

21 (b) The office of financial management must create individual  
22 accounts for each institution of higher education within the higher  
23 education retirement plan supplemental benefit fund. For fiscal year  
24 2021, the office of financial management must transfer all the assets  
25 of the higher education retirement plan supplemental benefit fund  
26 into the individual accounts for each institution that will be used  
27 to manage the accounting for each benefit plan. The higher education  
28 retirement plan supplemental benefit fund will include all the  
29 amounts in the individual accounts created in this subsection.

30 NEW SECTION. Sec. 6. A new section is added to chapter 41.50  
31 RCW to read as follows:

32 (1) On July 1st of the fiscal year following a determination by  
33 the pension funding council that a higher education institution has  
34 sufficiently funded the liabilities of that institution through  
35 contributions to the higher education retirement plan supplemental  
36 benefit fund, the department shall assume responsibility for making  
37 benefit payments to higher education retirement plan supplemental  
38 beneficiaries for that institution from the portion of the higher

1 education retirement plan supplemental benefit fund attributed to the  
2 individual institution.

3 (2) Immediately following the determination by the pension  
4 funding council under RCW 41.45.060(9) that an institution  
5 participating in the higher education retirement plan supplemental  
6 benefits has sufficiently funded the benefits of the plan that higher  
7 education institution:

8 (a) Must provide any data and assistance requested by the  
9 department to facilitate the transition of responsibility for making  
10 benefit payments to higher education retirement plan members eligible  
11 for supplemental benefit payments; and

12 (b) Is governed by the provisions of RCW 41.50.110.

13 (3) On the date that the department assumes responsibility for  
14 benefit payments under subsection (1) of this section, the department  
15 shall assess contributions to the department of retirement systems'  
16 expense fund under RCW 41.50.110(3) for active participants in the  
17 higher education retirement plan. Contributions to the expense fund  
18 for higher education retirement plan members must end when there are  
19 no longer retirees or beneficiaries from an institution receiving  
20 payments administered by the department.

21 (4)(a) Upon the department's assumption of responsibility for  
22 making benefit payments from an institution's higher education  
23 retirement plan, the institution shall submit to the department the  
24 benefit level for current higher education retirement plan  
25 supplemental beneficiaries, and each month following the department's  
26 assumption of responsibility for making benefit payments to an  
27 institution's higher education retirement plan supplemental  
28 beneficiaries, the institution shall submit to the department  
29 information on any new retirees covered by the higher education  
30 retirement plan supplemental benefit. The submission shall include  
31 all data relevant to the calculation of a supplemental benefit for  
32 each retiree, and the benefit that the institution determines the  
33 individual qualifies to receive. No later than January 1st, following  
34 the funding determination in RCW 41.45.060(9) that begins the  
35 transition of responsibility for benefit payments to the department,  
36 the department shall provide the institution with a notice of what  
37 data will be required to determine higher education retirement plan  
38 supplemental benefit determinations for future retirees.

39 (b) The department shall review the information provided by the  
40 institution for each retiring higher education retirement plan member

1 eligible for the supplemental benefit and determine the supplemental  
2 benefit amount the member is eligible to receive, if any.

3 (c) In the event that the department is not provided with all  
4 data required by the notice in (a) of this subsection, the  
5 institution of higher education will remain responsible for payment  
6 of higher education retirement plan supplemental benefits to that  
7 member. In addition, the collection of overpayments and error  
8 correction provisions of this chapter apply in the event that the  
9 department makes supplemental benefit payments based on incomplete or  
10 inaccurate data provided by an institution.

11 **Sec. 7.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019  
12 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and  
13 amended to read as follows:

14 (1) All earnings of investments of surplus balances in the state  
15 treasury shall be deposited to the treasury income account, which  
16 account is hereby established in the state treasury.

17 (2) The treasury income account shall be utilized to pay or  
18 receive funds associated with federal programs as required by the  
19 federal cash management improvement act of 1990. The treasury income  
20 account is subject in all respects to chapter 43.88 RCW, but no  
21 appropriation is required for refunds or allocations of interest  
22 earnings required by the cash management improvement act. Refunds of  
23 interest to the federal treasury required under the cash management  
24 improvement act fall under RCW 43.88.180 and shall not require  
25 appropriation. The office of financial management shall determine the  
26 amounts due to or from the federal government pursuant to the cash  
27 management improvement act. The office of financial management may  
28 direct transfers of funds between accounts as deemed necessary to  
29 implement the provisions of the cash management improvement act, and  
30 this subsection. Refunds or allocations shall occur prior to the  
31 distributions of earnings set forth in subsection (4) of this  
32 section.

33 (3) Except for the provisions of RCW 43.84.160, the treasury  
34 income account may be utilized for the payment of purchased banking  
35 services on behalf of treasury funds including, but not limited to,  
36 depository, safekeeping, and disbursement functions for the state  
37 treasury and affected state agencies. The treasury income account is  
38 subject in all respects to chapter 43.88 RCW, but no appropriation is  
39 required for payments to financial institutions. Payments shall occur

1 prior to distribution of earnings set forth in subsection (4) of this  
2 section.

3 (4) Monthly, the state treasurer shall distribute the earnings  
4 credited to the treasury income account. The state treasurer shall  
5 credit the general fund with all the earnings credited to the  
6 treasury income account except:

7 (a) The following accounts and funds shall receive their  
8 proportionate share of earnings based upon each account's and fund's  
9 average daily balance for the period: The abandoned recreational  
10 vehicle disposal account, the aeronautics account, the aircraft  
11 search and rescue account, the Alaskan Way viaduct replacement  
12 project account, the brownfield redevelopment trust fund account, the  
13 budget stabilization account, the capital vessel replacement account,  
14 the capitol building construction account, the Cedar River channel  
15 construction and operation account, the Central Washington University  
16 capital projects account, the charitable, educational, penal and  
17 reformatory institutions account, the Chehalis basin account, the  
18 cleanup settlement account, the Columbia river basin water supply  
19 development account, the Columbia river basin taxable bond water  
20 supply development account, the Columbia river basin water supply  
21 revenue recovery account, the common school construction fund, the  
22 community forest trust account, the connecting Washington account,  
23 the county arterial preservation account, the county criminal justice  
24 assistance account, the deferred compensation administrative account,  
25 the deferred compensation principal account, the department of  
26 licensing services account, the department of licensing tuition  
27 recovery trust fund, the department of retirement systems expense  
28 account, the developmental disabilities community trust account, the  
29 diesel idle reduction account, the drinking water assistance account,  
30 the drinking water assistance administrative account, the early  
31 learning facilities development account, the early learning  
32 facilities revolving account, the Eastern Washington University  
33 capital projects account, the education construction fund, the  
34 education legacy trust account, the election account, the electric  
35 vehicle account, the energy freedom account, the energy recovery act  
36 account, the essential rail assistance account, The Evergreen State  
37 College capital projects account, the federal forest revolving  
38 account, the ferry bond retirement fund, the freight mobility  
39 investment account, the freight mobility multimodal account, the  
40 grade crossing protective fund, the public health services account,

1 the state higher education construction account, the higher education  
2 construction account, the higher education retirement plan  
3 supplemental benefit fund, the highway bond retirement fund, the  
4 highway infrastructure account, the highway safety fund, the hospital  
5 safety net assessment fund, the industrial insurance premium refund  
6 account, the Interstate 405 and state route number 167 express toll  
7 lanes account, the judges' retirement account, the judicial  
8 retirement administrative account, the judicial retirement principal  
9 account, the local leasehold excise tax account, the local real  
10 estate excise tax account, the local sales and use tax account, the  
11 marine resources stewardship trust account, the medical aid account,  
12 the mobile home park relocation fund, the money-purchase retirement  
13 savings administrative account, the money-purchase retirement savings  
14 principal account, the motor vehicle fund, the motorcycle safety  
15 education account, the multimodal transportation account, the  
16 multiuse roadway safety account, the municipal criminal justice  
17 assistance account, the natural resources deposit account, the oyster  
18 reserve land account, the pension funding stabilization account, the  
19 perpetual surveillance and maintenance account, the pollution  
20 liability insurance agency underground storage tank revolving  
21 account, the public employees' retirement system plan 1 account, the  
22 public employees' retirement system combined plan 2 and plan 3  
23 account, the public facilities construction loan revolving account  
24 beginning July 1, 2004, the public health supplemental account, the  
25 public works assistance account, the Puget Sound capital construction  
26 account, the Puget Sound ferry operations account, the Puget Sound  
27 Gateway facility account, the Puget Sound taxpayer accountability  
28 account, the real estate appraiser commission account, the  
29 recreational vehicle account, the regional mobility grant program  
30 account, the resource management cost account, the rural arterial  
31 trust account, the rural mobility grant program account, the rural  
32 Washington loan fund, the sexual assault prevention and response  
33 account, the site closure account, the skilled nursing facility  
34 safety net trust fund, the small city pavement and sidewalk account,  
35 the special category C account, the special wildlife account, the  
36 state employees' insurance account, the state employees' insurance  
37 reserve account, the state investment board expense account, the  
38 state investment board commingled trust fund accounts, the state  
39 patrol highway account, the state route number 520 civil penalties  
40 account, the state route number 520 corridor account, the state



1 wildlife account, the statewide broadband account, the statewide  
2 tourism marketing account, the student achievement council tuition  
3 recovery trust fund, the supplemental pension account, the Tacoma  
4 Narrows toll bridge account, the teachers' retirement system plan 1  
5 account, the teachers' retirement system combined plan 2 and plan 3  
6 account, the tobacco prevention and control account, the tobacco  
7 settlement account, the toll facility bond retirement account, the  
8 transportation 2003 account (nickel account), the transportation  
9 equipment fund, the transportation future funding program account,  
10 the transportation improvement account, the transportation  
11 improvement board bond retirement account, the transportation  
12 infrastructure account, the transportation partnership account, the  
13 traumatic brain injury account, the tuition recovery trust fund, the  
14 University of Washington bond retirement fund, the University of  
15 Washington building account, the voluntary cleanup account, the  
16 volunteer firefighters' and reserve officers' relief and pension  
17 principal fund, the volunteer firefighters' and reserve officers'  
18 administrative fund, the vulnerable roadway user education account,  
19 the Washington judicial retirement system account, the Washington law  
20 enforcement officers' and firefighters' system plan 1 retirement  
21 account, the Washington law enforcement officers' and firefighters'  
22 system plan 2 retirement account, the Washington public safety  
23 employees' plan 2 retirement account, the Washington school  
24 employees' retirement system combined plan 2 and 3 account, the  
25 Washington state health insurance pool account, the Washington state  
26 patrol retirement account, the Washington State University building  
27 account, the Washington State University bond retirement fund, the  
28 water pollution control revolving administration account, the water  
29 pollution control revolving fund, the Western Washington University  
30 capital projects account, the Yakima integrated plan implementation  
31 account, the Yakima integrated plan implementation revenue recovery  
32 account, and the Yakima integrated plan implementation taxable bond  
33 account. Earnings derived from investing balances of the agricultural  
34 permanent fund, the normal school permanent fund, the permanent  
35 common school fund, the scientific permanent fund, the state  
36 university permanent fund, and the state reclamation revolving  
37 account shall be allocated to their respective beneficiary accounts.

38 (b) Any state agency that has independent authority over accounts  
39 or funds not statutorily required to be held in the state treasury  
40 that deposits funds into a fund or account in the state treasury

1 pursuant to an agreement with the office of the state treasurer shall  
2 receive its proportionate share of earnings based upon each account's  
3 or fund's average daily balance for the period.

4 (5) In conformance with Article II, section 37 of the state  
5 Constitution, no treasury accounts or funds shall be allocated  
6 earnings without the specific affirmative directive of this section.

7 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2020.

--- END ---