

SENATE BILL REPORT

ESHB 1431

As Reported By Senate Committee On:
Ways & Means, April 3, 1995

Title: An act relating to department of retirement system expenses.

Brief Description: Paying for department of retirement system expenses.

Sponsors: House Committee on Appropriations (originally sponsored by Representative Silver; by request of Department of Retirement Systems).

Brief History:

Committee Activity: Ways & Means: 3/23/95, 4/3/95 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Gaspard, Hargrove, Hochstatter, Johnson, Long, Pelz, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Denise Graham (786-7715)

Background: The Department of Retirement Systems (DRS) is responsible for the general administration of various public retirement systems. DRS administrative costs are paid from the retirement systems expense account.

Before 1993, DRS did not have a systematic program for detecting fraud or recovering overpayments. DRS staff attempted to detect fraud and overpayment as staff time permitted.

Language included in the 1993-95 appropriations act permitted DRS to use interest earnings from the pension funds to pay costs incurred in investigating fraud and recovering overpayments without an appropriation during the 1993-95 biennium. Based on this authorization, DRS created an investigator position to investigate fraud and recover overpayments.

Summary of Amended Bill: The June 30, 1995, termination date for use of interest earnings from pension funds to pay for investigation of fraud and collection of overpayments is deleted. DRS may continue to use interest earnings from the pension funds to pay for these services. These expenses are nonappropriated and nonbudgeted. Recovered funds must be returned to the appropriate trust funds.

Amended Bill Compared to Substitute Bill: The substitute bill did not specify that recovered funds are to be returned to the trust funds.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: It is a good idea to make this permanent. Otherwise, the resources will not be available to keep up with fraud.

Testimony Against: None.

Testified: Representative Jean Silver, prime sponsor; Sheryl Wilson, Department of Retirement Systems (pro); Devon Smith, WA Federation of State Employees (pro).