

# SENATE BILL REPORT

## SHB 3010

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As of March 13, 2002

**Title:** An act relating to creating the select committee on pension policy.

**Brief Description:** Creating the select committee on pension policy.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Fromhold, McIntire, Conway, Cooper, Hunt and Sullivan).

**Brief History:**

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**Staff:** Erin Hannan (786-7708)

**Background:** Prior to 1976 the major state retirement systems were under the oversight of boards of trustees that had such functions as the investment of the retirement funds, hiring the executive director, contracting for actuarial services, and proposing legislation to improve benefits for members and retirees.

In 1976 following a period of rapid increases in pension benefits and costs, the Legislature created the Department of Retirement Systems (DRS), with a director appointed by the Governor, to assume most of the oversight duties of the various retirement boards. The Office of the State Actuary (OSA) was also created in 1976 to provide all retirement system actuarial services for both DRS and the Legislature, including the studies used for setting contribution rates and determining the cost of proposed legislation. The OSA was established as an office in the legislative branch.

In 1981 the State Investment Board (SIB) was created to manage the investment of the assets of the state retirement systems. The SIB has nine voting members and four non-voting members who are investment professionals.

In 1987 the Joint Committee on Pension Policy (JCPP) was created to study pension benefit and funding policies and issues, and to appoint or remove the state actuary by a two-thirds vote. The JCPP consists of eight members of the Senate and eight members of the House of Representatives, split evenly between the two largest caucuses of each body. The OSA provides staffing to the JCPP.

In 1995 the Employee Retirement Benefits Board (ERBB) was created. The ERBB oversees certain aspects of the Teachers' Retirement System Plan 3, Public Employees' Retirement System Plan 3, the School Employees' Retirement System Plan 3 and the state's deferred compensation program.

In 1998 the Pension Funding Council (PFC) was created to adopt the long-term economic assumptions and employer contribution rates for most of the state's retirement systems. The

membership of the PFC consists of the chair and ranking minority members of the Senate Ways and Means Committee and the House Appropriations Committee, and the directors of the Office of Financial Management (OFM) and DRS.

**Summary of Bill:** The Select Committee on Pension Policy is created, consisting of the following: Eight members of the Legislature (four from each house and equally representative of both caucuses); four active members or representatives from organizations of active members of the state retirement systems; two rotating positions for retired members or representatives from organizations of retired members of the state retirement systems; and two employer representatives of members of the state retirement systems.

Legislative members of the select committee are appointed by the President of the Senate for members of the Senate, and the Speaker of the House of Representatives for members of the House. All other members are appointed by the Governor. Legislative members of the committee are members of the House Appropriations Committee for those members of the House of Representatives, and members of the Senate Ways and Means Committee for those members of the Senate.

The JCPP is repealed, and its responsibilities are transferred to the Select Committee on Pension Policy. These responsibilities are studying pension issues for all state pension systems and recommending legislation to the Legislature.

The PFC may appoint or remove the State Actuary. The OSA provides staff and technical support to the select committee. Members of the select committee are compensated for travel and mileage expenses by the OFM. Funding language for the State Actuary is altered so that it is consistent with current budgeting practice.

**Appropriation:** None.

**Fiscal Note:** Available.

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