**5294-S.E AMH APP H1734.1 - NOT FOR FLOOR USE**

**ESSB 5294** - H COMM AMD

By Committee on Appropriations

**ADOPTED 04/05/2023**

Strike everything after the enacting clause and insert the following:

"**Sec.**  RCW 41.45.150 and 2011 c 362 s 8 are each amended to read as follows:

(1) ((~~Beginning July 1, 2009, and ending June 30, 2015, maximum annual contribution rates are established for the portion of the employer contribution rate for the public employees' retirement system and the public safety employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. The maximum rates are:~~

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ~~Fiscal Year ending:~~ | | | | | |
| ~~2010~~ | ~~2011~~ | ~~2012~~ | ~~2013~~ | ~~2014~~ | ~~2015~~ |
| ~~1.25%~~ | ~~1.25%~~ | ~~3.75%~~ | ~~4.50%~~ | ~~5.25%~~ | ~~6.00%~~ |

~~(2) Beginning September 1, 2009, and ending August 31, 2015, maximum annual contribution rates are established for the portion of the employer contribution rate for the school employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. The maximum rates are:~~

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ~~Fiscal Year ending:~~ | | | | | |
| ~~2010~~ | ~~2011~~ | ~~2012~~ | ~~2013~~ | ~~2014~~ | ~~2015~~ |
| ~~1.25%~~ | ~~1.25%~~ | ~~3.75%~~ | ~~4.50%~~ | ~~5.25%~~ | ~~6.00%~~ |

~~(3) Beginning September 1, 2009, and ending August 31, 2015, maximum annual contribution rates are established for the portion of the employer contribution rate for the teachers' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. The maximum rates are:~~

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ~~Fiscal Year ending:~~ | | | | | |
| ~~2010~~ | ~~2011~~ | ~~2012~~ | ~~2013~~ | ~~2014~~ | ~~2015~~ |
| ~~2.04%~~ | ~~2.04%~~ | ~~6.50%~~ | ~~7.50%~~ | ~~8.50%~~ | ~~9.50%~~ |

~~(4)~~)) Beginning July 1, 2015, and ending June 30, 2023, a minimum 3.50 percent contribution is established as part of the basic employer contribution rate for the public employees' retirement system and the public safety employees' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. ((~~This minimum contribution rate shall remain effective until the actuarial value of assets in plan 1 of the public employees' retirement system equals one hundred percent of the actuarial accrued liability.~~

~~(5)~~)) (2) Beginning September 1, 2015, and ending August 31, 2023 a minimum 3.50 percent contribution is established as part of the basic employer contribution rate for the school employees' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. ((~~This minimum contribution rate shall remain effective until the actuarial value of assets in plan 1 of the public employees' retirement system equals one hundred percent of the actuarial accrued liability.~~

~~(6)~~)) (3) Beginning September 1, 2015, and ending August 31, 2023, a minimum 5.75 percent contribution is established as part of the basic employer contribution rate for the teachers' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. ((~~This minimum contribution rate shall remain effective until the actuarial value of assets in plan 1 of the teachers' retirement system equals one hundred percent of the actuarial accrued liability.~~

~~(7)~~)) (4)(a) Beginning July 1, 2023, and ending June 30, 2027, the following employer contribution rates shall be in effect for the public employees' retirement system and the public safety employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fiscal Year ending: | | | | |
| 2024 | 2025 | 2026 | 2027 | 2028 |
| 2.50% | 2.00% | 1.50% | 1.00% | 0.50% |

(b) Beginning July 1, 2028, a minimum 0.25 percent contribution is established as part of the basic employer contribution rate for the public employees' retirement system and the public safety employees' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the public employees' retirement system is less than 100 percent of the actuarial accrued liability.

(5)(a) Beginning September 1, 2023, and ending August 31, 2027, the following employer contribution rates shall be in effect for the school employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fiscal Year ending: | | | | |
| 2024 | 2025 | 2026 | 2027 | 2028 |
| 2.50% | 2.00% | 1.50% | 1.00% | 0.50% |

(b) Beginning September 1, 2028, a minimum 0.25 percent contribution is established as part of the basic employer contribution rate for the school employees' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the public employees' retirement system is less than 100 percent of the actuarial accrued liability.

(6)(a) Beginning September 1, 2023, and ending August 31, 2027, the following employer contribution rates shall be in effect for the teachers' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

|  |  |  |  |
| --- | --- | --- | --- |
| Fiscal Year ending: | | | |
| 2024 | 2025 | 2026 | 2027 |
| 1.00% | 0.50% | 0.00% | 0.00% |

(b) Beginning September 1, 2027, a minimum 0.25 percent contribution is established as part of the basic employer contribution rate for the teachers' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the teachers' retirement system is less than 100 percent of the actuarial accrued liability.

(7) Upon completion of each biennial actuarial valuation, the state actuary shall review the appropriateness of the minimum contribution rates and recommend to the council any adjustments as may be needed due to material changes in benefits or actuarial assumptions, methods, or experience. Any changes adopted by the council shall be subject to revision by the legislature.

**Sec.**  2021 c 334 s 747 (uncodified) is amended to read as follows:

**FOR THE STATE TREASURER—TEACHERS' RETIREMENT SYSTEM PLAN 1 FUND**

General Fund—State Appropriation (FY 2023) ((~~$800,000,000~~))

$250,000,000

TOTAL APPROPRIATION ((~~$800,000,000~~))

$250,000,000

The appropriation in this section is subject to the following conditions and limitations: The entire general fund—state appropriation is provided solely for expenditure on June 30, 2023, into the teachers' retirement system plan 1 fund, to be applied to the unfunded actuarial accrued liability.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect June 30, 2023."

Correct the title.

EFFECT: Changes the contribution rates in effect for the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) Plans 1 UAAL rates in effect from Fiscal Year 2024 until Fiscal Year 2028 in the following amounts, with changes emphasized in bold:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | PERS Plan 1 UAAL Rate | | TRS Plan 1 UAAL Rate | |
|  | ESSB 5294 | Amendment | ESSB 5294 | Amendment |
| FY 2024 | 2.50 | 2.50 | 0.50 | **1.00** |
| FY 2025 | 2.00 | 2.00 | 0.50 | **0.50** |
| FY 2026 | 1.50 | 1.50 | 0.00 | 0.00 |
| FY 2027 | 0.50 | **1.00** | 0.00 | 0.00 |
| FY 2028 | 0.00 | **0.50** | 0.00 | 0.00 |

Reduces the long-term minimum contribution rates for PERS and TRS Plans 1 if unfunded liabilities reemerge in the future from 0.50% to 0.25%.