

ESSB 5294 - H COMM AMD  
By Committee on Appropriations

ADOPTED 04/05/2023

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 41.45.150 and 2011 c 362 s 8 are each amended to  
4 read as follows:

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

Fiscal Year ending:

2010	2011	2012	2013	2014	2015
1.25%	1.25%	3.75%	4.50%	5.25%	6.00%

17 ~~(2) Beginning September 1, 2009, and ending August 31, 2015,~~  
18 ~~maximum annual contribution rates are established for the portion of~~  
19 ~~the employer contribution rate for the school employees' retirement~~  
20 ~~system that is used for the sole purpose of amortizing that portion~~  
21 ~~of the unfunded actuarial accrued liability in the public employees'~~  
22 ~~retirement system plan 1 that excludes any amounts required to~~  
23 ~~amortize plan 1 benefit improvements effective after June 30, 2009.~~  
24 ~~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%

28 ~~(3) Beginning September 1, 2009, and ending August 31, 2015,~~  
29 ~~maximum annual contribution rates are established for the portion of~~

1 ~~the employer contribution rate for the teachers' retirement system~~  
2 ~~that is used for the sole purpose of amortizing that portion of the~~  
3 ~~unfunded actuarial accrued liability in the teachers' retirement~~  
4 ~~system plan 1 that excludes any amounts required to amortize plan 1~~  
5 ~~benefit improvements effective after June 30, 2009. The maximum rates~~  
6 ~~are:~~

7

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

8

9

10 ~~(4))~~ Beginning July 1, 2015, and ending June 30, 2023, a minimum  
11 3.50 percent contribution is established as part of the basic  
12 employer contribution rate for the public employees' retirement  
13 system and the public safety employees' retirement system, to be used  
14 for the sole purpose of amortizing that portion of the unfunded  
15 actuarial accrued liability in the public employees' retirement  
16 system plan 1 that excludes any amounts required to amortize plan 1  
17 benefit improvements effective after June 30, 2009. ~~((This minimum~~  
18 ~~contribution rate shall remain effective until the actuarial value of~~  
19 ~~assets in plan 1 of the public employees' retirement system equals~~  
20 ~~one hundred percent of the actuarial accrued liability.~~

21 ~~(5))~~ (2) Beginning September 1, 2015, and ending August 31, 2023  
22 a minimum 3.50 percent contribution is established as part of the  
23 basic employer contribution rate for the school employees' retirement  
24 system, to be used for the sole purpose of amortizing that portion of  
25 the unfunded actuarial accrued liability in the public employees'  
26 retirement system plan 1 that excludes any amounts required to  
27 amortize plan 1 benefit improvements effective after June 30, 2009.  
28 ~~((This minimum contribution rate shall remain effective until the~~  
29 ~~actuarial value of assets in plan 1 of the public employees'~~  
30 ~~retirement system equals one hundred percent of the actuarial accrued~~  
31 ~~liability.~~

32 ~~(6))~~ (3) Beginning September 1, 2015, and ending August 31,  
33 2023, a minimum 5.75 percent contribution is established as part of  
34 the basic employer contribution rate for the teachers' retirement  
35 system, to be used for the sole purpose of amortizing that portion of  
36 the unfunded actuarial accrued liability in the teachers' retirement  
37 system plan 1 that excludes any amounts required to amortize plan 1  
38 benefit improvements effective after June 30, 2009. ~~((This minimum~~

1 ~~contribution rate shall remain effective until the actuarial value of~~  
2 ~~assets in plan 1 of the teachers' retirement system equals one~~  
3 ~~hundred percent of the actuarial accrued liability.~~

4 ~~(7)) (4) (a) Beginning July 1, 2023, and ending June 30, 2027,~~  
5 ~~the following employer contribution rates shall be in effect for the~~  
6 ~~public employees' retirement system and the public safety employees'~~  
7 ~~retirement system that is used for the sole purpose of amortizing~~  
8 ~~that portion of the unfunded actuarial accrued liability in the~~  
9 ~~public employees' retirement system plan 1 that excludes any amounts~~  
10 ~~required to amortize plan 1 benefit improvements effective after June~~  
11 ~~30, 2009.~~

12 Fiscal Year ending:

13	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
14	<u>2.50%</u>	<u>2.00%</u>	<u>1.50%</u>	<u>1.00%</u>	<u>0.50%</u>

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

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

33 Fiscal Year ending:

34	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
35	<u>2.50%</u>	<u>2.00%</u>	<u>1.50%</u>	<u>1.00%</u>	<u>0.50%</u>

36 ~~(b) Beginning September 1, 2028, a minimum 0.25 percent~~  
37 ~~contribution is established as part of the basic employer~~

1 contribution rate for the school employees' retirement system, to be  
2 used for the sole purpose of amortizing any portion of an unfunded  
3 actuarial accrued liability in the public employees' retirement  
4 system plan 1 that excludes any amounts required to amortize plan 1  
5 benefit improvements effective after June 30, 2009. This minimum  
6 contribution rate shall be in effect when the actuarial value of  
7 assets in plan 1 of the public employees' retirement system is less  
8 than 100 percent of the actuarial accrued liability.

9 (6) (a) Beginning September 1, 2023, and ending August 31, 2027,  
10 the following employer contribution rates shall be in effect for the  
11 teachers' retirement system that is used for the sole purpose of  
12 amortizing that portion of the unfunded actuarial accrued liability  
13 in the teachers' retirement system plan 1 that excludes any amounts  
14 required to amortize plan 1 benefit improvements effective after June  
15 30, 2009.

16 Fiscal Year ending:

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
<u>1.00%</u>	<u>0.50%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

35 **Sec. 2.** 2021 c 334 s 747 (uncodified) is amended to read as  
36 follows:

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

1	General Fund—State Appropriation (FY 2023) . . . . .	(( <del>\$800,000,000</del> ))
2		<u>\$250,000,000</u>
3	TOTAL APPROPRIATION. . . . .	(( <del>\$800,000,000</del> ))
4		<u>\$250,000,000</u>

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

10 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
11 preservation of the public peace, health, or safety, or support of  
12 the state government and its existing public institutions, and takes  
13 effect June 30, 2023."

14 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	<b>1.00</b>
FY 2025	2.00	2.00	0.50	<b>0.50</b>
FY 2026	1.50	1.50	0.00	0.00
FY 2027	0.50	<b>1.00</b>	0.00	0.00
FY 2028	0.00	<b>0.50</b>	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%.

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