

# HOUSE BILL REPORT

## HB 2645

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*As Reported By House Committee on:  
Appropriations*

**Title:** An act relating to waiver of the department of retirement systems' duty to recoup overpayments made due to an administrative error in calculating cost of living adjustments.

**Brief Description:** Prohibiting the department of retirement systems from recovering certain pension overpayments.

**Sponsor(s):** Representatives Spanel, H. Sommers, Hine, McLean, Locke, Basich, Paris and Betrozoff.

**Brief History:**

Reported by House Committee on:  
Appropriations, February 3, 1992, DPA.

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**HOUSE COMMITTEE ON  
APPROPRIATIONS**

**Majority Report:** *Do pass as amended.* Signed by 26 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Appelwick; Belcher; Bowman; Braddock; Brekke; Carlson; Dorn; Ferguson; Hine; Lisk; May; Mielke; Nealey; Peery; Pruitt; Rust; D. Sommers; H. Sommers; Sprenkle; Valle; Vance; Wang; and Wineberry.

**Minority Report:** *Do not pass.* Signed by 3 members: Representatives Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; and Fuhrman.

**Staff:** Barbara McLain (786-7153).

**Background:** In the fall of 1991, the Department of Retirement Systems discovered an error in its calculation of cost-of-living adjustments, primarily for members of Plan I of the Public Employees' Retirement System. The error resulted in 7,700 retirees receiving overpayments of their cost-of-living adjustments, some since July 1990. The amount of the overpayments ranges from \$.01 to \$31.77 per month, with an average of \$1.28 per retiree per month. The total amount of the overpayments is \$175,000.

Future benefits payments have been corrected effective January 1992, but under current law, the department is

required to recover the amount of any overpayments made within three years prior to discovery of the error that resulted in the overpayments.

**Summary of Amended Bill:** The director of the Department Retirement Systems is prohibited from recovering pension overpayments made between July 1, 1990 and February 1, 1992, that were made due to an incorrect calculation of the cost-of-living adjustment provisions of Plan I of the Public Employees' and Teachers' Retirement systems.

**Amended Bill Compared to Original Bill:** The amendment corrects an omission of a reference to a statute regarding cost-of-living adjustments in a list of similar statutes.

**Fiscal Note:** Not requested.

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

**Testimony For:** It would be almost as costly to recoup these overpayments as it would to forgive them. The department does not wish to penalize retirees for such a small amount of money overpaid.

**Testimony Against:** None.

**Witnesses:** George Northcroft and Hector Gonzales, Department of Retirement Systems.