

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 1661

Chapter 103, Laws of 2020

66th Legislature
2020 Regular Session

HIGHER EDUCATION RETIREMENT PLANS--FUNDING

EFFECTIVE DATE: July 1, 2020

Passed by the House March 12, 2020
Yeas 97 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 11, 2020
Yeas 48 Nays 0

CYRUS HABIB

President of the Senate

Approved March 25, 2020 2:50 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1661** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 26, 2020

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 1661

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington **66th Legislature** **2020 Regular Session**

By House Appropriations (originally sponsored by Representatives Chandler and Ormsby)

READ FIRST TIME 02/04/20.

1 AN ACT Relating to the higher education retirement plans;
2 amending RCW 28B.10.423, 41.45.050, 41.45.060, and 41.50.075;
3 reenacting and amending RCW 43.84.092; adding a new section to
4 chapter 41.50 RCW; creating a new section; and providing an effective
5 date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute
9 House Bill No. 1981) established a framework to allow the state's
10 institutions of higher education to begin funding the unfunded
11 portion of the defined benefit component of the higher education
12 retirement plans.

13 (b) Moneys in the fund are being invested in short-term assets
14 with low rates of return because there is no stated or clear pathway
15 for when these funds will be used to pay benefits and that a stated
16 strategy would allow these funds to be invested at a higher rate of
17 return.

18 (c) The first actuarial analysis of the plans was completed in
19 2016, which provided information about projected future costs and
20 potential institution specific rates that would allow benefits to be
21 paid from the fund beginning in 2035.

1 (2) Therefore, the legislature intends the following:

2 (a) To establish institution specific contribution rates for each
3 institutions of higher education supplemental benefit plan.

4 (b) The pension funding council will adjust the institution
5 specific rates periodically based on updated experience and actuarial
6 analyses to maintain progress towards funding the actuarial
7 liabilities of each institution and to allow payment from the funds
8 by 2035.

9 (c) Future contribution rates represent the cost of paying on a
10 combined prefunded and pay-as-you-go basis in a way that reduces the
11 year-to-year changes in cost that the higher education retirement
12 plan supplemental benefit has under current law.

13 (d) The department of retirement systems assumes responsibility
14 for administering the higher education retirement plan supplemental
15 benefit fund when sufficient assets have been accumulated, as
16 determined by the pension funding council.

17 (e) When sufficient funding has been accumulated to begin making
18 benefit payments that the payments be made solely from that
19 institution's portion of the higher education retirement plan
20 supplemental benefit fund.

21 (f) That moneys in the fund be invested in a way to maximize
22 returns.

23 **Sec. 2.** RCW 28B.10.423 and 2012 c 229 s 516 are each amended to
24 read as follows:

25 (1) For employees who are first employed by an institution of
26 higher education in a position eligible for participation in an old
27 age annuities or retirement income plan under this chapter prior to
28 July 1, 2011, it is the intent of RCW 28B.10.400, 28B.10.405,
29 28B.10.410, 28B.10.415, and 28B.10.420(~~(7)~~) and (~~(28B.10.423)~~) this
30 section that the retirement income resulting from the contributions
31 described herein from the state of Washington and the employee shall
32 be projected actuarially so that it shall not exceed sixty percent of
33 the average of the highest two consecutive years salary. Periodic
34 review of the retirement systems established pursuant to RCW
35 28B.10.400, 28B.10.405, 28B.10.410, 28B.10.415, and 28B.10.420(~~(7)~~)
36 and (~~(28B.10.423)~~) this section will be undertaken at such time and
37 in such manner as determined by the committees on ways and means of
38 the senate and of the house of representatives, the select committee
39 on pension policy, and the pension funding council, and joint

1 contribution rates will be adjusted if necessary to accomplish this
2 intent.

3 (2) Beginning July 1, 2011, state funding for annuity or
4 retirement income plans under RCW 28B.10.400 shall not exceed six
5 percent of salary. The state board for community and technical
6 colleges and the student achievement council are exempt from the
7 provisions of this subsection (2).

8 (3) By June 30, 2013, and every two years thereafter, each
9 institution of higher education that is responsible for payment of
10 supplemental amounts under RCW 28B.10.400(1)(c) shall contract with
11 the state actuary under chapter 41.44 RCW for an actuarial valuation
12 of their supplemental benefit plan. By June 30, 2013, and at least
13 once every six years thereafter, each institution shall also contract
14 with the state actuary under chapter 41.44 RCW for an actuarial
15 experience study of the mortality, service, compensation, and other
16 experience of the annuity or retirement income plans created in this
17 chapter, and into the financial condition of each system. At the
18 discretion of the state actuary, the valuation or experience study
19 may be performed by the state actuary or by an outside actuarial firm
20 under contract to the office of the state actuary. Each institution
21 of higher education is required to provide the data and information
22 required for the performance of the valuation or experience study to
23 the office of the state actuary or to the actuary performing the
24 study on behalf of the state actuary. The state actuary may charge
25 each institution for the actual cost of the valuation or experience
26 study through an interagency agreement. Upon completion of the
27 valuation or experience study, the state actuary shall provide copies
28 of the study to the institution of higher education and to the select
29 committee on pension policy and the pension funding council.

30 (4) (a) ~~((A higher education retirement plan supplemental benefit
31 fund is created in the custody of the state treasurer for the purpose
32 of funding future benefit obligations of higher education retirement
33 plan supplemental benefits. The state investment board has the full
34 power to invest, reinvest, manage, contract, sell, or exchange
35 investment money in the fund.~~

36 ~~(b))~~) From January 1, 2012, through June 30, 2013, an employer
37 contribution rate of one-quarter of one percent of salary is
38 established to begin prefunding the unfunded future obligations of
39 the supplemental benefit established in RCW 28B.10.400.

1 ~~((e))~~ (b) Beginning July 1, 2013, an employer contribution rate
2 of one-half of one percent of salary is established to prefund the
3 unfunded future obligations of the supplemental benefit established
4 in RCW 28B.10.400.

5 ~~((d))~~ (c) (i) Beginning July 1, 2020, the employer contribution
6 rates for each state institution of higher education are as follows:

7 University of Washington: 0.38 percent

8 Washington State University: 0.30 percent

9 Western Washington University: 0.21 percent

10 Eastern Washington University: 0.28 percent

11 Central Washington University: 0.28 percent

12 The Evergreen State College: 0.23 percent

13 State board for community and technical colleges: 0.13 percent

14 (ii) The contribution rates established in this section may be
15 changed by rates adopted by the pension funding council beginning
16 July 1, 2021, consistent with (e) of this subsection.

17 (iii) The rates in this subsection (4) are subject to the limit
18 established in subsection (2) of this section.

19 (d) Consistent with chapter 41.50 RCW, the department of
20 retirement systems shall collect the employer contribution rates
21 established in this section from each state institution of higher
22 education, and deposit those contributions into the higher education
23 retirement plan supplemental benefit fund under RCW 41.50.075(6). The
24 contributions made by each employer into the higher education
25 retirement plan supplemental benefit fund and the earnings on those
26 contributions shall be accounted for separately within the fund.

27 (e) Following the completion and review of the ~~((initial))~~
28 actuarial valuations and experience study conducted pursuant to
29 subsection (3) of this section, the pension funding council may~~((+~~

30 ~~((i) Adopt))~~, by July 31, 2020, and every two years thereafter,
31 adopt and make changes to the employer contribution rates established
32 in this subsection consistent with the procedures established in
33 chapter 41.45 RCW. If the actuarial valuations of the higher
34 education retirement plans of each institution contributing to the
35 higher education retirement plan supplemental benefit fund suggest
36 that different contribution rates are appropriate for each
37 institution, different rates may be adopted. Rates adopted by the
38 pension funding council are subject to revision by the legislature~~((+~~

39 ~~((ii) Recommend legislation that will, upon accumulation of~~
40 ~~sufficient funding in the higher education retirement plan~~

1 ~~supplemental benefit fund, transfer the responsibility for making~~
2 ~~supplemental benefit payments to the department of retirement~~
3 ~~systems, and adjust employer contribution rates to reflect the~~
4 ~~transfer of responsibility)).~~

5 (f) (i) The rates adopted by the pension funding council must be
6 designed to keep the cost of the higher education retirement plan
7 supplemental benefits at a more level percentage of pay than a pay-
8 as-you-go method. This more level percentage of pay of costs means a
9 combination of the cost of supplemental benefits paid by the
10 institution directly, plus the cost of contributions to the higher
11 education retirement plan supplemental benefit fund. Contributions
12 shall continue until the projected value of the funds equals the
13 projected cost of future benefits for the institution.

14 (ii) Funds are anticipated to be accumulated in the higher
15 education retirement plan supplemental benefit fund, and not expended
16 on benefits until approximately the year 2035.

17 (iii) The pension funding council, in consultation with the state
18 actuary, may choose and occasionally revise, a funding method
19 designed to achieve these objectives.

20 **Sec. 3.** RCW 41.45.050 and 2004 c 242 s 38 are each amended to
21 read as follows:

22 (1) Employers of members of the public employees' retirement
23 system, the teachers' retirement system, the school employees'
24 retirement system, the public safety employees' retirement system,
25 ~~((and))~~ the Washington state patrol retirement system, and the higher
26 education retirement plans shall make contributions to those systems
27 and plans based on the rates established in RCW 41.45.060 and
28 41.45.070.

29 (2) The state shall make contributions to the law enforcement
30 officers' and firefighters' retirement system plan 2 based on the
31 rates established in RCW 41.45.060 and 41.45.070. The state treasurer
32 shall transfer the required contributions each month on the basis of
33 salary data provided by the department.

34 (3) The department shall bill employers, and the state shall make
35 contributions to the law enforcement officers' and firefighters'
36 retirement system plan 2, using the combined rates established in RCW
37 41.45.060 and 41.45.070 regardless of the level of appropriation
38 provided in the biennial budget. Any member of an affected retirement

1 system may, by mandamus or other appropriate proceeding, require the
2 transfer and payment of funds as directed in this section.

3 (4) The contributions received for the public employees'
4 retirement system shall be allocated between the public employees'
5 retirement system plan 1 fund and the public employees' retirement
6 system combined plan 2 and plan 3 fund as follows: The contributions
7 necessary to fully fund the public employees' retirement system
8 combined plan 2 and plan 3 employer contribution shall first be
9 deposited in the public employees' retirement system combined plan 2
10 and plan 3 fund. All remaining public employees' retirement system
11 employer contributions shall be deposited in the public employees'
12 retirement system plan 1 fund.

13 (5) The contributions received for the teachers' retirement
14 system shall be allocated between the plan 1 fund and the combined
15 plan 2 and plan 3 fund as follows: The contributions necessary to
16 fully fund the combined plan 2 and plan 3 employer contribution shall
17 first be deposited in the combined plan 2 and plan 3 fund. All
18 remaining teachers' retirement system employer contributions shall be
19 deposited in the plan 1 fund.

20 (6) The contributions received for the school employees'
21 retirement system shall be allocated between the public employees'
22 retirement system plan 1 fund and the school employees' retirement
23 system combined plan 2 and plan 3 fund as follows: The contributions
24 necessary to fully fund the combined plan 2 and plan 3 employer
25 contribution shall first be deposited in the combined plan 2 and plan
26 3 fund. All remaining school employees' retirement system employer
27 contributions shall be deposited in the public employees' retirement
28 system plan 1 fund.

29 (7) The contributions received for the law enforcement officers'
30 and firefighters' retirement system plan 2 shall be deposited in the
31 law enforcement officers' and firefighters' retirement system plan 2
32 fund.

33 (8) The contributions received for the public safety employees'
34 retirement system shall be allocated between the public employees'
35 retirement system plan 1 fund and the public safety employees'
36 retirement system plan 2 fund as follows: The contributions necessary
37 to fully fund the plan 2 employer contribution shall first be
38 deposited in the plan 2 fund. All remaining public safety employees'
39 retirement system employer contributions shall be deposited in the
40 public employees' retirement system plan 1 fund.

1 (9) The contributions received for the higher education
2 retirement plan supplemental benefit fund shall be deposited in the
3 higher education retirement plan supplemental benefit fund and
4 amounts received from each institution accounted for separately and
5 shall only be used to make benefit payments to the beneficiaries of
6 that institution's plan.

7 **Sec. 4.** RCW 41.45.060 and 2009 c 561 s 3 are each amended to
8 read as follows:

9 (1) The state actuary shall provide preliminary actuarial
10 valuation results based on the economic assumptions and asset value
11 smoothing technique included in RCW 41.45.035 or adopted under RCW
12 41.45.030 or 41.45.035.

13 (2) Not later than July 31, 2008, and every two years thereafter,
14 consistent with the economic assumptions and asset value smoothing
15 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
16 41.45.035, the council shall adopt and may make changes to:

17 (a) A basic state contribution rate for the law enforcement
18 officers' and firefighters' retirement system plan 1;

19 (b) Basic employer contribution rates for the public employees'
20 retirement system, the teachers' retirement system, and the
21 Washington state patrol retirement system; and

22 (c) Basic employer contribution rates for the school employees'
23 retirement system and the public safety employees' retirement system
24 for funding both those systems and the public employees' retirement
25 system plan 1.

26 The council may adopt annual rate changes for any plan for any
27 rate-setting period. The contribution rates adopted by the council
28 shall be subject to revision by the legislature.

29 (3) The employer and state contribution rates adopted by the
30 council shall be the level percentages of pay that are needed:

31 (a) To fully amortize the total costs of the law enforcement
32 officers' and firefighters' retirement system plan 1 not later than
33 June 30, 2024;

34 (b) To fully fund the public employees' retirement system plans 2
35 and 3, the teachers' retirement system plans 2 and 3, the public
36 safety employees' retirement system plan 2, and the school employees'
37 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
38 41.45.067, and this section; and

1 (c) To fully fund the public employees' retirement system plan 1
2 and the teachers' retirement system plan 1 in accordance with RCW
3 41.45.070, 41.45.150, and this section.

4 (4) The aggregate actuarial cost method shall be used to
5 calculate a combined plan 2 and 3 normal cost, a Washington state
6 patrol retirement system normal cost, and a public safety employees'
7 retirement system normal cost.

8 (5) A modified entry age normal cost method, as set forth in this
9 chapter, shall be used to calculate employer contributions to the
10 public employees' retirement system plan 1 and the teachers'
11 retirement system plan 1.

12 (6) The employer contribution rate for the public employees'
13 retirement system and the school employees' retirement system shall
14 equal the sum of:

15 (a) The amount required to pay the combined plan 2 and plan 3
16 normal cost for the system, subject to any minimum rates applied
17 pursuant to RCW 41.45.155; plus

18 (b) The amount required to amortize the unfunded actuarial
19 accrued liability in plan 1 of the public employees' retirement
20 system over a rolling ten-year period using projected future salary
21 growth and growth in system membership, and subject to any minimum or
22 maximum rates applied pursuant to RCW 41.45.150; plus

23 (c) The amounts required to amortize the costs of any benefit
24 improvements in plan 1 of the public employees' retirement system
25 that become effective after June 30, 2009. The cost of each benefit
26 improvement shall be amortized over a fixed ten-year period using
27 projected future salary growth and growth in system membership. The
28 amounts required under this subsection are not subject to, and are
29 collected in addition to, any minimum or maximum rates applied
30 pursuant to RCW 41.45.150.

31 (7) The employer contribution rate for the public safety
32 employees' retirement system shall equal the sum of:

33 (a) The amount required to pay the normal cost for the system,
34 subject to any minimum rates applied pursuant to RCW 41.45.155; plus

35 (b) The amount required to amortize the unfunded actuarial
36 accrued liability in plan 1 of the public employees' retirement
37 system over a rolling ten-year period using projected future salary
38 growth and growth in system membership, and subject to any minimum or
39 maximum rates applied pursuant to RCW 41.45.150; plus

1 (c) The amounts required to amortize the costs of any benefit
2 improvements in plan 1 of the public employees' retirement system
3 that become effective after June 30, 2009. The cost of each benefit
4 improvement shall be amortized over a fixed ten-year period using
5 projected future salary growth and growth in system membership. The
6 amounts required under this subsection are not subject to, and are
7 collected in addition to, any minimum or maximum rates applied
8 pursuant to RCW 41.45.150.

9 (8) The employer contribution rate for the teachers' retirement
10 system shall equal the sum of:

11 (a) The amount required to pay the combined plan 2 and plan 3
12 normal cost for the system, subject to any minimum rates applied
13 pursuant to RCW 41.45.155; plus

14 (b) The amount required to amortize the unfunded actuarial
15 accrued liability in plan 1 of the teachers' retirement system over a
16 rolling ten-year period using projected future salary growth and
17 growth in system membership, and subject to any minimum or maximum
18 rates applied pursuant to RCW 41.45.150; plus

19 (c) The amounts required to amortize the costs of any benefit
20 improvements in plan 1 of the teachers' retirement system that become
21 effective after June 30, 2009. The cost of each benefit improvement
22 shall be amortized over a fixed ten-year period using projected
23 future salary growth and growth in system membership. The amounts
24 required under this subsection are not subject to, and are collected
25 in addition to, any minimum or maximum rates applied pursuant to RCW
26 41.45.150.

27 (9) The employer contribution rate for each of the institutions
28 of higher education for the higher education supplemental retirement
29 benefits must be sufficient to fund, as a level percentage of pay, a
30 portion of the projected cost of the supplemental retirement benefits
31 for the institution beginning in 2035, with the other portion
32 supported on a pay-as-you-go basis, either as direct payments by each
33 institution to retirees, or as contributions to the higher education
34 retirement plan supplemental benefit fund. Contributions must
35 continue until the council determines that the institution for higher
36 education supplemental retirement benefit liabilities are satisfied.

37 (10) The council shall immediately notify the directors of the
38 office of financial management and department of retirement systems
39 of the state and employer contribution rates adopted. The rates shall

1 be effective for the ensuing biennial period, subject to any
2 legislative modifications.

3 ~~((10))~~ (11) The director shall collect those rates adopted by
4 the council. The rates established in RCW 41.45.062, or by the
5 council, shall be subject to revision by the legislature.

6 ~~((11))~~ (12) The state actuary shall prepare final actuarial
7 valuation results based on the economic assumptions, asset value
8 smoothing technique, and contribution rates included in or adopted
9 under RCW 41.45.030, 41.45.035, and this section.

10 **Sec. 5.** RCW 41.50.075 and 2004 c 242 s 44 are each amended to
11 read as follows:

12 (1) Two funds are hereby created and established in the state
13 treasury to be known as the Washington law enforcement officers' and
14 firefighters' system plan 1 retirement fund, and the Washington law
15 enforcement officers' and firefighters' system plan 2 retirement fund
16 which shall consist of all moneys paid into them in accordance with
17 the provisions of this chapter and chapter 41.26 RCW, whether such
18 moneys take the form of cash, securities, or other assets. The plan 1
19 fund shall consist of all moneys paid to finance the benefits
20 provided to members of the law enforcement officers' and
21 firefighters' retirement system plan 1, and the plan 2 fund shall
22 consist of all moneys paid to finance the benefits provided to
23 members of the law enforcement officers' and firefighters' retirement
24 system plan 2.

25 (2) All of the assets of the Washington state teachers'
26 retirement system shall be credited according to the purposes for
27 which they are held, to two funds to be maintained in the state
28 treasury, namely, the teachers' retirement system plan 1 fund and the
29 teachers' retirement system combined plan 2 and 3 fund. The plan 1
30 fund shall consist of all moneys paid to finance the benefits
31 provided to members of the Washington state teachers' retirement
32 system plan 1, and the combined plan 2 and 3 fund shall consist of
33 all moneys paid to finance the benefits provided to members of the
34 Washington state teachers' retirement system plan 2 and 3.

35 (3) There is hereby established in the state treasury two
36 separate funds, namely the public employees' retirement system plan 1
37 fund and the public employees' retirement system combined plan 2 and
38 plan 3 fund. The plan 1 fund shall consist of all moneys paid to
39 finance the benefits provided to members of the public employees'

1 retirement system plan 1, and the combined plan 2 and plan 3 fund
2 shall consist of all moneys paid to finance the benefits provided to
3 members of the public employees' retirement system plans 2 and 3.

4 (4) There is hereby established in the state treasury the school
5 employees' retirement system combined plan 2 and 3 fund. The combined
6 plan 2 and 3 fund shall consist of all moneys paid to finance the
7 benefits provided to members of the school employees' retirement
8 system plan 2 and plan 3.

9 (5) There is hereby established in the state treasury the public
10 safety employees' retirement system plan 2 fund. The plan 2 fund
11 shall consist of all moneys paid to finance the benefits provided to
12 members of the public safety employees' retirement system plan 2.

13 (6) (a) (i) There is hereby established in the state treasury the
14 higher education retirement plan supplemental benefit fund. The
15 higher education retirement plan supplemental benefit fund shall
16 consist of all moneys paid to finance the benefits provided to
17 members of each of the higher education retirement plans.

18 (ii) The fund in this subsection (6) was originally created under
19 chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute House
20 Bill No. 1981).

21 (b) The office of financial management must create individual
22 accounts for each institution of higher education within the higher
23 education retirement plan supplemental benefit fund. For fiscal year
24 2021, the office of financial management must transfer all the assets
25 of the higher education retirement plan supplemental benefit fund
26 into the individual accounts for each institution that will be used
27 to manage the accounting for each benefit plan. The higher education
28 retirement plan supplemental benefit fund will include all the
29 amounts in the individual accounts created in this subsection.

30 NEW SECTION. Sec. 6. A new section is added to chapter 41.50
31 RCW to read as follows:

32 (1) On July 1st of the fiscal year following a determination by
33 the pension funding council that a higher education institution has
34 sufficiently funded the liabilities of that institution through
35 contributions to the higher education retirement plan supplemental
36 benefit fund, the department shall assume responsibility for making
37 benefit payments to higher education retirement plan supplemental
38 beneficiaries for that institution from the portion of the higher

1 education retirement plan supplemental benefit fund attributed to the
2 individual institution.

3 (2) Immediately following the determination by the pension
4 funding council under RCW 41.45.060(9) that an institution
5 participating in the higher education retirement plan supplemental
6 benefits has sufficiently funded the benefits of the plan that higher
7 education institution:

8 (a) Must provide any data and assistance requested by the
9 department to facilitate the transition of responsibility for making
10 benefit payments to higher education retirement plan members eligible
11 for supplemental benefit payments; and

12 (b) Is governed by the provisions of RCW 41.50.110.

13 (3) On the date that the department assumes responsibility for
14 benefit payments under subsection (1) of this section, the department
15 shall assess contributions to the department of retirement systems'
16 expense fund under RCW 41.50.110(3) for active participants in the
17 higher education retirement plan. Contributions to the expense fund
18 for higher education retirement plan members must end when there are
19 no longer retirees or beneficiaries from an institution receiving
20 payments administered by the department.

21 (4)(a) Upon the department's assumption of responsibility for
22 making benefit payments from an institution's higher education
23 retirement plan, the institution shall submit to the department the
24 benefit level for current higher education retirement plan
25 supplemental beneficiaries, and each month following the department's
26 assumption of responsibility for making benefit payments to an
27 institution's higher education retirement plan supplemental
28 beneficiaries, the institution shall submit to the department
29 information on any new retirees covered by the higher education
30 retirement plan supplemental benefit. The submission shall include
31 all data relevant to the calculation of a supplemental benefit for
32 each retiree, and the benefit that the institution determines the
33 individual qualifies to receive. No later than January 1st, following
34 the funding determination in RCW 41.45.060(9) that begins the
35 transition of responsibility for benefit payments to the department,
36 the department shall provide the institution with a notice of what
37 data will be required to determine higher education retirement plan
38 supplemental benefit determinations for future retirees.

39 (b) The department shall review the information provided by the
40 institution for each retiring higher education retirement plan member

1 eligible for the supplemental benefit and determine the supplemental
2 benefit amount the member is eligible to receive, if any.

3 (c) In the event that the department is not provided with all
4 data required by the notice in (a) of this subsection, the
5 institution of higher education will remain responsible for payment
6 of higher education retirement plan supplemental benefits to that
7 member. In addition, the collection of overpayments and error
8 correction provisions of this chapter apply in the event that the
9 department makes supplemental benefit payments based on incomplete or
10 inaccurate data provided by an institution.

11 **Sec. 7.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019
12 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and
13 amended to read as follows:

14 (1) All earnings of investments of surplus balances in the state
15 treasury shall be deposited to the treasury income account, which
16 account is hereby established in the state treasury.

17 (2) The treasury income account shall be utilized to pay or
18 receive funds associated with federal programs as required by the
19 federal cash management improvement act of 1990. The treasury income
20 account is subject in all respects to chapter 43.88 RCW, but no
21 appropriation is required for refunds or allocations of interest
22 earnings required by the cash management improvement act. Refunds of
23 interest to the federal treasury required under the cash management
24 improvement act fall under RCW 43.88.180 and shall not require
25 appropriation. The office of financial management shall determine the
26 amounts due to or from the federal government pursuant to the cash
27 management improvement act. The office of financial management may
28 direct transfers of funds between accounts as deemed necessary to
29 implement the provisions of the cash management improvement act, and
30 this subsection. Refunds or allocations shall occur prior to the
31 distributions of earnings set forth in subsection (4) of this
32 section.

33 (3) Except for the provisions of RCW 43.84.160, the treasury
34 income account may be utilized for the payment of purchased banking
35 services on behalf of treasury funds including, but not limited to,
36 depository, safekeeping, and disbursement functions for the state
37 treasury and affected state agencies. The treasury income account is
38 subject in all respects to chapter 43.88 RCW, but no appropriation is
39 required for payments to financial institutions. Payments shall occur

1 prior to distribution of earnings set forth in subsection (4) of this
2 section.

3 (4) Monthly, the state treasurer shall distribute the earnings
4 credited to the treasury income account. The state treasurer shall
5 credit the general fund with all the earnings credited to the
6 treasury income account except:

7 (a) The following accounts and funds shall receive their
8 proportionate share of earnings based upon each account's and fund's
9 average daily balance for the period: The abandoned recreational
10 vehicle disposal account, the aeronautics account, the aircraft
11 search and rescue account, the Alaskan Way viaduct replacement
12 project account, the brownfield redevelopment trust fund account, the
13 budget stabilization account, the capital vessel replacement account,
14 the capitol building construction account, the Cedar River channel
15 construction and operation account, the Central Washington University
16 capital projects account, the charitable, educational, penal and
17 reformatory institutions account, the Chehalis basin account, the
18 cleanup settlement account, the Columbia river basin water supply
19 development account, the Columbia river basin taxable bond water
20 supply development account, the Columbia river basin water supply
21 revenue recovery account, the common school construction fund, the
22 community forest trust account, the connecting Washington account,
23 the county arterial preservation account, the county criminal justice
24 assistance account, the deferred compensation administrative account,
25 the deferred compensation principal account, the department of
26 licensing services account, the department of licensing tuition
27 recovery trust fund, the department of retirement systems expense
28 account, the developmental disabilities community trust account, the
29 diesel idle reduction account, the drinking water assistance account,
30 the drinking water assistance administrative account, the early
31 learning facilities development account, the early learning
32 facilities revolving account, the Eastern Washington University
33 capital projects account, the education construction fund, the
34 education legacy trust account, the election account, the electric
35 vehicle account, the energy freedom account, the energy recovery act
36 account, the essential rail assistance account, The Evergreen State
37 College capital projects account, the federal forest revolving
38 account, the ferry bond retirement fund, the freight mobility
39 investment account, the freight mobility multimodal account, the
40 grade crossing protective fund, the public health services account,

1 the state higher education construction account, the higher education
2 construction account, the higher education retirement plan
3 supplemental benefit fund, the highway bond retirement fund, the
4 highway infrastructure account, the highway safety fund, the hospital
5 safety net assessment fund, the industrial insurance premium refund
6 account, the Interstate 405 and state route number 167 express toll
7 lanes account, the judges' retirement account, the judicial
8 retirement administrative account, the judicial retirement principal
9 account, the local leasehold excise tax account, the local real
10 estate excise tax account, the local sales and use tax account, the
11 marine resources stewardship trust account, the medical aid account,
12 the mobile home park relocation fund, the money-purchase retirement
13 savings administrative account, the money-purchase retirement savings
14 principal account, the motor vehicle fund, the motorcycle safety
15 education account, the multimodal transportation account, the
16 multiuse roadway safety account, the municipal criminal justice
17 assistance account, the natural resources deposit account, the oyster
18 reserve land account, the pension funding stabilization account, the
19 perpetual surveillance and maintenance account, the pollution
20 liability insurance agency underground storage tank revolving
21 account, the public employees' retirement system plan 1 account, the
22 public employees' retirement system combined plan 2 and plan 3
23 account, the public facilities construction loan revolving account
24 beginning July 1, 2004, the public health supplemental account, the
25 public works assistance account, the Puget Sound capital construction
26 account, the Puget Sound ferry operations account, the Puget Sound
27 Gateway facility account, the Puget Sound taxpayer accountability
28 account, the real estate appraiser commission account, the
29 recreational vehicle account, the regional mobility grant program
30 account, the resource management cost account, the rural arterial
31 trust account, the rural mobility grant program account, the rural
32 Washington loan fund, the sexual assault prevention and response
33 account, the site closure account, the skilled nursing facility
34 safety net trust fund, the small city pavement and sidewalk account,
35 the special category C account, the special wildlife account, the
36 state employees' insurance account, the state employees' insurance
37 reserve account, the state investment board expense account, the
38 state investment board commingled trust fund accounts, the state
39 patrol highway account, the state route number 520 civil penalties
40 account, the state route number 520 corridor account, the state

1 wildlife account, the statewide broadband account, the statewide
2 tourism marketing account, the student achievement council tuition
3 recovery trust fund, the supplemental pension account, the Tacoma
4 Narrows toll bridge account, the teachers' retirement system plan 1
5 account, the teachers' retirement system combined plan 2 and plan 3
6 account, the tobacco prevention and control account, the tobacco
7 settlement account, the toll facility bond retirement account, the
8 transportation 2003 account (nickel account), the transportation
9 equipment fund, the transportation future funding program account,
10 the transportation improvement account, the transportation
11 improvement board bond retirement account, the transportation
12 infrastructure account, the transportation partnership account, the
13 traumatic brain injury account, the tuition recovery trust fund, the
14 University of Washington bond retirement fund, the University of
15 Washington building account, the voluntary cleanup account, the
16 volunteer firefighters' and reserve officers' relief and pension
17 principal fund, the volunteer firefighters' and reserve officers'
18 administrative fund, the vulnerable roadway user education account,
19 the Washington judicial retirement system account, the Washington law
20 enforcement officers' and firefighters' system plan 1 retirement
21 account, the Washington law enforcement officers' and firefighters'
22 system plan 2 retirement account, the Washington public safety
23 employees' plan 2 retirement account, the Washington school
24 employees' retirement system combined plan 2 and 3 account, the
25 Washington state health insurance pool account, the Washington state
26 patrol retirement account, the Washington State University building
27 account, the Washington State University bond retirement fund, the
28 water pollution control revolving administration account, the water
29 pollution control revolving fund, the Western Washington University
30 capital projects account, the Yakima integrated plan implementation
31 account, the Yakima integrated plan implementation revenue recovery
32 account, and the Yakima integrated plan implementation taxable bond
33 account. Earnings derived from investing balances of the agricultural
34 permanent fund, the normal school permanent fund, the permanent
35 common school fund, the scientific permanent fund, the state
36 university permanent fund, and the state reclamation revolving
37 account shall be allocated to their respective beneficiary accounts.

38 (b) Any state agency that has independent authority over accounts
39 or funds not statutorily required to be held in the state treasury
40 that deposits funds into a fund or account in the state treasury

1 pursuant to an agreement with the office of the state treasurer shall
2 receive its proportionate share of earnings based upon each account's
3 or fund's average daily balance for the period.

4 (5) In conformance with Article II, section 37 of the state
5 Constitution, no treasury accounts or funds shall be allocated
6 earnings without the specific affirmative directive of this section.

7 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2020.

Passed by the House March 12, 2020.

Passed by the Senate March 11, 2020.

Approved by the Governor March 25, 2020.

Filed in Office of Secretary of State March 26, 2020.

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