

6. RELATIONSHIP TO OTHER AGENCIES

Several agencies and committees, including the WSIB, have various policy-making responsibilities for the state retirement systems and other investment programs. A chart illustrating the pension relationships between the WSIB and other agencies or state offices is included in Appendix F of this Handbook.

Washington State Investment Board

The Washington State Investment Board manages investments for 17 retirement plans for public employees, teachers, school employees, law enforcement officers, firefighters and judges. This also includes the Deferred Compensation Program to supplement other retirement benefits. In addition, we also manage investments for 22 other public funds that support or benefit industrial insurance, colleges and universities, developmental disabilities, and wildlife protection.

The 15 member Board consists of ten voting members, and five non-voting members; the five non-voting members are to be experienced and qualified in the field of investments. The ten voting members include the directors of the Department of Labor & Industries and the Department of Retirement Systems, the State Treasurer, five representatives of the public employee retirement systems, and two legislators (one from the House and one from the Senate).

Department of Retirement Systems (DRS)

DRS is the administrative agency for Washington's retirement systems. DRS is responsible for:

- Maintaining files and records necessary to administer the retirement systems
- Collecting employers and employee retirement contributions
- Paying retirement benefits to retirees
- Acting as a trustee through the State Actuary
- Notifying retirement system members of their accumulated service credit

Department of Labor and Industries (L&I)

L&I administers the state's workers' compensation system which provides medical and limited wage-replacement coverage to workers who suffer job-related injuries and illness. The money to provide this coverage comes from premiums paid by employers and employees as well as earnings from L&I asset investments which are managed by the WSIB on the Department's behalf.

State Treasurer

The Treasurer is an elected state official who serves as the State Chief Fiscal Officer, providing for the accounting and safety of all state funds. By statute, the Treasurer is the only statewide elected official to serve on as a member of the State Investment Board. The Treasurer chairs the State Finance Committee which includes the Governor and the Lieutenant Governor. The Finance Committee confirms the appointment of the WSIB executive director.

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Pension Funding Council & Workgroup

The PFC sets economic assumptions and related contribution rates for state pension plans. The Council consists of six members including the directors of the Department of Retirement Systems, and the Office of Financial Management, and the chairs and ranking minority members of the House of Representatives Appropriations Committee and the Senate Ways and Means Committee. The Pension Funding Workgroup provides support to the PFC by reviewing actuarial valuations and economic assumptions. The workgroup also accepts and reviews pension funding recommendations from both affected employee and employer groups.

Select Committee on Pension Policy (SCPP)

The 20 member SCPP is comprised of four state senators, four members of the House of Representatives, four active employee representatives, two representatives for retired employees, four employer representatives, and the directors of the Department of Retirement Systems and Office of Financial Management.

The SCPP:

- Recommends pension funding policies to the Legislature
- Studies the financial condition of the state's pension system
- Consults with the chair and vice-chair on appointing members to the State Actuary Appointment committee
- Receives the results of actuarial audits administered by the Pension Funding Council (PFC)
- Reviews and makes recommendations to the PFC regarding changes to retirement assumptions or contribution rates.

Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)

The LEOFF Board was created in November 2002 by Initiative 790 to study pension issues, make fiduciary decisions, set contribution rates, and recommend pension policy to the Legislature on behalf of its members and beneficiaries. The LEOFF Board is comprised of 11 members including three active fire fighters, three active police officers, three employers, and two legislators.

Office of the State Actuary

The Office of the State Actuary is legislative agency that was established in 1976 to:

- Perform all actuarial services for the state retirement systems
- Advise and consult with the Legislature and Governor on pension benefits, funding, and actuarial assumptions used by the retirement systems
- Prepare fiscal notes explaining the financial impact proposed legislation will have on state retirement systems

Economic and Revenue Forecast Council (ERFC)

The ERFC approves the official state economic and revenue forecast each quarter. Components of the forecast are prepared by other agencies, which are refined and adopted by the Select Committee

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on Pension Policy (SCPP) and the PFC when making its recommendations to the Legislature on pension funding issues. The six member ERFC includes two members appointed by the Governor and four members of the Legislature.

Office of Financial Management (OFM)

OFM advises the Governor on pension benefit and funding policy and plays a role in budget planning, policy development, and fiscal administration for the executive branch.

State Actuary Appointment Committee

This eight-member Committee appoints or removes the State Actuary by a two-thirds vote. Committee members include the chairs and ranking minority members of the House of Representatives Appropriations Committee and the Senate Ways and Means Committee. The other four members of the committee include active and retired employee representatives and one employer representative.

References:

State Pension Agencies

Appendix F