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**From:** Gross, Katie on behalf of Smith, Matt  
**Sent:** Thursday, September 23, 2021 10:52 AM  
**To:** Braun, Sen. John; Conway, Sen. Steve; Creekpau, Annette; Fitzgibbon, Rep. Joe; Guerin, Tracy; Hermanson, Beverly; Kunze, Leanne; Murietta, Anthony; Ormsby, Rep. Timm; Robinson, Sen. June; Schoesler, Sen. Mark; Schumacher, David; Soper, Mark; Stokesbary, Rep. Drew; Thompson, J. Pat; Volz, Rep. Mike; Zabelka, William (SCPP); Armstrong, Kate; Heffington, Chantel; Janzen, Phillip; Lelli, Kimberlie; Mary Taylor; Mattos, Liz; Mulholland, Denise; Nelson, Michael (ATG); Palermo, Gina; Peterson, Ruth; Reaume, Rubi; Waechter, Shannon; Winters, Krista  
**Cc:** Office State Actuary, WA  
**Subject:** SCPP Rules of Procedure  
**Attachments:** D.Committee.Discussion-Rules.of.Procedure.ppsx

Re: SCPP Rules of Procedure

Members of the Select Committee on Pension Policy,

I've attached a copy of the PowerPoint slides I presented at the September Executive Committee. Since the Full Committee will be taking this up at their October meeting, I wanted to make sure you had this available as a reference. Please contact me if you have any further questions.

**Matthew M. Smith**

*State Actuary*

[Pronouns](#) (He/Him)

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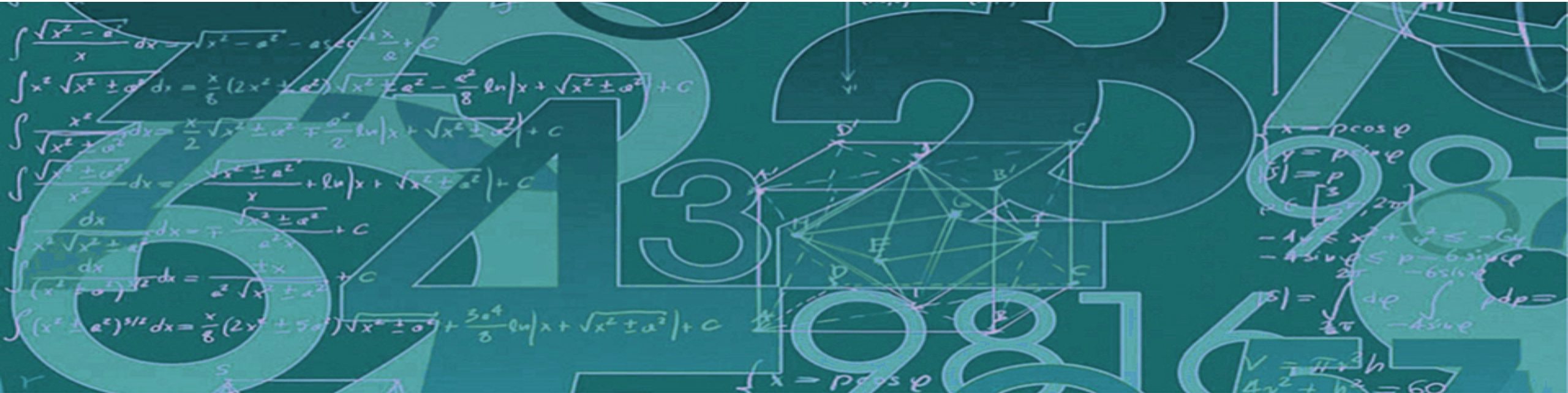
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# Rules of Procedure – OSA Oversight

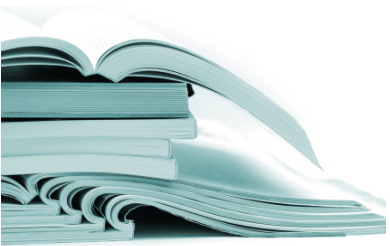
*Presentation to: Executive Committee,  
Select Committee on Pension Policy*

*Matthew M. Smith, State Actuary*



# Introduction/Context

- Committee counsel raised concerns that the current [SCPP rules](#) are not in line with statute
- OSA is generally neutral on SCPP rules (and proposed changes), except insofar as they may impact OSA operation
- Some SCPP members have asked me how the proposed changes would impact OSA, so I'd like to share that with you today



## Background/History

- OSA is an agency under the Legislative branch
- The SCPP replaced the former purely legislative Joint Committee on Pension Policy (JCPP)
  - Former rules of the JCPP were revised to replace JCPP with SCPP including oversight rules
- Prior to the creation of the SCPP, the JCPP had oversight of OSA and hired/fired the state actuary
- The State Actuary Appointment Committee (SAAC) was created when the SCPP replaced the JCPP and assumed direct oversight of the state actuary

# Two Proposed Changes to SCPP Rules That Impact OSA

- Rule 8F
  - SCPP review and approval of OSA budget and certain contracts
- Rule 10
  - Personnel decisions can be appealed to the SCPP



## Rule 8F – Budgets and Contracts

- Currently requires the state actuary to submit to SCPP for approval
  - OSA's biennial budget request
  - Any personal services contract of \$20,000 or more that is not described in the biennial budget submission
- Proposed change would eliminate these requirements

## Rule 8F (Continued) – Budgets

- I appreciate the input and second set of eyes that the SCPP's review provides
- However, I can still voluntarily submit the budget for your review even if it's no longer required by rule
- There will be multiple layers of review with or without the proposed change
  - OSA budgets are subject to review and approval by the full Legislature



## Rule 8F (Continued) – Contracts

- Legislative branch is not subject to the same contracting, procurement, and RFP requirements as the Executive branch
- “Subject to [RCW 44.04.260](#), the state actuary shall have the authority to select and employ such research, technical, clerical personnel, and consultants as the actuary deems necessary ...” [[RCW 44.44.030](#)]
- In my opinion, SCPP may not be a good position to review services not related to pensions
  - E.g., Healthcare consultants for PEBB and Medicaid, WA Cares Fund, GET Program, etc.
- I find the language “not described in the biennial budget submission” unclear
- In practice, I rarely, if ever, run contracts by the SCPP due to this lack of clarity or due to the \$20,000 threshold



## Rule 10 – Personnel

- Current rule allows OSA employees to appeal any final personnel actions to the SCPP
  - Unclear to me what “final personnel actions” means
  - In the past, I have interpreted this to mean “the involuntary termination of an employee”
- Aggrieved employees have several options with or without the proposed change
  - OSA and the state actuary are subject to several levels of oversight



# Current Oversight of OSA Personnel

- RCW 44.44.030 allows the state actuary to hire/fire staff as necessary
  - At-will employees exempt from the state civil service system
- OSA is currently under the oversight of
  - Facilities and Operations Committee of the Senate; and
  - Executive Rules Committees of the House
    - See RCW 44.04.260
- OSA is also subject to oversight by
  - U.S. Equal Employment Opportunity Commission (EEOC)
  - Washington State Human Rights Commission
  - State Auditor's Office
    - Whistle Blower program

# Current Oversight of the State Actuary

- The state actuary serves at the pleasure of the SAAC
  - Per RCW [44.44.013](#), the SAAC can appoint or remove the state actuary by a two-thirds vote of the Committee
- In absence of SCPP Rule 10, OSA employees may
  - File complaints against the state actuary with the SAAC
  - File complaints against OSA or the state actuary directly to the EEOC or the Washington State Human Rights Commission (where applicable)
  - Appeals or complaints can be made directly to the Legislature as well



# **Only One Personnel Decision Has Been Challenged in My Tenure**

- In that instance, House and Senate administrative staff oversaw the appeal/grievance process, not SCPP

# Summary

- Two current SCPP rules impact OSA's operation
- If Rule 8F is removed, the SCPP would no longer be required to review and approve OSA's biennial budget submission or certain contracts
  - However, OSA could still inform the SCPP and seek input
- If Rule 10 is removed, oversight of certain OSA personnel actions would be clarified
  - SAAC, the Executive Rules, and F&O Committees of Legislature have oversight currently
  - Other external oversight



**Questions? Please Contact: The Office of the State Actuary**

**[leg.wa.gov/OSA](http://leg.wa.gov/OSA); [state.actuary@leg.wa.gov](mailto:state.actuary@leg.wa.gov)**

**360-786-6140, PO Box 40914, Olympia, WA 98504**

**Matthew M. Smith**

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**Thank You**

