Late Employer Reporting/Dolan

Issue

A recent State Supreme Court case (*Dolan v. King County*) added approximately 900 existing contract employees to the Public Employees' Retirement System (PERS). As a result, those employees were awarded retroactive credit for service earned back to the beginning of their careers. This results in late reporting of an unprecedented size and cost to the system. The current settlement agreement would pass the cost to other plan members and employers.

Background

- Late and under-reporting of service create a cost to the retirement system due to the shortening, or removal, of prefunding.
- The Department of Retirement Systems (DRS) has discretionary authority to bill the responsible employer for interest on late contributions.
- The terms of the original settlement agreement included the payment of attorney's fees using money from the PERS trust fund.
- DRS was not a party to the suit and filed an appeal. In November 2014, the settlement was set aside and the case remanded for further proceedings.
- The Legislature passed a bill aimed at preventing similar outcomes by clarifying that similarly situated employees are not eligible for PERS.
- The Legislature considered, but did not pass a bill that would have shifted material costs of late reporting back to responsible employers.

Committee Activity

The SCPP held a work session on this issue at their October meeting.

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