



STATE OF WASHINGTON

DEPARTMENT OF RETIREMENT SYSTEMS

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November 14, 2024

**TO:** Marcus Ehrlander, Budget Advisor to the Governor, Compensation and Pensions  
Office of Financial Management

**FROM:** Mark Feldhausen, Budget and Performance Management Director

**SUBJECT:** **Budget Reduction Proposals from the Department of Retirement Systems**

Following are proposals from DRS in response to OFM's memo dated November 8, 2024.

As discussed, the agency's 2023-25 appropriation from fund 600 could be reduced in the 2025 supplemental to reflect under-expenditures on specific one-time projects, each of which are provisoed in the agency's section of the operating budget. This would have a positive impact on the projected deficit as the cash associated with each could form a transfer of more than \$3 million to the state general fund. This transfer is possible because the cash projection for fund 600 assumed the implementation cost for each of the projects would match the amount reflected in their decision package or fiscal note. That has not been the case in these projects, for different reasons.

- The CORE project will not spend or allot all of its \$34,491,000 appropriation this biennium because the appropriation was based on the project's initial budget document and not on the updated technology budget. The latter is based on the major negotiated IT contracts, and it has been used to secure gated funding in accordance with the requirements of Section 701. The final gate for the biennium was approved and the total amount allotted from fund 600 was \$33,238,274. That means \$1,252,000 won't be allotted and can be removed from the proviso.
- The separate appropriations to implement SSB 5538 (postretirement nursing) and SHB 1056 (postretirement employment) can also be reduced. Since fiscal notes need to be developed to reflect the estimated cost to implement individual pieces of legislation, they cannot assume efficiencies should other pieces of similar legislation also pass. That was the case for these two, in that DRS was able to take advantage of significant overlap between them to achieve cost savings in their implementation.
  - The \$1,172,000 proviso for SSB 5538 can be reduced by \$700,000.
  - The \$1,058,000 proviso for SHB 1056 can be reduced by \$600,000.
- The proviso to implement HB 1481 (tribal peace officers/LEOFF) can be reduced by \$500,000 primarily to reflect that implementation costs have yet to materialize.

Let me know if you have any questions about the proposals above and/or need additional information.

cc: Tracy Guerin, Director  
Mike Ricchio, Assistant Director, ASD