

**Public Employees Retirement System
Budget 192
House Bill Nos. 1022, 1452**

	FTE Positions	General Fund	Other Funds	Total
2013-15 legislative appropriation	33.00	\$0	\$7,650,450	\$7,650,450
2011-13 legislative appropriation	33.00	0	6,867,890	6,867,890
2013-15 appropriation increase (decrease) to 2011-13 appropriation	0.00	\$0	\$782,560	\$782,560

Item Description

Appropriation line item transfers - Section 2 of House Bill No. 1022 authorizes the Public Employees Retirement System (PERS) to transfer funds from its contingencies line item to other line items and provides that the agency notify the Office of Management and Budget of each transfer made.

Accrued leave payments - In Section 1 of House Bill No. 1022, the Legislative Assembly identified \$103,217 of other funds for accrued leave payments for PERS.

Defined contribution retirement plan election - House Bill No. 1452 allows new state employees hired after September 30, 2013, and before August 1, 2017, to elect to participate in the state's defined contribution retirement plan.

Temporary state employee benefits - House Bill No. 1059 (2013) redefines the benefits a temporary state employee is eligible to receive if employed after December 31, 2013.

Public employees retirement plan contribution rates - House Bill No. 1452 increases the employer and employee contributions to the state employee retirement plans by 1 percent each. The employee share increased from 6 percent to 7 percent with the state continuing to pay 4 percent of the employee's share, and the employer's share increased from 6.12 percent to 7.12 percent.

Status/Result

Upgrades to the new PERSlink system have increased beyond the number anticipated in the 2013-15 biennium budget. The agency is in the process of determining whether to access a portion of the \$250,000 contingencies line item for the additional upgrades.

The PERS office has spent \$3,846 from the accrued leave payments line item related to employee turnover through March 2014. The agency anticipates it will need to transfer \$78,000 from the accrued leave payments line item to the salaries and wages line item for the 2013-15 biennium.

House Bill No. 1452 provided \$22,000 to expand the eligibility for the defined contribution retirement plan. The funds were used during the 2013-15 biennium to make changes to the agency's business system and additional costs of providing communications to eligible employees.

The implementation of the shared responsibility rules for the Affordable Care Act encompassed in House Bill No. 1059 was anticipated to be implemented on January 1, 2014. However, the federal government delayed implementation to January 1, 2015. The Employee Benefits Programs Committee approved the recommendation of the PERS Board to also delay the implementation date to January 1, 2015, to coincide with the federal deadline. This change did not have a direct impact on the department's budget.

In January 2014 PERS completed an increase in contributions for the PERS main, judges', and Highway Patrolmen's retirement systems by 1 percent for both employer and employee contributions.

PERS fund status - Provided below is a summary of the actuarial value of the PERS main fund and Highway Patrolmen's retirement system fund:

Actuarial Value (Amounts Shown in Billions)			
	Actuarial Accrued Liability	Fund Balance	Actuarial Percentage Funded
June 30, 2007	\$1.58	\$1.47	93%
June 30, 2008	\$1.70	\$1.57	92%
June 30, 2009	\$1.86	\$1.58	85%
June 30, 2010	\$2.16	\$1.58	73%
June 30, 2011	\$2.28	\$1.60	70%
June 30, 2012	\$2.50	\$1.63	65%
June 30, 2013	\$2.72	\$1.68	62%

A decline in the market value of fund investments caused actuarial funded levels to decrease from 92 percent as of June 2008 to 62 percent as of June 2013.

Provided below is a status summary of the market value of all PERS and Highway Patrolmen's retirement system funds:

Market Value (Amounts Shown in Billions)		
	Fund Balance	Annual Percentage Change in Market Value
June 30, 2007	\$1.94	19.63%
June 30, 2008	\$1.81	(5.21%)
June 30, 2009	\$1.35	(24.05%)
June 30, 2010	\$1.51	13.25%
June 30, 2011	\$1.80	21.09%
June 30, 2012	\$1.79	(0.20%)
June 30, 2013	\$2.01	13.41%
March 31, 2014, preliminary fund balance	\$2.24	12.33%