

**Department 192 - Public Employees Retirement System
Senate Bill No. 2023**

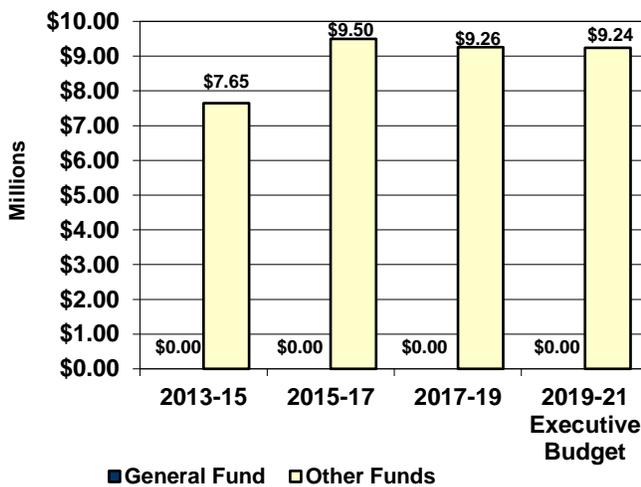
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	33.50	\$0	\$9,242,229	\$9,242,229
2017-19 Legislative Appropriations	34.50	0	9,258,390	9,258,390
Increase (Decrease)	(1.00)	\$0	(\$16,161)	(\$16,161)

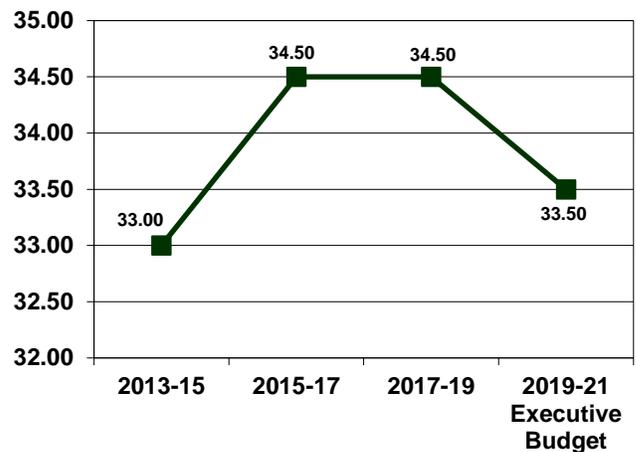
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$9,012,229	\$230,000	\$9,242,229
2017-19 Legislative Appropriations	9,258,390	0	9,258,390
Increase (Decrease)	(\$246,161)	\$230,000	(\$16,161)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$9,242,229	\$9,242,229
2019-21 Base Level	0	9,258,390	9,258,390
Increase (Decrease)	\$0	(\$16,161)	(\$16,161)

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$254,465 is for salary increases, \$136,047 is for health insurance increases, and \$33,426 is for retirement increases. The Senate added funding for salary adjustments of 2 percent for the 1st year of the biennium and 3 percent for the 2nd year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The Senate did not add funding for retirement contribution increases.	\$0	\$423,938	\$423,938
2. Removes 1 FTE undesignated position. The Senate did not remove the FTE undesignated position.	\$0	(\$138,796)	(\$138,796)

3. Adjusts funding for information technology operating expenses, related to information technology software, data processing, communications, and IT contractual services and repairs	\$0	(\$230,519)	(\$230,519)
4. Adjusts funding for other operating expenses, including increases in postage (\$31,225) and operating fees (\$17,220) and decreases in rent expense (\$31,896) and repairs (\$25,105). The Senate adjusted funding for other operating expenses by \$18,110.	\$0	(\$44,790)	(\$44,790)
5. Adds one-time funding for an information technology risk assessment	\$0	\$40,000	\$40,000
6. Adds one-time funding to upgrade business system software	\$0	\$190,000	\$190,000

Other Sections in Senate Bill No. 2023

Contingencies line item - Section 3 provides, upon approval of the board, the Public Employees Retirement System may transfer funding from the contingencies line item in Section 1 of the bill to all other line items.

Continuing Appropriations

Public Employees Retirement System - Various sections - For benefit payments, investments, and actuarial and technical consulting for each program area.

Significant Audit Findings

The audit for the Public Employees Retirement System conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2017, did not identify any significant audit findings.

The schedule of employer allocations and pension amounts by employer prepared for the Public Employees Retirement System and audited by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2017, did not identify any significant audit findings.

The other post employment benefits schedule prepared for the Public Employees Retirement System and audited by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2017, did not identify any significant audit findings.

Major Related Legislation

House Bill No. 1028 - Requires the insurance commissioner to regulate the financial condition, integrity, and equitable administration of a self-insurance health plan.

House Bill No. 1374 - Provides the Public Employees Retirement System contract with the Department of Human Services for pharmacy benefits management services.

House Bill No. 1419 - Provides for a legislative management study of public employee retirement options, including a defined benefit plan, hybrid plan, and defined contribution plan.

House Concurrent Resolution No. 3027 - Directs Legislative Management to consider studying the expansion of the Public Employees Retirement System's uniform group insurance health benefits for long-term state employees who separate from employment due to reduction in force or retirement.

Senate Bill No. 2046 - Provides for employees hired after December 31, 2019, the 1.14 percent employer contribution currently provided as a retiree health insurance credit fund be reallocated for the main system defined benefit plan.

Senate Bill No. 2047 - Provides for employees hired after December 31, 2019, the service benefit for the main system defined benefit plan be reduced from 2 percent to 1.75 percent.

Senate Bill No. 2048 - Provides for employees and employers to each contribute an additional 1 percent to the main system defined benefit and defined contribution plans, resulting in total employee contributions of 8 percent and total employer contributions of 8.12 percent, beginning January 1, 2021.

Senate Bill No. 2049 - Provides for employees who terminate employment after December 31, 2019, the final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of 12 consecutive months employed during the last 180 months of employment.

Public Employees Retirement System - Budget No. 192
Senate Bill No. 2023
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	34.50	\$0	\$9,258,390	\$9,258,390	34.50	\$0	\$9,258,390	\$9,258,390
2019-21 Ongoing Funding Changes								
Base payroll changes			(\$255,994)	(\$255,994)				\$0
Salary increase			254,465	254,465			\$184,787	184,787
Health insurance increase			136,047	136,047			165,096	165,096
Retirement contribution increase			33,426	33,426				0
Remove 1 FTE undesignated position	(1.00)		(138,796)	(138,796)				0
Adjust funding for information technology operating expenses			(230,519)	(230,519)			(230,519)	(230,519)
Adjust funding for other operating expenses			(44,790)	(44,790)			(18,110)	(18,110)
Total ongoing funding changes	(1.00)	\$0	(\$246,161)	(\$246,161)	0.00	\$0	\$101,254	\$101,254
One-time funding items								
Add funding for an information technology risk assessment			\$40,000	\$40,000			\$40,000	\$40,000
Add funding to upgrade business system software			190,000	190,000			190,000	190,000
Total one-time funding changes	0.00	\$0	\$230,000	\$230,000	0.00	\$0	\$230,000	\$230,000
Total Changes to Base Level Funding	(1.00)	\$0	(\$16,161)	(\$16,161)	0.00	\$0	\$331,254	\$331,254
2019-21 Total Funding	33.50	\$0	\$9,242,229	\$9,242,229	34.50	\$0	\$9,589,644	\$9,589,644

Other Sections for Public Employees Retirement System - Budget No. 192

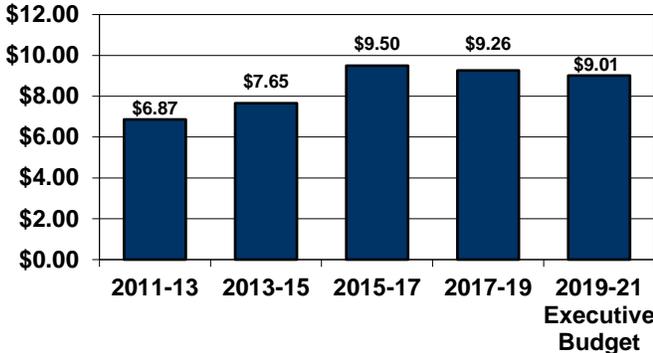
	Executive Budget Recommendation	Senate Version
Contingencies line item transfers	Section 2 would provide, upon approval of the Public Employees Retirement System Board, the Public Employees Retirement System office may transfer from the contingencies line item in Section 1 of the bill to all other line items.	Section 3 provides, upon approval of the Public Employees Retirement System Board, the Public Employees Retirement System office may transfer from the contingencies line item in Section 1 of the bill to all other line items.

Department 192 - Public Employees Retirement System

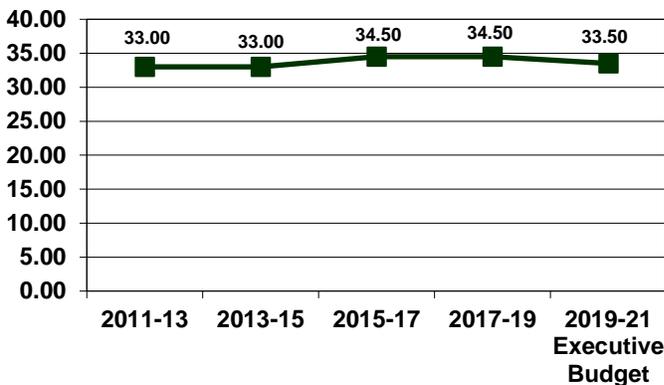
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



Ongoing Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	\$6,867,890	\$7,650,450	\$9,496,373	\$9,258,390	\$9,012,229
Increase (decrease) from previous biennium	N/A	\$782,560	\$1,845,923	(\$237,983)	(\$246,161)
Percentage increase (decrease) from previous biennium	N/A	11.4%	24.1%	(2.5%)	(2.7%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	11.4%	38.3%	34.8%	31.2%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2013-15 Biennium

- 1. Added funding for information technology activities included in the agency's IT strategic plan \$281,130

2015-17 Biennium

- 1. Added funding for 1 FTE chief financial officer position \$216,069
- 2. Added funding for 0.50 FTE benefit support position \$51,346
- 3. Added funding for additional workload due to the portability of retiree health credit \$43,052
- 4. Added funding for general operating expenses increases \$134,470
- 5. Added funding for PERSLink system refinements \$147,000
- 6. Added funding for website redesign \$90,080
- 7. Added funding for a secure reception area \$27,500
- 8. Added funding for additional temporary support salaries \$122,352
- 9. Added funding for desktop support services \$75,580

2017-19 Biennium

- 1. Adjusted funding for salaries and wages (\$150,000)
- 2. Reduced funding for printing and postage costs for newsletters (\$29,752) and annual benefit statements (\$33,220) (\$62,972)
- 3. Reduced funding for hosting costs for a mobile application (\$43,000)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Removes 1 FTE undesignated position. **The Senate did not remove the FTE undesignated position.** (\$138,796)
- 2. Adjusts funding for information technology operating expenses, related to information technology software, data processing, communications, and IT contractual services and repairs (\$230,519)

**GOVERNOR'S RECOMMENDATION FOR THE
PUBLIC EMPLOYEES RETIREMENT SYSTEM
AS SUBMITTED BY THE
OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys from special funds derived from income for the purpose of defraying their expenses, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	6,316,169	29,148	6,345,317
Operating Expenses	2,692,221	(235,309)	2,456,912
Capital Assets	-	190,000	190,000
Contingencies	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total all funds	9,258,390	(16,161)	9,242,229
Less estimated income	<u>9,258,390</u>	<u>(16,161)</u>	<u>9,242,229</u>
Total general fund	-	-	-
Full-time equivalent positions	34.50	-1.00	33.50

SECTION 2. APPROPRIATION LINE ITEM TRANSFERS. Upon approval of the board, the public employees retirement system may transfer from their contingency line item in section 1 of this Act to all other line items. The agency shall notify the office of management and budget of each transfer made pursuant to this section.