



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2023 Biennium

Bill # HB0044

Title: Revise funding for GWPORS

Primary Sponsor: Custer, Geraldine

Status: As Introduced

Retirement Systems Affected:
 Teachers
 Public Employees
 Highway Patrol
 Police
 Sheriffs
 Firefighters
 Volunteer Firefighters
 Game Wardens
 Judges

Check the box if "Yes".

- Has this legislation been reviewed by the legislative interim committee?
- Has the cost of this legislation been calculated by the system's actuary?
- Does this legislation include full funding for any benefit revisions?

	July 1, 2020 Current System	July 1, 2020 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$264,744,609	\$264,744,609	\$0
Present Value of Actuarial Assets	\$221,948,510	\$221,948,510	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$42,796,099	\$42,796,099	\$0
Amortization Period (years) of UAAL	40.00	25.00	0.00
Change in normal costs	15.44%	15.44%	0.00%

	FY 2021 July 1, 2020	FY 2022 July 1, 2021	FY 2023 July 1, 2022	FY 2024 July 1, 2023	FY 2025 July 1, 2024
Employee Contribution Rate	10.56%	10.56%	10.56%	10.56%	10.56%
Employer Contribution Rate	9.00%	10.05%	10.05%	10.05%	10.05%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	19.56%	20.61%	20.61%	20.61%	20.61%

	FY 2022 Difference	FY 2023 Difference	FY 2024 Difference	FY 2025 Difference
Expenditures:				
General Fund	\$417,235	\$431,839	\$446,953	\$462,596
State Special Revenue	\$129,883	\$134,429	\$139,134	\$144,004
Federal Special Revenue	\$22,413	\$23,198	\$24,010	\$24,850
Proprietary Funds	\$5,172	\$5,353	\$5,541	\$5,735
Other	\$30,714	\$31,789	\$32,901	\$34,053
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other-Pension Trust	\$605,418	\$626,608	\$648,539	\$671,238
Net Impact-General Fund Balance:	<u>(\$417,235)</u>	<u>(\$431,839)</u>	<u>(\$446,953)</u>	<u>(\$462,596)</u>

Description of fiscal impact: HB 44 proposes to temporarily increase the employer contribution rate by 1.05% to improve the actuarial funding of GWPORS.

FISCAL ANALYSIS

Assumptions:

1. The actuary performed these calculations based upon the data, actuarial method and assumptions used in the Actuarial Valuation of GWPORS as of June 30, 2020.
2. Salary projections are based on the actuarial assumed payroll growth assumption of 3.5%.
3. All actuarial assumptions will be realized, including the investment return assumption of 7.65%.
4. There have been no adjustments for actuarial gains or losses or for changes in membership or financial data since the last valuation as of June 30, 2020.
5. The numbers represented in the table above show the cost of the 1.05% increase based on payroll submitted to MPERA.
6. If the amortization period for this system were to fall below 25 years, then the additional temporary contributions would be discontinued unless that would cause the amortization period to exceed 25 years.
7. The fiscal impact presented in the report assumes that this bill is the only amendment being considered. If other changes are also adopted, the fiscal impact associated with this bill could be different.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Contributions	\$605,418	\$626,608	\$648,539	\$671,238
TOTAL Expenditures	<u>\$605,418</u>	<u>\$626,608</u>	<u>\$648,539</u>	<u>\$671,238</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$417,235	\$431,839	\$446,953	\$462,596
State Special Revenue (02)	\$129,883	\$134,429	\$139,134	\$144,004
Federal Special Revenue (03)	\$22,413	\$23,198	\$24,010	\$24,850
Proprietary	\$5,172	\$5,353	\$5,541	\$5,735
Other	\$30,714	\$31,789	\$32,901	\$34,053
TOTAL Funding of Exp.	<u>\$605,418</u>	<u>\$626,608</u>	<u>\$648,539</u>	<u>\$671,238</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Pension Trust	\$605,418	\$626,608	\$648,539	\$671,238
TOTAL Revenues	<u>\$605,418</u>	<u>\$626,608</u>	<u>\$648,539</u>	<u>\$671,238</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$ (417,235)	\$ (431,839)	\$ (446,953)	\$ (462,596)
State Special Revenue (02)	\$ (129,883)	\$ (134,429)	\$ (139,134)	\$ (144,004)
Federal Special Revenue (03)	\$ (22,413)	\$ (23,198)	\$ (24,010)	\$ (24,850)
Proprietary	\$ (5,172)	\$ (5,353)	\$ (5,541)	\$ (5,735)
Other	\$ (30,714)	\$ (31,789)	\$ (32,901)	\$ (34,053)
Pension Trust	\$605,418	\$626,608	\$648,539	\$671,238

Sprademe Costa 1/14/21
Sponsor's Initials *Date*

KA
Budget Director's Initials

1/13/21
Date