



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0122: Revising the ADEC rate and setting a minimum contribution rate for HPORS, SRS, and GWPORS**

Primary Sponsor: Forrest Mandeville Status: As Introduced

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

Has this legislation been reviewed by the legislative interim committee? **No**
 Has the cost of this legislation been calculated by the system's actuary? **Yes**
 Does this legislation include full funding for any benefit revisions? **Yes**

Pension Liability

Public Employees Retirement Board

	July 1, 2024 Current System	July 1, 2024 With Changes	Increase/ (Decrease)
<u>Highway Patrol</u>			
Present Value of Actuarial Accrued Liability	\$292,082,472	\$292,082,472	\$0
Present Value of Actuarial Assets	\$226,704,727	\$226,704,727	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$65,377,745	\$65,377,745	\$0
Amortization Period (years) of UAAL	24.00	24.00	0.00
Change in normal costs	26.39%	26.39%	0.00%
<u>Sheriffs</u>			
Present Value of Actuarial Accrued Liability	\$686,145,643	\$686,145,643	\$0
Present Value of Actuarial Assets	\$568,268,497	\$568,268,497	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$117,877,146	\$117,877,146	\$0
Amortization Period (years) of UAAL	24.00	24.00	0.00
Change in normal costs	15.48%	15.48%	0.00%
<u>Game Wardens</u>			
Present Value of Actuarial Accrued Liability	\$377,092,368	\$377,092,368	\$0
Present Value of Actuarial Assets	\$353,845,517	\$353,845,517	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$23,246,851	\$23,246,851	\$0
Amortization Period (years) of UAAL	24.00	24.00	0.00
Change in normal costs	17.34%	17.34%	0.00%

Pension Contribution Rates

	FY 2024 July 1, 2023	FY2025 July1, 2024	FY 2026 July 1, 2025	FY 2027 July 1, 2026	FY2027 July 1, 2028
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Highway Patrol

Employee Contribution Rate	13.05%	13.05%	13.05%	13.05%	13.05%
Employer Contribution Rate	38.33%	34.40%	38.33%	38.33%	38.33%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	51.38%	47.45%	51.38%	51.38%	51.38%

Sheriffs

Employee Contribution Rate	10.50%	10.50%	10.50%	10.50%	10.50%
Employer Contribution Rate	13.12%	12.07%	13.12%	13.12%	13.12%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	23.61%	22.57%	23.61%	23.61%	23.61%

Game Wardens

Employee Contribution Rate	10.56%	10.56%	10.56%	10.56%	10.56%
Employer Contribution Rate	9.00%	10.56%	9.62%	10.56%	10.56%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	19.56%	21.12%	20.18%	21.12%	21.12%

FISCAL SUMMARY

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures				
General Fund (01)	\$1,352,342	\$1,028,793	\$1,117,917	\$1,380,226
State Special Revenue (02)	\$222,480	\$144,826	\$197,865	\$301,995
Federal Special Revenue (03)	\$39,164	\$25,404	\$34,562	\$52,889
Other	\$0	\$0	\$0	\$0
Consolidated Governments	\$21,146	\$11,296	\$11,446	\$21,254
County	\$1,143,139	\$610,653	\$618,736	\$1,148,949
Proprietary	\$13,490	\$8,241	\$10,386	\$16,680
University	\$113,334	\$67,033	\$80,693	\$133,494
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Pension Trust	\$2,905,095	\$1,896,246	\$2,071,605	\$3,055,487
Net Impact	<u>(\$1,352,342)</u>	<u>(\$1,028,793)</u>	<u>(\$1,117,917)</u>	<u>(\$1,380,226)</u>
General Fund Balance				

Description of fiscal impact

Public Employees Retirement Board

SB 122 would revise the actuarially determined employer contribution rate (ADEC) for the Highway Patrol Officers' Retirement System (HPORS), the Sheriffs' Retirement System (SRS) and the Game Wardens' and Peace Officers' Retirement System. SB 122 adds a minimum rate for the ADEC and adds a maximum annual decrease to the ADEC rate.

FISCAL ANALYSIS

Assumptions

Public Employees Retirement Board

1. All actuarial assumptions will be realized, including the investment return assumption of 7.3%. If assumptions are not met, the financial impact would change. Salary projections are based on the actuarial assumed payroll growth assumption of 3.25%.
2. SB 122 would be effective July 1, 2025.
3. This is a funding policy change and does not impact the liabilities of the systems.
4. A minimum rate would be set where the ADEC rates are not able to go below:
 - a. HPORS - 38.33%
 - b. SRS - 13.115%
 - c. GWPORS - 10.56%
5. The minimum rates discussed are forecasted by our actuary to remain for fiscal year 2026 and beyond.
6. The maximum annual decrease of the ADEC rate for a year would be no more than 0.5%.
7. The funding for 06/30/2034 is projected to be:
 - a. HPORS would go from 77.62% to 85%.
 - b. SRS would go from 82.82% to 91%.
 - c. GWPORS would go from 93.84% to 100%.

Fiscal Analysis Table

Public Employees Retirement Board				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Benefits	\$2,905,095	\$1,896,246	\$2,071,605	\$3,055,487
TOTAL Expenditures	\$2,905,095	\$1,896,246	\$2,071,605	\$3,055,487
<u>Funding of Expenditures</u>				
General Fund (01)	\$1,352,342	\$1,028,793	\$1,117,917	\$1,380,226
State Special Revenue (02)	\$222,480	\$144,826	\$197,865	\$301,995
Federal Special Revenue (03)	\$39,164	\$25,404	\$34,562	\$52,889
Other	\$0	\$0	\$0	\$0
Proprietary	\$13,490	\$8,241	\$10,386	\$16,680
County	\$1,143,139	\$610,653	\$618,736	\$1,148,949
Consolidated Governments	\$21,146	\$11,296	\$11,446	\$21,254
University	\$113,334	\$67,033	\$80,693	\$133,494
TOTAL Funding of Expenditures	\$2,905,095	\$1,896,246	\$2,071,605	\$3,055,487
<u>Revenues</u>				
Other	\$0	\$0	\$0	\$0
Pension Trust	\$2,905,095	\$1,896,246	\$2,071,605	\$3,055,487
TOTAL Revenues	\$2,905,095	\$1,896,246	\$2,071,605	\$3,055,487
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$1,352,342)	(\$1,028,793)	(\$1,117,917)	(\$1,380,226)
State Special Revenue (02)	(\$222,480)	(\$144,826)	(\$197,865)	(\$301,995)
Federal Special Revenue (03)	(\$39,164)	(\$25,404)	(\$34,562)	(\$52,889)
Other	\$0	\$0	\$0	\$0
Proprietary	(\$13,490)	(\$8,241)	(\$10,386)	(\$16,680)
County	(\$1,143,139)	(\$610,653)	(\$618,736)	(\$1,148,949)

Fiscal Note Request - As Introduced

(continued)

Consolidated Governments	(\$21,146)	(\$11,296)	(\$11,446)	(\$21,254)
University	(\$113,334)	(\$67,033)	(\$80,693)	(\$133,494)
Pension Trust	<u>\$2,905,095</u>	<u>\$1,896,246</u>	<u>\$2,071,605</u>	<u>\$3,055,487</u>

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

1/24/25



Budget Director's Initials

1/23/2025

Date