



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0007: Repeal of retirement criteria change for HPORS and SRS

Primary Sponsor: Wendy McKamey 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? Yes
 Has the cost of this legislation been calculated by the system's actuary? Yes
 Does this legislation include full funding for any benefit revisions? No

Pension Liability

Public Employees Retirement Board

	July 1, 2024 Current System	July 1, 2024 With Changes	Increase/ (Decrease)
Highway Patrol			
Present Value of Actuarial Accrued Liability	\$292,082,472	\$292,103,472	\$21,000
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%	26.47%	0.08%
Sheriffs			
Present Value of Actuarial Accrued Liability	\$686,145,643	\$686,242,643	\$97,000
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%	15.60%	0.12%

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
Highway Patrol					
Employee Contribution Rate	13.05%	13.05%	13.05%	13.05%	13.05%
Employer Contribution Rate	38.33%	34.40%	34.90%	35.40%	35.90%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	51.38%	47.45%	47.95%	48.45%	48.95%

Sheriffs

Employee Contribution Rate	10.50%	10.50%	10.50%	10.50%	10.50%
Employer Contribution Rate	13.12%	12.07%	12.08%	12.58%	12.59%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	23.61%	22.57%	22.58%	23.08%	23.09%

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
Revenues				
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

This bill reinstates the normal retirement age changed in the 2023 session for the Highway Patrol Officers' Retirement System (HPORS) and the Sheriffs' Retirement System (SRS). Currently a member in HPORS or SRS hired on or after July 1, 2023 has to reach both 50 years of age and complete at least 20 years of membership service to be eligible for a nonforfeitable service retirement benefit. SB 7 would change this to allow a member to be eligible for a nonforfeitable service retirement benefit if they either reached age 50 or completed 20 years of membership service, whichever occurs later.

FISCAL ANALYSIS

Assumptions

1. A vested member hired after July 1, 2023, will reach normal retirement age when they have either reached age 50 or completed 20 years of membership service, whichever occurs later.
2. SB 7 is effective upon passage and approval.
3. SB 7 if passed will be retroactive to members of Highway Patrol Officers' Retirement System (HPORS) and Sheriffs' Retirement System (SRS) hired on or after July 1, 2023.
4. HPORS
 - a. The normal cost rate for HPORS will change from 26.39% to 26.47%.
 - b. The actuarial accrued liability (AAL) would increase by \$21,000.
 - c. The increase in the AAL increases the unfunded actuarial accrued liability (UAAL) rate by .02% from 21.69% to 21.71%.
 - d. The increase in the AAL reduces the funded ratio from 77.62% to 77.61%
5. SRS
 - a. The normal cost rate for SRS will change from 15.480% to 15.60%
 - b. The actuarial accrued liability (AAL) would increase by \$97,000.
 - c. The increase in the AAL increases the unfunded actuarial accrued liability (UAAL) rate by .010% from 7.094% to 7.104%.
 - d. The increase in the AAL reduces the funded ratio from 82.82% to 82.81%.

Fiscal Analysis Table

Public Employees Retirement Board				
	FY 2026	FY 2027	FY 2028	FY 2029
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Handy M Kenney 1-3-2025
 Sponsor's Initials Date

[Signature] 1/2/2025
 Budget Director's Initials Date