

**Public Employees Retirement System
Budget No. 192
House Bill No. 1023**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	35.50	\$0	\$10,217,396	\$10,217,396
2019-21 legislative appropriation	<u>34.50</u>	<u>0</u>	<u>9,576,196</u>	<u>9,576,196</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	1.00	\$0	\$641,200	\$641,200

Item Description

FTE position changes - The Legislative Assembly approved 35.50 FTE positions for the Public Employees Retirement System (PERS) for the 2021-23 biennium, 1 more FTE position than the 2019-21 biennium. The Legislative Assembly added 1 FTE accountant position.

The Legislative Assembly also added \$154,370 from special funds for a temporary receptionist position.

One-time funding - In House Bill No. 1023, the Legislative Assembly appropriated one-time funding of \$362,100 from special funds, of which \$257,600 is to upgrade the PERSLink business system to a business process management system and \$104,500 is to contract with a developer to upgrade the agency's benefit enrollment software.

Retirement plans - House Bill No. 1209 (2021) requires the Legislative Management to study and develop a plan for new hires under the PERS main system to participate in the defined contribution plan and to close the defined benefit plan to new entries effective January 1, 2024.

Public Employees Retirement System data - The following is a summary of membership of the PERS main system plan:

Public Employees Retirement System Main System Membership					
Membership as of January 1	Active State Members	Active Political Subdivisions Members	Retirees and Beneficiaries	Deferred Members	Total
2013	10,014	10,264	7,214	7,634	35,126
2014	10,437	11,511	7,907	8,304	38,159
2015	10,536	12,097	8,628	9,503	40,764
2016	10,783	12,750	9,291	10,733	43,557
2017	10,605	12,965	9,790	11,654	45,014
2018	10,237	13,119	10,957	12,186	46,499
2019	10,073	13,343	11,759	13,267	48,442
2020	9,998	13,693	12,117	14,000	49,808
2021	10,553	15,101	13,259	13,887	52,800
2022	10,361	15,253	14,000	15,020	54,634

Status/Result

The FTE accountant position was filled in July 2021. The temporary receptionist position was filled in October 2021. Two additional temporary positions, a benefits processor position and a member service position, were added in September 2021 and December 2021 using vacant FTE position salary savings.

Through March 2022, \$128,800 has been paid to Sagitec Solutions, the vendor selected to upgrade the PERSLink business system to a business process management system. The remaining \$128,800 will be paid upon the completion of the project, which is expected to be in May 2022.

An additional coding developer was added to the Sagitec Solutions staff updating the benefit enrollment software. The entire \$104,500 is expected to be spent by the end of the biennium.

The Legislative Management assigned the study to the interim Retirement Committee. The committee contracted with Milliman, Inc., in March 2022 to assist the committee in its study and to provide alternative retirement plan options for the committee to consider. The committee plans to receive information from Milliman in April, May, and June before making its recommendations.

Membership of the PERS main system plan has increased 55.5 percent from January 2013 to January 2022, including increases of 3.5 percent for active state members, 48.6 percent for active political subdivision members, 94.1 percent for retirees and beneficiaries, and 96.8 percent for deferred members.

The following is a summary of the actuarial value of the PERS main system plan:

Actuarial Value (Amounts Shown in Billions)				
Value as of June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Surplus (Unfunded Liability)	Actuarial Funded Ratio
2013	\$1.63	\$2.65	(\$1.02)	61.5%
2014	\$1.84	\$2.87	(\$1.03)	64.1%
2015	\$2.03	\$2.98	(\$0.95)	68.1%
2016	\$2.18	\$3.30	(\$1.12)	66.1%
2017	\$2.53	\$3.62	(\$1.09)	69.9%
2018	\$2.75	\$3.84	(\$1.09)	71.6%
2019	\$2.95	\$4.14	(\$1.19)	71.3%
2020	\$3.11	\$4.55	(\$1.44)	68.3%
2021	\$3.37	\$4.80	(\$1.43)	70.3%

The following is a summary of the market value of the PERS main system plan:

Market Value of Assets (Amounts Shown in Billions)		
Value as of June 30	Market Value of Assets	Annual Percentage Change in Market Value
2013	\$1.90	12.8%
2014	\$2.21	16.4%
2015	\$2.30	3.8%
2016	\$2.32	1.2%
2017	\$2.62	12.7%
2018	\$2.85	8.7%
2019	\$2.96	4.0%
2020	\$3.00	1.6%
2021	\$3.78	24.6%