



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2025 Biennium

Bill information:

SB0029 - Increase and Extend the PERS Supplemental Employer Contribution (McKamey, Wendy)

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, 2022 Current System	July 1, 2022 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$9,026,784,090	\$9,026,784,090	\$0
Present Value of Actuarial Assets	\$6,770,813,514	\$6,770,813,514	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$2,255,970,576	\$2,255,970,576	\$0
Amortization Period (years) of UAAL	32.00	28.00	0.00
Change in normal costs	9.72%	9.72%	0.00%

	FY 2023 July 1, 2022	FY 2024 July 1, 2023	FY 2025 July 1, 2024	FY 2026 July 1, 2025	FY 2027 July 1, 2026
Employee Contribution Rate	7.90%	7.90%	7.90%	7.90%	7.90%
State and MUS Employer Contribution Rate	9.07%	9.17%	9.27%	9.37%	9.47%
State contribution rate	0.00%	0.00%	0.00%	0.00%	0.00%
Local Govt ER Contribution Rate	8.97%	9.07%	9.17%	9.27%	9.37%
State contribution rate	0.10%	0.10%	0.10%	0.10%	0.10%
School District ER Contribution Rate	8.70%	8.80%	8.90%	9.00%	9.10%
State Contribution rate	0.37%	0.37%	0.37%	0.37%	0.37%
State Contribution rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	35.11%	35.41%	35.71%	36.01%	36.31%

FISCAL SUMMARY

	FY2024	FY2025	FY2026	FY2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures:				
General Fund	\$0	\$274,707	\$567,270	\$878,559
State Special Revenue	\$0	\$247,266	\$510,604	\$790,799
Federal Special Revenue	\$0	\$114,300	\$236,030	\$365,551
Other	\$0	\$1,065,289	\$2,199,822	\$3,406,974
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other-Pension Trust	\$0	\$1,701,562	\$3,513,726	\$5,441,883
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$274,707)</u>	<u>(\$567,270)</u>	<u>(\$878,559)</u>

Description of fiscal impact: Modifies MCA 19-3-316 to extend the 0.10% increase from 2024 to 2034. MCA 19-3-316 currently requires each employer to contribute 6.90% of total compensation paid to all members. This amount increased by 1.27% for fiscal year 2014 and will increase by 0.10% each fiscal year through 2034 instead of 2024 until the total employer contributions equal 10.17% of member compensation.

FISCAL ANALYSIS

Assumptions:

1. The 0.10% employer increase for the next 10 years will bring the PERS system to 28-year amortization.
2. Going forward after fiscal year 2034 the employer contribution will remain at 10.17%
3. Salary projections are based on the actuarial assumed payroll growth assumption of 3.25%.
4. All actuarial assumptions will be realized, including the investment return assumption of 7.30%
5. 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, 2022.
6. There is no cost for fiscal year 2024 as the 0.10% increase was already in statute.
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.
8. The actuary performed these calculations based upon the data, actuarial methods and assumptions used in the Actuarial Valuations of PERS as of June 30, 2022. If market value returns are less than anticipated and total payroll does not grow at the assumed rate, the amortization period could be prolonged.

Fiscal Note Request – As Introduced

(continued)

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Expenditures:

TOTAL Expenditures \$0 \$0 \$0 \$0

Funding of Expenditures:

General Fund (01)	\$0	\$274,707	\$567,270	\$878,559
State Special Revenue (02)	\$0	\$247,266	\$510,604	\$790,799
Federal Special Revenue (03)	\$0	\$114,300	\$236,030	\$365,551
Proprietary	\$0	\$107,384	\$221,748	\$343,433
Other - University	\$0	\$131,380	\$271,300	\$420,176
Other- City	\$0	\$211,845	\$437,459	\$677,515
Other- Consolidated Govt	\$0	\$27,458	\$56,700	\$87,815
Other - Counties	\$0	\$306,387	\$632,689	\$979,878
Other - Local Govt	\$0	\$81,357	\$168,002	\$260,193
Other - School Dist	\$0	\$199,478	\$411,922	\$637,964
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$1,701,562</u>	<u>\$3,513,726</u>	<u>\$5,441,883</u>

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-Pensions	\$0	\$1,701,562	\$3,513,726	\$5,441,883
TOTAL Revenues	<u>\$0</u>	<u>\$1,701,562</u>	<u>\$3,513,726</u>	<u>\$5,441,883</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	(274,707)	(567,270)	(878,559)
State Special Revenue (02)	\$0	(247,266)	(510,604)	(790,799)
Federal Special Revenue (03)	\$0	(114,300)	(236,030)	(365,551)
Other	\$0	(1,065,289)	(2,199,822)	(3,406,974)

UMC

Sponsor's Initials

1-4-2023

Date

PO

Budget Director's Initials

12-29-22

Date