



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2025 Biennium

Bill information:

HB0119 - Provide funding for public safety pension systems (Bertoglio, Marta)

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?

HPORS

	July 1, 2022 Current System	July 1, 2022 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$273,240,808	\$273,240,808 [▼]	\$0
Present Value of Actuarial Assets	\$179,360,586	\$179,360,586 [▼]	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$93,880,222	\$93,880,222 [▼]	\$0
Amortization Period (years) of UAAL	47.00	25.00 [▼]	(22.00)
Change in normal costs	0.00%	0.00%	0.00%

GWPORS

	July 1, 2022 Current System	July 1, 2022 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$320,475,204	\$320,475,204 [▼]	\$0
Present Value of Actuarial Assets	\$266,067,351	\$266,067,351 [▼]	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$54,407,853	\$54,407,853 [▼]	\$0
Amortization Period (years) of UAAL	DNA	25.00	(25.00)
Change in normal costs	0.00%	0.00%	0.00%

SRS

	July 1, 2022 Current System	July 1, 2022 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$597,118,496	\$597,118,496 [▼]	\$0
Present Value of Actuarial Assets	\$469,548,805	\$469,548,805 [▼]	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$127,569,691	\$127,569,691 [▼]	\$0
Amortization Period (years) of UAAL	33.00	25.00 [▼]	(8.00)
Change in normal costs	0.00%	0.00%	0.00%

Fiscal Note Request – As Introduced

(continued)

HPORS	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	13.05%	13.05%	13.05%	13.05%	13.05%
Employer Contribution Rate	38.33%	38.33%	38.33%	38.33%	38.33%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	51.38%	51.38%	51.38%	51.38%	51.38%

GWPORS	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	10.56%	10.56%	10.56%	10.56%	10.56%
Employer Contribution Rate	9.00%	9.00%	9.00%	9.00%	9.00%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	19.56%	19.56%	19.56%	19.56%	19.56%

SRS	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	10.495%	10.495%	10.495%	10.495%	10.495%
Employer Contribution Rate	13.115%	13.115%	13.115%	13.115%	13.115%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	23.610%	23.610%	23.610%	23.610%	23.610%

FISCAL SUMMARY

	FY 2024 <u>Difference</u>	FY 2025 <u>Difference</u>	FY 2026 <u>Difference</u>	FY 2027 <u>Difference</u>
Expenditures:				
General Fund	\$107,200,000	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other-Pension Trust	\$107,200,000	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$107,200,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill would pay \$27.6 million from general fund to Highway Patrol Officers retirement system to reduce amortization to 25 years. Pay \$26.8 million from general fund to Sheriffs' Retirement system to reduce amortization to 25 years. Pay \$52.8 million from general fund to the Game Wardens' and peace officers' retirement system to reduce amortization to 25 years.

FISCAL ANALYSIS

Assumptions:

1. One-time payment of \$27.6 million from general fund to Highway Patrol Officers retirement system to reduce amortization from 47 years to 25 years.
2. One-time payment of \$52.8 million from general fund to the Game Wardens’ and Peace Officers’ retirement system to reduce amortization from does not amortize (DNA) to 25 years.
3. One-time payment of \$26.8 million from general fund to Sheriffs’ Retirement system to reduce amortization from 33 years to 25 years.
4. Salary projections are based on the actuarial assumed payroll growth assumption of 3.25%.
5. All actuarial assumptions will be realized, including the investment return assumption of 7.30%. If assumptions are not met, the financial impact would change.
6. 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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Transfers	<u>\$107,200,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Expenditures	<u><u>\$107,200,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$107,200,000	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u><u>\$107,200,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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
Other-Pension Trust	<u>\$107,200,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$107,200,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$107,200,000)	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$107,200,000	\$0	\$0	\$0

Technical Notes

1. It is unclear if an appropriation to a pension board results in funds deposited in a pension trust. Traditionally, pension funding bills have included language that transfers or statutorily appropriates (rather than appropriates) funds to a particular pension trust fund. See example below:

(1) No later than June 30, 2023 there is transferred \$52.8 million from the general fund to the Game Warden and Peace Officers' Retirement Trust established in accordance with 19-2-501.

(2) No later than June 30, 2023 there is transferred \$27.6 million from the general fund to the Highway Patrol Officers' Retirement Trust established in 19-2-501.

(3) No later than June 30, 2023 there is transferred \$26.8 million from the general fund to the Sheriffs' Retirement Trust established in 19-2-501.

MB

Sponsor's Initials

1-4-2023

Date

Budget Director's Initials

12-29-22

Date