

 <p style="font-size: small; margin: 0;">GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING</p>	<h2 style="margin: 0;"><u>Pension Fund Fiscal Note 2025 Biennium</u></h2>
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Bill information:	
HB0119 - Provide funding for public safety pension systems (Bertoglio, Marta)	
Status:	As Introduced - Revised

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-Revised

(continued)

HPORS	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025	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	FY 2024	FY 2025	FY 2026	FY 2027
	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026
Employee Contribution Rate	10.56%	10.56%	10.56%	10.56%	10.56%
Employer Contribution Rate	9.00%	10.56%	10.56%	10.56%	10.56%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	19.56%	21.12%	21.12%	21.12%	21.12%

SRS	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025	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	FY 2025	FY 2026	FY 2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures:				
General Fund	\$107,804,366	\$614,997	\$625,658	\$684,371
State Special Revenue	\$188,136	\$191,445	\$194,764	\$213,041
Federal Special Revenue	\$32,466	\$33,037	\$33,610	\$36,764
Other	\$885,055	\$900,623	\$916,235	\$1,002,217
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other-Pension Trust	\$108,910,023	\$1,740,103	\$1,770,267	\$1,936,393
Net Impact-General Fund Balance:	<u>(\$107,804,366)</u>	<u>(\$614,997)</u>	<u>(\$625,658)</u>	<u>(\$684,371)</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 (GWPORS) to reduce amortization to 25 years. This would also increase the employer contribution rate for GWPORS to 10.56% effective 7/1/2023.

FISCAL ANALYSIS

Assumptions:

1. One-time payment of \$27.6 million from general fund to Highway Patrol Officers retirement system (HPORS) 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 (GWPORS) 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 (SRS) to reduce amortization from 33 years to 25 years.
4. The GWPORS system will increase the employer contribution rate from 9% to 10.56% effective 7/1/2023.
5. Salary projections are based on the actuarial assumed payroll growth assumption of 3.25%.
6. All actuarial assumptions will be realized, including the investment return assumption of 7.30%. If assumptions are not met, the financial impact would change.
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.

	<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>
Fiscal Impact:				
<u>Funding of Expenditures:</u>				
General Fund (01)	\$107,804,366	\$614,997	\$625,658	\$684,371
State Special Revenue (02)	\$188,136	\$191,445	\$194,764	\$213,041
Federal Special Revenue (03)	\$32,466	\$33,037	\$33,610	\$36,764
Other	<u>\$885,055</u>	<u>\$900,623</u>	<u>\$916,235</u>	<u>\$1,002,217</u>
TOTAL Funding of Exp.	<u>\$108,910,023</u>	<u>\$1,740,103</u>	<u>\$1,770,267</u>	<u>\$1,936,393</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>\$108,910,023</u>	<u>\$1,740,103</u>	<u>\$1,770,267</u>	<u>\$1,936,393</u>
TOTAL Revenues	<u>\$108,910,023</u>	<u>\$1,740,103</u>	<u>\$1,770,267</u>	<u>\$1,936,393</u>

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$107,804,366)	(\$614,997)	(\$625,658)	(\$684,371)
State Special Revenue (02)	(\$188,136)	(\$191,445)	(\$194,764)	(\$213,041)
Federal Special Revenue (03)	(\$32,466)	(\$33,037)	(\$33,610)	(\$36,764)
Other	\$108,024,968	\$839,480	\$854,032	\$934,176

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:

Fiscal Note Request – As Introduced-Revised

(continued)

(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

2-10-23

Date

AD

Budget Director's Initials

2-9-23

Date