



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0141: Providing that the default retirement plan for legislators is the defined contribution plan through PERS**

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

Pension Liability

Public Employees Retirement Board

	July 1, 2024 Current System	July 1, 2024 With Changes	Increase/ (Decrease)
<u>Public Employees</u>			
Present Value of Actuarial Accrued Liability	\$9,695,548,065	\$9,695,548,065	\$0
Present Value of Actuarial Assets	\$7,341,304,639	\$7,341,304,639	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$2,354,243,426	\$2,354,243,426	\$0
Amortization Period (years) of UAAL	27.00	27.00	0.00
Change in normal costs	9.83%	9.83%	0.00%

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
<u>Public Employees</u>					
Employee Contribution Rate	7.90%	7.90%	7.90%	7.90%	7.90%
Employer Contribution Rate	9.17%	9.17%	9.17%	9.17%	9.17%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	16.26%	16.26%	16.26%	16.26%	16.26%

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
Revenues				

Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact**Public Employees Retirement Board**

SB 141 provides the default plan for legislators is the defined contribution plan through the Public Employee Retirement System (PERS) for anyone hired on or after 7/1/2025, and who is not currently a member of the public employees' retirement system.

FISCAL ANALYSIS**Assumptions****Public Employees Retirement Board**

1. SB 141 would close the public employees' retirement system defined benefit plan to legislators who are elected or appointed to the legislature for the first time after 07/1/2025, and who are not active, inactive or retired members of a retirement system provided in Title 19, chapter 5, 6, 7, 8, 9, 13, 20 or 21.
2. A person who is an inactive or retired member of a retirement system provided for in Title 19, chapter 5, 6, 7, 8, 9, 13, 20, or 21, and who is elected or appointed to be a legislator for the first time before June 30, 2025, may:
 - a. return to active membership in the system of which the person is an inactive or retired member under the requirements of that system; or
 - b. remain an inactive or retired member of the retirement system and become an active member of the public employees' retirement system pursuant to 19-3-413.
3. A person who is an inactive or retired member of a defined benefit retirement system provided for in Title 19, chapter 5, 6, 7, 8, 9, 13, or 20, or a member of the university system retirement program provided for in chapter 21, and who is elected or appointed to be a legislator for the first time after July 1, 2025, may:
 - a. return to active membership in the system of which the person is an inactive or retired member under the requirements of that system; or
 - b. remain an inactive or retired member of the retirement system and become an active member of the public employees' retirement system defined contribution plan provided for in Title 19, chapter 3, part 21.
4. A person who is an inactive member of the public employees' retirement system defined contribution plan provided for in Title 19, chapter 3, part 21, who is elected or appointed to be a legislator for the first time after July 1, 2025, may:
 - a. return to active membership in the public employees' retirement system defined contribution plan; or
 - b. remain an inactive or retired member of the public employees' retirement system defined contribution plan.
5. The actuary assumes about 10 new legislators would join the public employees' retirement system yearly.
6. The data, methods and assumptions used to determine the impact of the proposed legislation are the same as those used in the June 30, 2024 valuation.
7. The unfunded actuarial accrued liability of the public employees' retirement defined benefit system is amortized as a level percentage of payroll and it is assumed that the number of active members will remain level each year in the future.

Fiscal Analysis Table

Public Employees Retirement Board

	FY 2026 <u>Difference</u>	FY 2027 <u>Difference</u>	FY 2028 <u>Difference</u>	FY 2029 <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>

Significant Long-Term Impacts

Public Employees Retirement Board

1. Due to the relatively small number of first time legislators joining the public employees' retirement system defined benefit plan in the recent past compared to the overall active population of the system, SB 141 would not necessitate a change to current active member and payroll growth assumptions utilized by the Retirement Board's actuary.

FJM
Sponsor's Initials

1/31/2025
Date

RD
Budget Director's Initials

1/30/2025
Date