

## **SUBCOMMITTEE RECOMMENDATION**

### **Public Employees Retirement System SB 1566 (2018) Statutory Report**

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To:	Ways and Means Full Committee
From:	General Government Subcommittee
Carrier:	Representative Gomberg

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On March 1st, the General Government Subcommittee recommended acknowledging receipt of a report from the Public Employees Retirement System on the SB 1566 report.

SB 1566 was enacted in 2018 to address the PERS Unfunded Accrued Liability. The measure established an Employer Incentive Fund to be used for a 25% match for side account contributions, established a School Districts Unfunded Liability Fund for a pooled side account, and created an Unfunded Accrued Liability Resolution program to assist employers in addressing their individual unfunded liabilities.

The School Districts Unfunded Liability Fund has yet-to-receive enough revenue to begin offsetting school district employer contributions; however, the Employer Incentive Fund has been successful in incentivizing side account contributions, which began to be deployed with the 2021-23 biennium.

For the 2019-21 biennium, the Employer Incentive Fund is expected to increase employer side accounts by \$342.4 million, which includes \$272.8 million in employer contributions, \$64.8 million in state General Fund match, and \$4.9 million for payment of transition liabilities. This is based on 89 employers participating in the program. There is also an additional \$64.1 in side account contributions from waitlisted employers that have yet-to-receive state matching funds. Since the passage of SB 1566 and SB 1049, there has been over \$549.2 million in new side account contributions added to the PERS system.

The Unfunded Actuarial Liability Resolution Program offers assistance to an employer in the development of a plan to improve the employer's funded status. PERS, after an initial slow start, has completed implementation of this program.

The General Government Subcommittee recommends approval.