

SUBCOMMITTEE RECOMMENDATION

Public Employees Retirement System SB 1566 (2018)

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

On February 22, the General Government Subcommittee recommended acknowledging receipt of a report from the Public Employees Retirement System on Senate Bill 1566 from the 2018 session.

SB 1566 was enacted to help 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.

The School Districts Unfunded Liability Fund has yet-to-receive enough revenue to begin offsetting school district employer contributions. The fund currently has an estimated balance of \$135.3 million, which is \$331.2 million short of the PERS threshold to offset school district employer rates. In addition, a number of the fund's revenue provisions are slated to sunset during the 2023-25 biennium.

To-date, the Employer Incentive Fund has added over \$490 million to side accounts. PERS expects to solicit another round of applications in 2025 once the fund reaches a balance of at least \$25 million, which is just under the current forecasted amount of \$22.1 million in Lottery Funds from sports betting revenue.

The General Government Subcommittee recommends approval.