

SUBCOMMITTEE RECOMMENDATION

Public Employees Retirement System SB 1566 (2018) Financing Reforms

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

On February 9th, the General Government Subcommittee received a report from the Public Employees Retirement System (or PERS) on SB 1566 financing reforms.

SB 1566 from the 2018 session was enacted to help address the PERS unfunded accrued liability by establishing an Employer Incentive Fund, to be used for a 25% match for side account contributions, establishing a School Districts Unfunded Liability Fund for a pooled side account, and creating an Unfunded Accrued Liability Resolution Program.

SB 849 from the 2025 session gave the PERS Board authority to distribute moneys from the School Districts Unfunded Liability Fund. During the 2025-27 biennium, the board distributed \$166.5 million of the account's balance, which lowered employer contribution rates for the school districts rate pool by 1.68%. The board has received an additional unclaimed property transfer of an estimated \$148.9 million, which will be used in 2027-29 to reduce school district employer contribution rates as part of the board's regular rate-setting process for adopting employer contribution rates. In addition, all the fund's revenue provisions have sunset or will sunset by January 2nd, 2027.

For the 2019-21 and 2021-23 biennia, the Employer Incentive Fund has matched \$393.2 million in employer contributions, with \$96.4 million in state funding for 111 employers with a combination of General Fund and Lottery Funds. For the 2025-27 biennium, the Employer Incentive Fund has an approved budget of \$41.3 million Lottery Funds from sports betting, which PERS reports as being fully committed to match employer contributions.

The General Government Subcommittee recommends acknowledging receipt of the report.