

**Department 192 - Public Employees Retirement System
House Bill No. 1023**

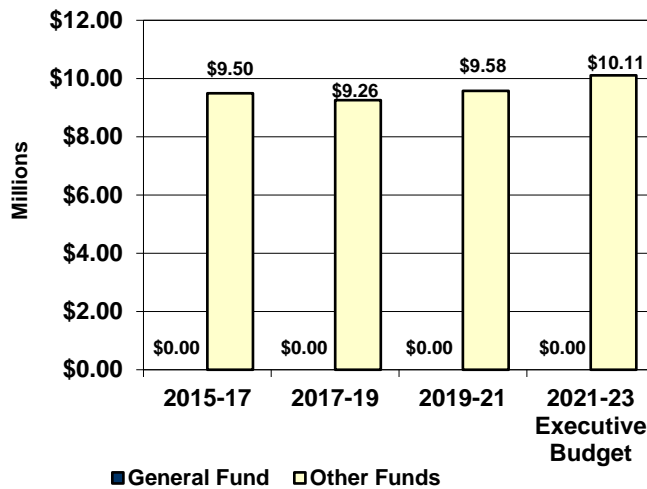
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	35.50	\$0	\$10,108,112	\$10,108,112
2019-21 Legislative Appropriations	34.50	0	9,576,196	9,576,196
Increase (Decrease)	1.00	\$0	\$531,916	\$531,916

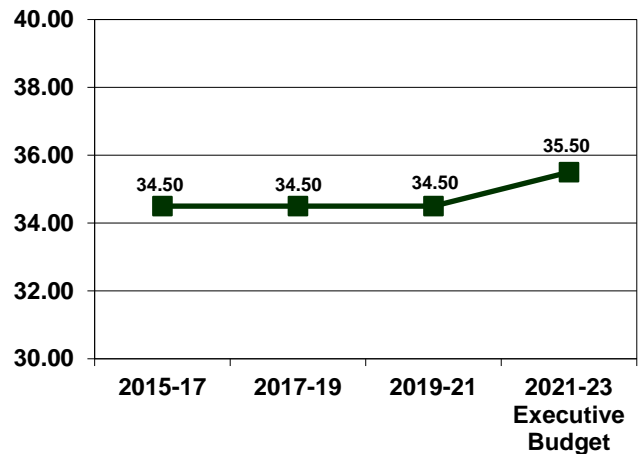
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$9,746,012	\$362,100	\$10,108,112
2019-21 Legislative Appropriations	9,346,196	230,000	9,576,196
Increase (Decrease)	\$399,816	\$132,100	\$531,916

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$10,108,112	\$10,108,112
2021-23 Base Level	0	9,346,196	9,346,196
Increase (Decrease)	\$0	\$761,916	\$761,916

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$169,434 is for salary increases, \$1,850 is for health insurance increases, and \$33,330 is for retirement increases	\$0	\$204,614	\$204,614
2. Adds funding for 1 FTE receptionist position, of which \$139,337 is for salaries and wages and \$15,033 is for related operating expenses	\$0	\$154,370	\$154,370
3. Removes funding for 1 FTE internal auditor position, of which \$180,926 is for salaries and wages and \$14,365 is for related operating expenses	\$0	(\$195,291)	(\$195,291)
4. Adds funding for 1 FTE accountant position, of which \$180,926 is for salaries and wages and \$14,365 is for related operating expenses	\$0	\$195,291	\$195,291
5. Adds funding for a marketing intern, of which \$37,427 is for salaries and \$11,378 is for related operating expenses	\$0	\$48,805	\$48,805

6. Adjusts funding for information technology expenses, including the reduction of \$21,242 for mobile application software and the addition of \$21,277 of other information technology operating expenses	\$0	\$35	\$35
7. Reduces funding for rent	\$0	(\$80,865)	(\$80,865)
8. Adds funding for Microsoft Office 365 license expenses	\$0	\$4,076	\$4,076
9. Adds one-time funding to upgrade benefit enrollment software	\$0	\$104,500	\$104,500
10. Adds one-time funding to upgrade the PERSLink business system	\$0	\$257,600	\$257,600

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in the Attached Appendix)**

Contingencies line item - Section 3 would provide, upon approval of the board, the Public Employees Retirement System may transfer from the contingencies line item in Section 1 of the bill to all other line items.

Continuing Appropriations

Public Employees Retirement System - Various sections - For benefit payments, investments, and actuarial and technical consulting for each program area.

Significant Audit Findings

The audit for the Public Employees Retirement System conducted by CliftonLarsonAllen LLP, Certified Public Accountants, for the period ending June 30, 2019, did not identify any significant audit findings.

The schedule of employer allocations and pension amounts by employer prepared for the Public Employees Retirement System and audited by CliftonLarsonAllen LLP, for the period ending June 30, 2019, did not identify any significant audit findings.

The other post-employment benefits schedule prepared for the Public Employees Retirement System and audited by CliftonLarsonAllen LLP, for the period ending June 30, 2019, did not identify any significant audit findings.

Major Related Legislation

Senate Bill No. 2042 - Increases employer contributions to the Public Employees Retirement System defined benefit and defined contribution plans by 5.12 percent to provide total employer contributions of 12.24 percent. The state also pays 4 percent of the employee share of retirement contributions, for total employer contributions of 16.24 percent.

Senate Bill No. 2043 - Increases employer contributions to the Highway Patrolmen's retirement system by 4 percent to provide total employer contributions of 23.7 percent.

Senate Bill No. 2045 - Allows the Public Employees Retirement System Board to charge reasonable administrative expenses and deduct those expenses from a participating member's account in the deferred compensation plan. The board is required to deposit vendor fines and fees collected and any money deducted from a participating member's account in an administrative expenses account. The bill provides the board a continuing appropriation from the administrative expenses account for the purpose of retaining a consultant as required for administrative expenses of the deferred compensation plan.

Senate Bill No. 2046 - Increases employer and employee contributions to the Public Employees Retirement System defined benefit and defined contribution plans by 1 percent to provide employer contributions of 8.12 percent and employee contributions of 8 percent. The state pays 4 percent of the employee share of retirement contributions, resulting in total employer contributions of 12.12 percent and total employee contributions of 4 percent.

Public Employees Retirement System - Budget No. 192
House Bill No. 1023
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	34.50	\$0	\$9,346,196	\$9,346,196
2021-23 Ongoing Funding Changes				
Base payroll changes			\$68,781	\$68,781
Salary increase			169,434	169,434
Health insurance increase			1,850	1,850
Retirement contribution increase			33,330	33,330
Adds funding for 1 FTE receptionist position	1.00		154,370	154,370
Removes funding for 1 FTE internal auditor position	(1.00)		(195,291)	(195,291)
Adds funding for 1 FTE accountant position	1.00		195,291	195,291
Adds funding for a marketing intern			48,805	48,805
Reduces funding for mobile application software			(21,242)	(21,242)
Adds funding for information technology operating expenses			21,277	21,277
Reduces funding for rent			(80,865)	(80,865)
Adds funding for Microsoft Office 365 license expenses			4,076	4,076
Total ongoing funding changes	1.00	\$0	\$399,816	\$399,816
One-time funding items				
Adds funding to upgrade benefit enrollment software			\$104,500	\$104,500
Adds funding to upgrade the PERSLink business system			257,600	257,600
Total one-time funding changes	0.00	\$0	\$362,100	\$362,100
Total Changes to Base Level Funding	1.00	\$0	\$761,916	\$761,916
2021-23 Total Funding	35.50	\$0	\$10,108,112	\$10,108,112
<i>Total ongoing changes as a percentage of base level</i>	2.9%		4.3%	4.3%
<i>Total changes as a percentage of base level</i>	2.9%		8.2%	8.2%

Other Sections in Public Employees Retirement System - Budget No. 192

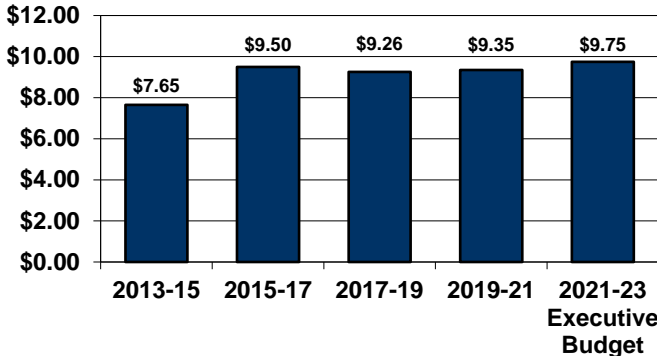
	Executive Budget Recommendation
Contingencies line item transfers	Section 3 would provide, upon approval of the Public Employees Retirement System Board, the Public Employees Retirement System office may transfer from the contingencies line item in Section 1 of the bill to all other line

Department 192 - Public Employees Retirement System

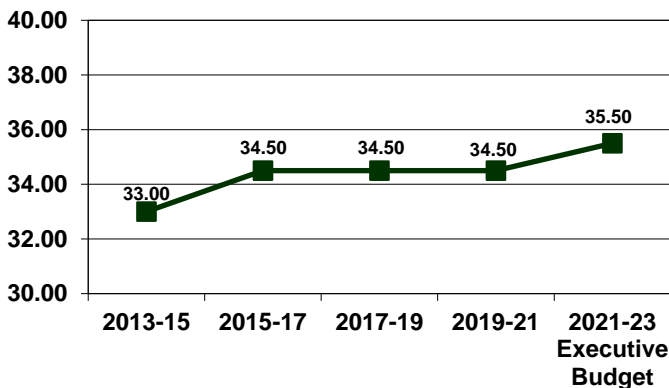
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



Ongoing Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing other funds appropriations	\$7,650,450	\$9,496,373	\$9,258,390	\$9,346,196	\$9,746,012
Increase (decrease) from previous biennium	N/A	\$1,845,923	(\$237,983)	\$87,806	\$399,816
Percentage increase (decrease) from previous biennium	N/A	24.1%	(2.5%)	0.9%	4.3%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	24.1%	21.0%	22.2%	27.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2015-17 Biennium

- 1. Added funding for 1 FTE chief financial officer position \$216,069
- 2. Added funding for 0.50 FTE benefit support position \$51,346
- 3. Added funding for additional workload due to the portability of retiree health credit \$43,052
- 4. Added funding for general operating expenses increases \$134,470
- 5. Added funding for PERSLink system refinements \$147,000
- 6. Added funding for website redesign \$90,080
- 7. Added funding for a secure reception area \$27,500
- 8. Added funding for additional temporary support salaries \$122,352
- 9. Added funding for desktop support services \$75,580

2017-19 Biennium

- 1. Adjusted funding for salaries and wages (\$150,000)
- 2. Reduced funding for printing and postage costs for newsletters (\$29,752) and annual benefit statements (\$33,220) (\$62,972)
- 3. Reduced funding for hosting costs for a mobile application (\$43,000)

2019-21 Biennium

- 1. Adjusted funding for information technology operating expenses (\$230,519)

2021-23 Biennium (Executive Budget Recommendation)

- 1. Adds funding for 1 FTE receptionist position, of which \$139,337 is for salaries and wages and \$15,033 is for related operating expenses \$154,370
- 2. Removes funding for 1 FTE internal auditor position, of which \$180,926 is for salaries and wages and \$14,365 is for related operating expenses (\$195,291)

3. Adds funding for 1 FTE accountant position, of which \$180,926 is for salaries and wages and \$14,365 is for related operating expenses	\$195,291
4. Adds funding for a marketing intern, of which \$37,427 is for salaries and \$11,378 is for related operating expenses	\$48,805
5. Reduces funding for rent	(\$80,865)

**GOVERNOR'S RECOMMENDATION FOR THE
PUBLIC EMPLOYEES RETIREMENT SYSTEM
AS SUBMITTED BY THE
OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys from special funds derived from income for the purpose of defraying their expenses, for the biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$6,652,604	\$450,159	\$ 7,102,763
Operating Expenses	2,443,592	54,157	2,497,749
Capital Assets	0	257,600	257,600
Contingencies	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total All Funds	\$9,346,196	\$761,916	\$10,108,112
Less Estimated Income	<u>9,346,196</u>	<u>761,916</u>	<u>10,108,112</u>
Total General Fund	\$ 0	\$ 0	\$ 0
Full-time Equivalent Positions	34.50	1.00	35.50

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
IT Risk Assessment	\$ 40,000	\$ 0
Upgrade Business System	190,000	0
Upgrade PERSLink to BPM	0	257,600
Additional Development Resources	<u>0</u>	<u>104,500</u>
Total Special Funds	\$230,000	\$362,100

The 2021-23 one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The public employees retirement system shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. APPROPRIATION LINE ITEM TRANSFERS. Upon approval of the board, the public employees retirement system may transfer from their contingency line item in section 1 of this Act to all other line items. The agency shall notify the office of management and budget of each transfer made pursuant to this section.