

# OPTIONS FOR THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM (GWPORS) FUNDING BILL DRAFT

## INTRODUCTION

In May, the State Administration and Veterans' Affairs (SAVA) Interim Committee requested a bill draft to (1) provide supplemental funding to help the amortization rate and funded status of the system and (2) increase the employer contribution rate for the Game Wardens' and Peace Officers' Retirement System (GWPORS).

The system does not receive supplemental funds from the general or special revenue funds. Since 1998, GWPORS has only amortized in under 30 years – the state required amortization rate – three times (1998, 2000, 2008) and did not amortize in any amount of time eight times (2002, 2010-2016). GWPORS is the only defined benefit system with a higher member contribution rate than the employer contribution rate. The member contribution rate is currently set at 10.56% and the employer contribution rate at 9.00%.

## SUPPLEMENTAL FUNDING FOR GWPORS

The committee has three decision points in relation to supplemental funding – (1) funding structure, (2) funding source, and (3) end date.

### FUNDING STRUCTURE

#### Option #1

Allocate a specific sum of money for the first year based on the 2022 actuarial valuation and a different sum for each subsequent year to ensure the system amortizes in under 30 years.

*Example from the Highway Patrol Officers Retirement Systems (relevant portions are underlined):*

**44-1-504. (Temporary) Special revenue account to partially fund highway patrol officers' salaries.** (1) There is an account in the state special revenue fund provided for in 17-2-102.

(2) The money in the account is for the department of justice to fund, pursuant to 2-18-303(5):

- (a) the base salary and associated operating costs for highway patrol officer positions; and
- (b) biennial salary increases for highway patrol officers.

(3) (a) By August 15, 2021, the state treasurer shall transfer \$4 million from the account to the highway patrol officers' retirement pension trust fund.

(b) By August 15, 2022, the state treasurer shall transfer \$2 million from the account to the highway patrol officers' retirement pension trust fund.

(4) Starting July 1, 2023, and in each fiscal year thereafter, the state treasurer shall transfer \$500,000 from the account to the highway patrol officers' retirement pension trust fund by August 15. (Terminates on occurrence of contingency--sec. 3, Ch. 472, L. 2021.)

**Option #2**

Allocate a specific sum of money for the first year based on the 2022 actuarial valuation and a percentage of the initial sum for each subsequent year to ensure the system amortizes in under 30 years.

*Example from the Public Employees' Retirement System (relevant portions are underlined):*

**19-3-320. Supplemental state contribution -- appropriation.** (1) (a) For the fiscal year beginning July 1, 2017, the state shall contribute \$31.386 million and for the fiscal year beginning July 1, 2018, the state shall contribute \$31.958 million from the general fund to the public employees' retirement system pension trust as a supplemental contribution to the public employees' retirement system.

(b) Starting in the fiscal year beginning July 1, 2019, the state shall contribute from the general fund to the public employees' retirement system pension trust 101% of the contribution from the previous years as a supplemental contribution to the public employees' retirement system.

(c) The 69th legislature shall review the performance of subsection (1)(b) and make recommendations for adjustments as needed.

(2) This contribution is statutorily appropriated, as provided in 17-7-502, from the general fund to the pension trust fund.

**Option #3**

Allocate a specific sum of money each year based on the 2022 actuarial valuation, plus a specific percentage for the total earned compensation of active members in the system.

*Example from the Teachers' Retirement System (relevant portions are underlined):*

**19-20-607. Supplemental state contribution -- appropriation.** (1) (a) Each month, the state shall contribute, as a supplemental contribution to the teachers' retirement system, from the general fund to the pension trust fund an amount equal to 2.38% of the total earned compensation of active members of the employers listed in 19-20-605(3) participating in the system.

(b) (i) Except as provided in subsection (1)(b)(ii), beginning July 1, 2013, and on each July 1 thereafter, the state shall contribute from the general fund to the pension trust fund \$25 million as a supplemental contribution to the teachers' retirement system.

(ii) If the legislative finance committee determines that the board has failed to provide a sufficient report pursuant to 19-20-216, it shall recommend that \$5 million be subtracted from the amount allocated in subsection (1)(b)(i) subject to legislative approval.

(2) The contributions are statutorily appropriated, as provided in 17-7-502, to the pension trust fund. The board shall determine and shall certify to the state treasurer amounts due under this section on a monthly basis. The state treasurer shall transfer the certified amounts to the pension trust fund within 1 week following receipt of the certification from the board.

**Option #4**

Request a one-time-only lump sum amount in HB 2 based on the 2022 actuarial valuation to ensure the system amortizes in under 30 years.

## FUNDING SOURCE

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### **Option #1**

Establish a new statutory appropriation from the general fund.

*Example from the Municipal Police Officers' Retirement System (relevant portions are underlined):*

**19-9-702. State contribution.** The state shall make its contributions from the general fund. The general fund contributions must be made annually after the end of each fiscal year but no later than November 1. The board shall notify the state auditor by September 1 of each fiscal year of the annual compensation paid to all active members during the preceding fiscal year. The state's contribution is 29.37% of compensation paid to members. The contributions are statutorily appropriated as provided in 17-7-502.

*Example from the Public Employees' Retirement System (relevant portions are underlined):*

**19-3-320. Supplemental state contribution -- appropriation.** (1) (a) For the fiscal year beginning July 1, 2017, the state shall contribute \$31.386 million and for the fiscal year beginning July 1, 2018, the state shall contribute \$31.958 million from the general fund to the public employees' retirement system pension trust as a supplemental contribution to the public employees' retirement system.

(b) Starting in the fiscal year beginning July 1, 2019, the state shall contribute from the general fund to the public employees' retirement system pension trust 101% of the contribution from the previous years as a supplemental contribution to the public employees' retirement system.

(c) The 69th legislature shall review the performance of subsection (1)(b) and make recommendations for adjustments as needed.

(2) This contribution is statutorily appropriated, as provided in 17-7-502, from the general fund to the pension trust fund.

### **Option #2**

Establish an account in the state special revenue fund (17-2-102).

*Example from the Highway Patrol Officers Retirement Systems (relevant portions are underlined):*

**44-1-504. (Temporary) Special revenue account to partially fund highway patrol officers' salaries.** (1) There is an account in the state special revenue fund provided for in 17-2-102.

(2) The money in the account is for the department of justice to fund, pursuant to 2-18-303(5):

(a) the base salary and associated operating costs for highway patrol officer positions; and

(b) biennial salary increases for highway patrol officers.

(3) (a) By August 15, 2021, the state treasurer shall transfer \$4 million from the account to the highway patrol officers' retirement pension trust fund.

(b) By August 15, 2022, the state treasurer shall transfer \$2 million from the account to the highway patrol officers' retirement pension trust fund.

(4) Starting July 1, 2023, and in each fiscal year thereafter, the state treasurer shall transfer \$500,000 from the account to the highway patrol officers' retirement pension trust fund by August 15. (Terminates on occurrence of contingency--sec. 3, Ch. 472, L. 2021.)

## END DATE

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### **Option #1**

Set a specific date for review by the full legislature.

*Example from the Public Employees' Retirement System (relevant portions are underlined):*

**19-3-320. Supplemental state contribution -- appropriation.** (1) (a) For the fiscal year beginning July 1, 2017, the state shall contribute \$31.386 million and for the fiscal year beginning July 1, 2018, the state shall contribute \$31.958 million from the general fund to the public employees' retirement system pension trust as a supplemental contribution to the public employees' retirement system.

(b) Starting in the fiscal year beginning July 1, 2019, the state shall contribute from the general fund to the public employees' retirement system pension trust 101% of the contribution from the previous years as a supplemental contribution to the public employees' retirement system.

(c) The 69th legislature shall review the performance of subsection (1)(b) and make recommendations for adjustments as needed.

(2) This contribution is statutorily appropriated, as provided in 17-7-502, from the general fund to the pension trust fund.

### **Option #2**

Set specific conditions that need to be met to end the supplemental funding.

*Example from the Teachers' Retirement System (relevant portions are underlined):*

**19-20-604. (Temporary) State contributions -- termination.** The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.11% of the compensation of members participating in the system on or after July 1, 1999. The contributions are statutorily appropriated, as provided in **17-7-502**, to the pension trust fund. The state contribution provided for in this section terminates when the amortization period for the system's unfunded liability is 10 years or less according to the system's latest actuarial valuation. The board shall certify amounts due under this section on a monthly basis. The state treasurer shall transfer the certified amounts to the pension trust fund within 1 week. *(Terminates on occurrence of contingency--sec. 10, Ch. 360, L. 1999.)*

### **Option #3**

Set a specific end date without any conditions.

### **Option #4**

Make the appropriation one-time-only so no end date is needed.