

## STATEMENT OF PURPOSE

### RS25665

The proposed legislation would update Section 33-107A and 33-107B, Idaho Code; removing outdated language regarding PERSI unfunded liability requirements and update language regarding the types of "contracts or certificates" benefits can be provided from. On July 1, 1997, Idaho community colleges and Eastern Idaho Technical College began requiring newly-hired non-classified (professional and faculty) employees to enroll in an Optional Retirement Plan (ORP) to take the place of PERSI for retirement benefits. Existing employees at the time were allowed to make a one-time election to move to the ORP or remain with PERSI. Additionally, any new non-classified employees that are already vested in PERSI at the time of hire may elect to remain in PERSI. Due to this change in 1997, PERSI required that the community colleges and Eastern Idaho Technical College pay 3.83% of all ORP employees' wages to PERSI to cover the "unfunded liability" for future retirements of employees already in the PERSI system, caused by the removal of such a large pool of employees from PERSI. The unfunded liability provision expired on July 1, 2011. The proposed changes would remove the outdated language regarding the payment of funds to PERSI. Additional changes would update the language regarding the types of funds the Optional Retirement Plan benefits may be provided from in Sections 33-107A and 33-107B, Idaho Code. Currently, the funds may only be provided through annuity contracts or certificates.

### FISCAL NOTE

There would be no fiscal impact from the proposed legislation. The outdated language regarding the unfunded liability expired July 1, 2011, so the removal of the language at this time will result in no funding or procedural changes.

**Contact:**

Tracie Bent  
Office of the State Board of Education  
(208) 332-1582

**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**