

# Public Employee Retirement System

Analyst: Smith

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2020 Total App</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Approp</b>	<b>FY 2022 Request</b>	<b>FY 2022 Gov Rec</b>
<b>BY PROGRAM</b>					
Retirement Administration	7,730,000	6,912,000	8,112,500	8,108,800	8,056,000
Portfolio Investment	1,056,500	798,300	1,070,600	1,170,300	1,087,400
<b>Total:</b>	<b>8,786,500</b>	<b>7,710,300</b>	<b>9,183,100</b>	<b>9,279,100</b>	<b>9,143,400</b>
<b>BY FUND CATEGORY</b>					
Dedicated	8,786,500	7,710,300	9,183,100	9,279,100	9,143,400
Percent Change:		(12.2%)	19.1%	1.0%	(0.4%)
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	5,406,700	4,985,600	5,885,700	6,147,800	6,012,100
Operating Expenditures	2,842,300	2,432,400	2,845,700	2,838,800	2,838,800
Capital Outlay	537,500	292,300	451,700	292,500	292,500
<b>Total:</b>	<b>8,786,500</b>	<b>7,710,300</b>	<b>9,183,100</b>	<b>9,279,100</b>	<b>9,143,400</b>
Full-Time Positions (FTP)	69.00	69.00	73.00	73.00	73.00

## Division Description

The mission of the Public Employee Retirement System of Idaho (PERSI) is to provide members and their beneficiaries with reliable, secure, long-term retirement, survivor, and disability benefits as specified by law, and to assist members in planning a secure retirement by providing high quality service, retirement education, and information. Public employees and employers make contributions to PERSI. In order to maximize the return on investment of these contributions, only a minimum amount of money is kept on deposit with the State Treasurer. The total source of funds held by the PERSI trust at the master custodian bank is made up of contributions and investment earnings. Money is wired from PERSI's master custodian bank only when funds are needed to pay administrative expenses or other authorized expenses. All moneys transferred to the Administrative Fund are available to the PERSI Board of Directors for the payment of administrative expenses only to the extent so appropriated by the Legislature. [Statutory Authority: Chapter 13, Title 59, Idaho Code]

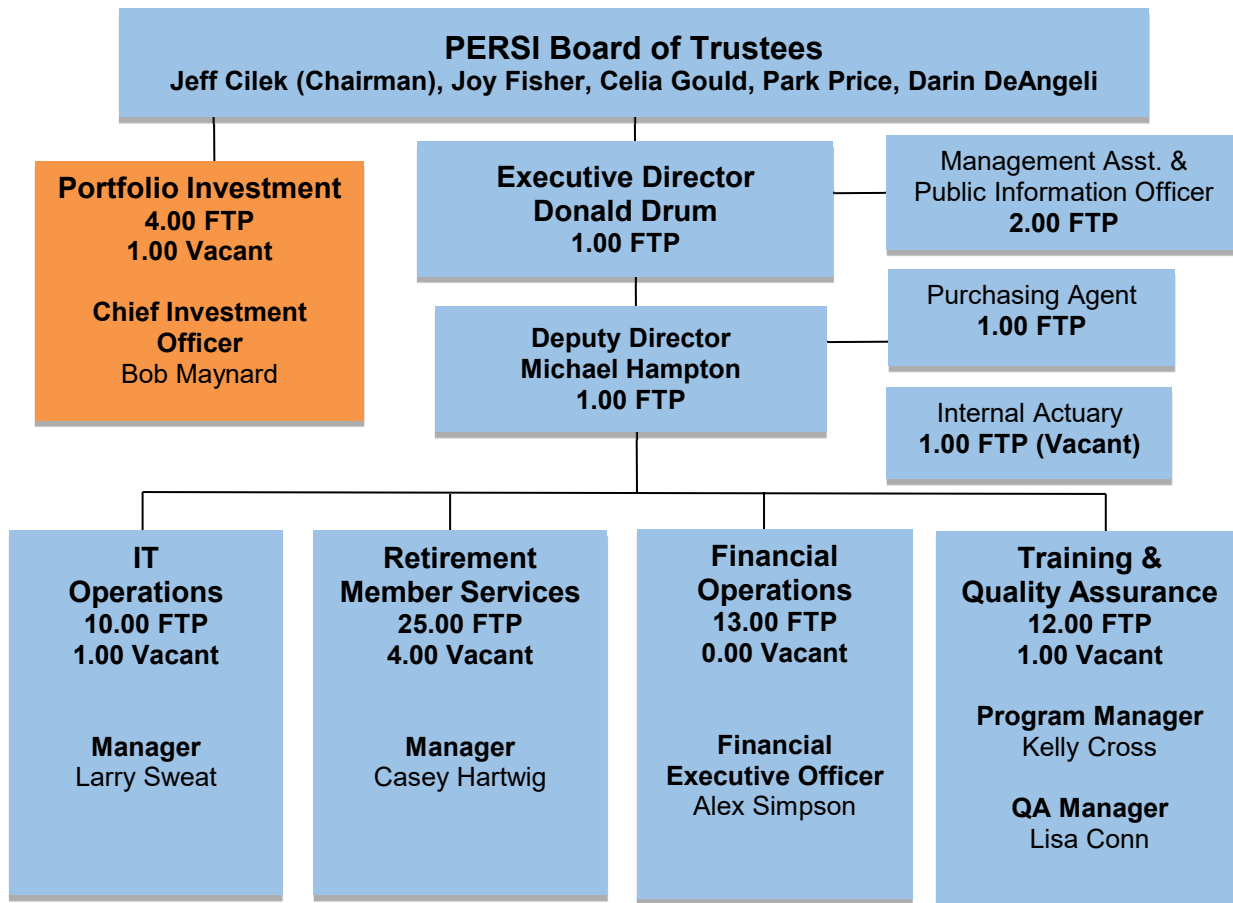
The RETIREMENT ADMINISTRATION program administers the PERSI Base Plan, a defined benefit retirement plan, that is mandatory for all eligible state and school district employees, and for employees of political subdivisions which have elected to participate, and provides separation, disability, death, and survivor benefits. PERSI also administers the Sick Leave Reserve Fund for state and school district retirees, from which monthly medical insurance premiums are paid for retirees, as well as the former Firemen's Retirement Fund and the Idaho Falls Police Retirement Funds. PERSI also administers the Judges Retirement Fund (JRF), which is perpetually appropriated to pay retired justices and judges and provide allowances to surviving spouses (Section 1-2002, Idaho Code). The JRF was moved into PERSI beginning in FY 2015; the fund was previously administered by the Judicial Branch. Currently, the JRF has approximately 150 active and retired members.

The PORTFOLIO INVESTMENT program is responsible for the management of PERSI assets to ensure secure long-term returns on investments while minimizing investment costs. Pursuant to Section 59-1311, Idaho Code, all moneys in this program are perpetually appropriated to be invested or used to pay for investment-related expenses. However, pursuant to Section 67-3514, Idaho Code, the Joint Finance-Appropriations Committee appropriates amounts needed for personnel costs and staff expenses of the Portfolio Investment program. Funding for all other investment-related expenses including reporting services, investment and actuarial services, and funding agent fees and money management fees, is perpetually appropriated and used as directed by the PERSI Board.

Additionally, the PERSI Choice Plan is an optional defined contribution retirement plan administered by a third-party vendor (Empower Retirement) which provides a 401(k) option to all eligible active PERSI members in addition to, and separate from, the defined benefit plan. PERSI established the PERSI Choice Plan as part of the gain sharing program adopted by the 2000 Legislature. Administration of the 401(k) plan is funded by PERSI and reimbursed with administrative fees paid by PERSI Choice Plan enrollees.

# Public Employee Retirement System Organizational Chart

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**Total Authorized FTP: 69.00**  
**Vacant FTP: 8.00**  
(as of 1/11/2021)

**Part II – Performance Measures**

Performance Measure		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Maintain an organizational structure that supports consistent, effective, and accountable operations.</b>						
1. Percent of retirees who receive their first annuity payment on their scheduled retirement date	actual	94.0%	94.0%	94.0%	94.0%	-----
	target	95%	95%	95%	95%	
2. Number of business days to produce a written benefit estimate after a request is received	actual	12.7	7.5	9.0	5.9	-----
	target	7	7	7	7	
3. Number of days to produce a separations benefit after receipt of final salary via transmittal	actual	11.5	9.7	7.4	8.5	-----
	target	7	7	7	7	
4. Average number of days after receipt to process employer transmittals	actual	2.1	1.9	2.1	2.0	-----
	target	3	3	3	3	

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## FY 2020 Actual Expenditures by Division

		FTP	PC	OE	CO	T/B	LS	Total
<b>0.30 FY 2020 Original Appropriation</b>								
0550-01	Ded	64.00	4,538,500	2,616,500	519,500	0	0	7,674,500
0550-02	Ded	4.00	815,500	224,800	18,000	0	0	1,058,300
0560-00	Ded	1.00	63,100	1,000	0	0	0	64,100
<b>Totals:</b>		69.00	5,417,100	2,842,300	537,500	0	0	8,796,900
<b>0.44 Rescissions</b>								
0550-01	Ded	0.00	(8,500)	0	0	0	0	(8,500)
0550-02	Ded	0.00	(1,800)	0	0	0	0	(1,800)
0560-00	Ded	0.00	(100)	0	0	0	0	(100)
<b>Totals:</b>		0.00	(10,400)	0	0	0	0	(10,400)
<b>1.00 FY 2020 Total Appropriation</b>								
0550-01	Ded	64.00	4,530,000	2,616,500	519,500	0	0	7,666,000
0550-02	Ded	4.00	813,700	224,800	18,000	0	0	1,056,500
0560-00	Ded	1.00	63,000	1,000	0	0	0	64,000
<b>Totals:</b>		69.00	5,406,700	2,842,300	537,500	0	0	8,786,500
<b>1.61 Reverted Appropriation</b>								
0550-01	Ded	0.00	(261,000)	(326,600)	(228,200)	0	0	(815,800)
0550-02	Ded	0.00	(158,800)	(82,400)	(17,000)	0	0	(258,200)
0560-00	Ded	0.00	(1,300)	(900)	0	0	0	(2,200)
<b>Totals:</b>		0.00	(421,100)	(409,900)	(245,200)	0	0	(1,076,200)
<b>2.00 FY 2020 Actual Expenditures</b>								
0550-01	Ded	64.00	4,269,000	2,289,900	291,300	0	0	6,850,200
	PERSI Administrative		4,269,000	2,289,900	291,300	0	0	6,850,200
0550-02	Ded	4.00	654,900	142,400	1,000	0	0	798,300
	PERSI Special		654,900	142,400	1,000	0	0	798,300
0560-00	Ded	1.00	61,700	100	0	0	0	61,800
	Judges' Retirement		61,700	100	0	0	0	61,800
<b>Totals:</b>		69.00	4,985,600	2,432,400	292,300	0	0	7,710,300
<b>Difference: Actual Expenditures minus Total Appropriation</b>								
0550-01	Ded		(261,000)	(326,600)	(228,200)	0	0	(815,800)
	PERSI Administrative		(5.8%)	(12.5%)	(43.9%)	N/A	N/A	(10.6%)
0550-02	Ded		(158,800)	(82,400)	(17,000)	0	0	(258,200)
	PERSI Special		(19.5%)	(36.7%)	(94.4%)	N/A	N/A	(24.4%)
0560-00	Ded		(1,300)	(900)	0	0	0	(2,200)
	Judges' Retirement		(2.1%)	(90.0%)	N/A	N/A	N/A	(3.4%)
<b>Difference From Total Approp</b>			<b>(421,100)</b>	<b>(409,900)</b>	<b>(245,200)</b>	<b>0</b>	<b>0</b>	<b>(1,076,200)</b>
<b>Percent Diff From Total Approp</b>			<b>(7.8%)</b>	<b>(14.4%)</b>	<b>(45.6%)</b>	<b>N/A</b>	<b>N/A</b>	<b>(12.2%)</b>

# Public Employee Retirement System

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2021 Original Appropriation</b>	<b>73.00</b>	<b>0</b>	<b>9,183,100</b>	<b>73.00</b>	<b>0</b>	<b>9,183,100</b>
Removal of Onetime Expenditures	0.00	0	(451,700)	0.00	0	(451,700)
<b>FY 2022 Base</b>	<b>73.00</b>	<b>0</b>	<b>8,731,400</b>	<b>73.00</b>	<b>0</b>	<b>8,731,400</b>
Benefit Costs	0.00	0	127,900	0.00	0	20,100
Replacement Items	0.00	0	292,500	0.00	0	292,500
Statewide Cost Allocation	0.00	0	(6,900)	0.00	0	(6,900)
Change in Employee Compensation	0.00	0	50,800	0.00	0	106,300
<b>FY 2022 Program Maintenance</b>	<b>73.00</b>	<b>0</b>	<b>9,195,700</b>	<b>73.00</b>	<b>0</b>	<b>9,143,400</b>
1. Increase Unfilled Officer Position	0.00	0	83,400	0.00	0	0
<b>FY 2022 Total</b>	<b>73.00</b>	<b>0</b>	<b>9,279,100</b>	<b>73.00</b>	<b>0</b>	<b>9,143,400</b>
Change from Original Appropriation	0.00	0	96,000	0.00	0	(39,700)
% Change from Original Appropriation			1.0%			(0.4%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2021 Original Appropriation</b>					
The Legislature funded four line items for FY 2021: These included 1.00 FTP and \$185,100 for an internal actuary; 2.00 FTP and \$152,100 for two retirement specialists; 1.00 FTP and \$69,700 for additional support staff; and \$7,000 for increased software license costs.					
	73.00	0	9,183,100	0	9,183,100
<b>Removal of Onetime Expenditures</b>					
This action removes amounts appropriated on a onetime basis in FY 2021 for replacement items and onetime portions of line items before calculating the FY 2022 Base.					
Agency Request	0.00	0	(451,700)	0	(451,700)
Governor's Recommendation	0.00	0	(451,700)	0	(451,700)
<b>FY 2022 Base</b>					
Agency Request	73.00	0	8,731,400	0	8,731,400
Governor's Recommendation	73.00	0	8,731,400	0	8,731,400
<b>Benefit Costs</b>					
Employer-paid benefit changes include an 11% increase (or \$1,280 per eligible FTP) for health insurance, bringing the total appropriation to \$12,930 per FTP. Also included is a restoration of the unemployment insurance rate, a partial restoration of the unused sick leave rate, and adjustments to workers' compensation that vary by agency.					
Agency Request	0.00	0	127,900	0	127,900
<i>The Governor recommends no increase for health insurance due to fewer claims than expected and a one-year holiday for employers who contribute to the PERSI-managed sick leave plan.</i>					
Governor's Recommendation	0.00	0	20,100	0	20,100
<b>Replacement Items</b>					
PERSI requests \$292,500 in onetime capital outlay for the following replacement items: \$150,000 for servers and storage; \$48,000 for network switches; \$56,000 for computers and monitors; \$25,600 for peripheral computer equipment; \$6,900 for phone equipment; and \$6,000 for a printer. Of the total amount requested, the Retirement Administration Program requests \$274,500 from the PERSI Administrative Fund and the Portfolio Investment Program requests \$18,000 from the PERSI Special Fund.					
Agency Request	0.00	0	292,500	0	292,500
Governor's Recommendation	0.00	0	292,500	0	292,500
<b>Statewide Cost Allocation</b>					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$12,000, risk management costs will increase by \$900, State Controller fees will increase by \$3,300, State Treasurer fees will increase by \$400, and Office of Information Technology Services billings will increase by \$500, for a net reduction of \$6,900.					
Agency Request	0.00	0	(6,900)	0	(6,900)
Governor's Recommendation	0.00	0	(6,900)	0	(6,900)
<b>Change in Employee Compensation</b>					
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.					
Agency Request	0.00	0	50,800	0	50,800
<i>The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions. The Governor recommends the pay structure for state employees be moved by 2% and includes \$5,700 for that purpose.</i>					
Governor's Recommendation	0.00	0	106,300	0	106,300
<b>FY 2022 Program Maintenance</b>					
Agency Request	73.00	0	9,195,700	0	9,195,700
Governor's Recommendation	73.00	0	9,143,400	0	9,143,400

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>1. Increase Unfilled Officer Position</b>					<b>Portfolio Investment</b>
<p>PERSI requests \$83,400 in ongoing personnel costs from the PERSI Special Fund to raise the salary rate for an unfilled investment officer position from \$100,000 to \$170,000 to be more competitive for recruitment. The position was approved and funded in FY 2020, but initial recruiting efforts to attract experienced, qualified candidates have been unsuccessful to date at the current salary rate. Of the amount requested, \$70,000 is for salary and \$13,400 is for benefits.</p>					
Agency Request	0.00	0	83,400	0	83,400
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>FY 2022 Total</b>					
Agency Request	73.00	0	9,279,100	0	9,279,100
Governor's Recommendation	73.00	0	9,143,400	0	9,143,400
Agency Request					
Change from Original App	0.00	0	96,000	0	96,000
% Change from Original App	0.0%		1.0%		1.0%
<i>Governor's Recommendation</i>					
Change from Original App	0.00	0	(39,700)	0	(39,700)
% Change from Original App	0.0%		(0.4%)		(0.4%)