

## STATEMENT OF PURPOSE

### RS27559 / HCR030

The Board of the Public Employees Retirement System of Idaho (PERSI) met in December and approved a 6.54% Cost of Living Adjustment (COLA) for retired plan participants. This includes a 1% mandatory adjustment, a 0.7% current-year discretionary adjustment (based on 2019 CPI-U), and a 4.76% application of "retroactive" adjustments that the Board is also allowed to apply.

These non-mandatory adjustments have a cost to PERSI of \$374,400,000. By statute, the Idaho Legislature may adjust the Board's direction. This must be done by the 45th day of the legislative session through a Concurrent Resolution. Otherwise, the discretionary adjustments become effective on 1 March 2020.

We should not be approving such a large COLA. Employer and employee contribution rates are at record highs. Even after a record bull market, PERSI is still below 100% funded. And we could experience a choppy future.

This Concurrent Resolution strikes a balance by allowing this year's discretionary adjustment of 0.7% to go forward but holds off on giving the 4.76% in "retroactive adjustments. Added to the 1% mandatory adjustment, this would provide a 1.7% COLA.

### FISCAL NOTE

The cost of this year's 0.7% discretionary adjustment is \$73,200,000. This represents a savings from the Board's recommendation of \$301,200,000

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**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).**