



Public Employee Retirement System of Idaho (PERSI)

Base Review

LBB Page 6-121

Christine Otto, Principal
Budget and Policy Analyst

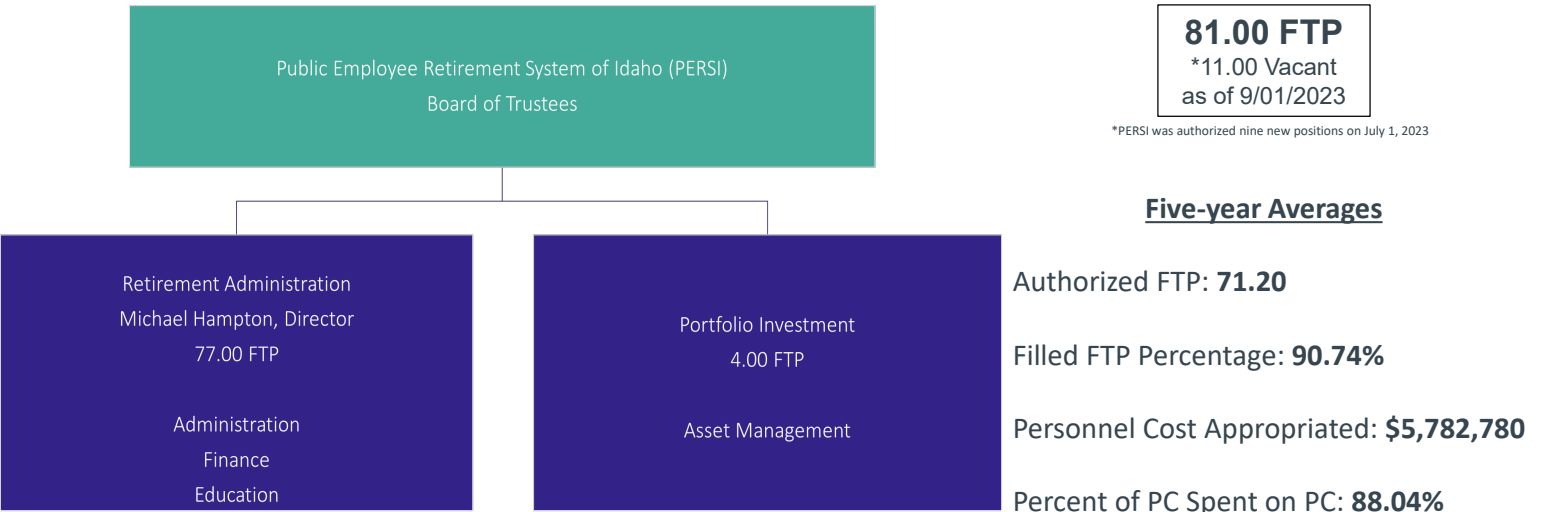
February 6, 2024

PERSI

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, [Statutory Authority: Chapter 13, Title 59, Idaho Code].

Attachment 1

Organizational Structure



Consolidated Fund Analysis

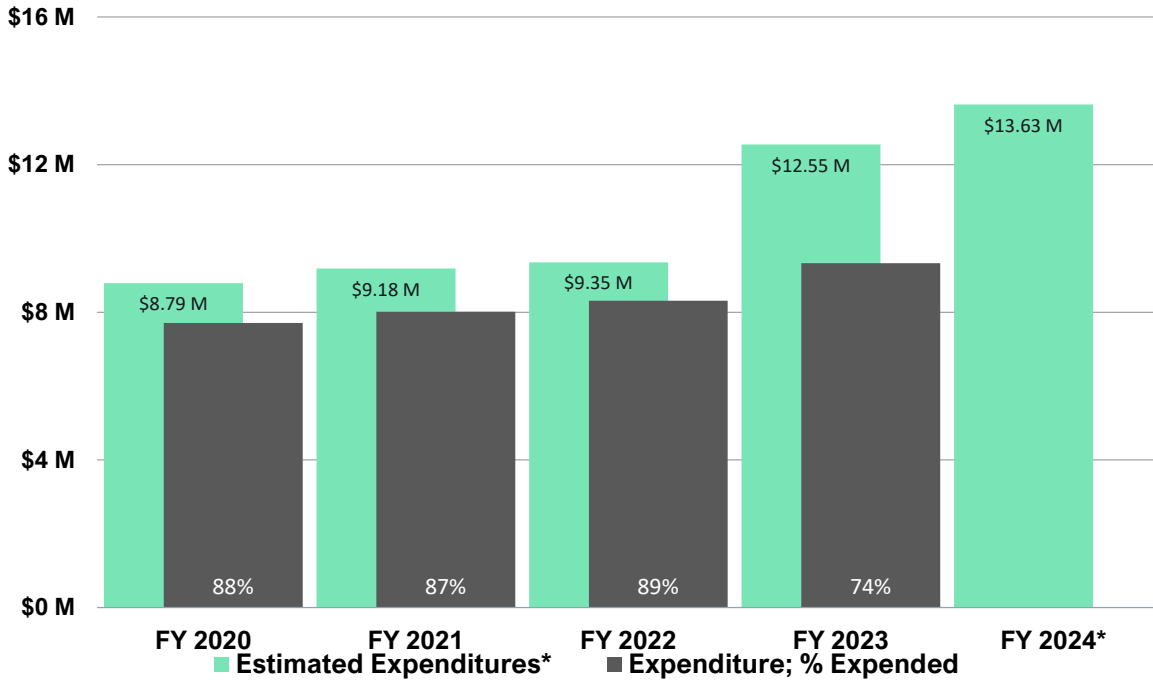
Description	Actual	Actual	Actual	Estimate	Estimate
+ Beginning Free Fund Balance	\$10,142,100	\$9,437,400	\$18,460,500	\$10,610,700	\$11,977,700
+ Receipts and Transfers	\$224,576,400	253,177,700	\$246,766,500	\$263,761,000	\$255,033,500
- Cash Expenditures & Agency Request	\$225,281,100	\$244,154,600	\$254,616,300	262,394,000	\$257,158,500
Ending Free Fund Balance (A+B-C)	\$9,437,400	\$18,460,500	\$10,610,700	\$11,977,700	\$9,852,700

By Fund					
A PERSI Administrative Fund	(\$68,600)	\$124,900	\$174,700	\$48,300	\$54,800
B Special Fund Portfolio	\$8,884,700	\$17,740,300	\$10,282,300	\$11,832,100	\$9,608,100
C Retiree Medical Insurance	\$0	\$0	\$0	\$0	\$0
D Retirement Medical Insurance State	\$26,700	\$1,300	\$5,100	\$7,600	\$10,100
E Retirement Medical Insurance School	\$39,800	\$24,100	\$22,500	\$28,500	\$34,500
F Judges Retirement Fund	\$554,800	\$569,900	\$126,100	\$61,200	\$145,200
Ending Free Fund Balance	\$9,437,400	\$18,460,500	\$10,610,700	\$11,977,700	\$9,852,700



Five-Year Appropriations and Expenditures

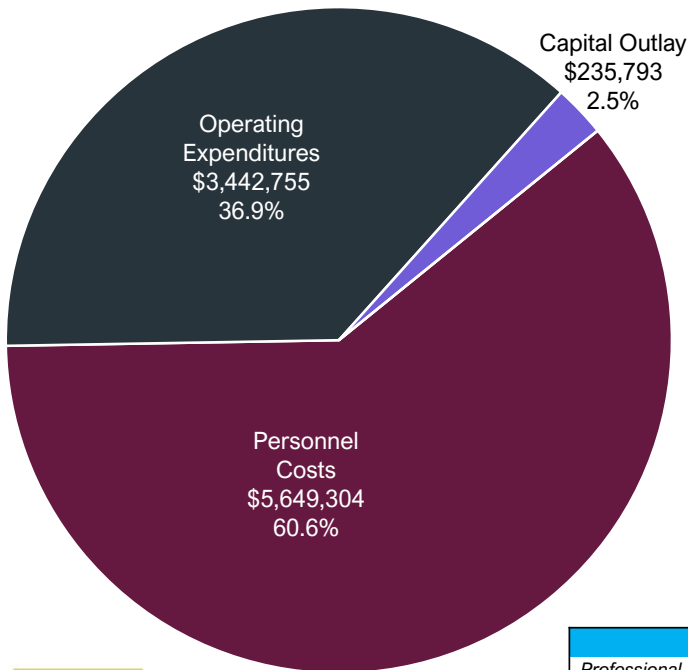
Estimated Expenditures and Actual Expenditures



*FY 2024 is Original Appropriation



FY 2023 Expenditures



Personnel Costs		
Gross Salary & Wages		4,030,768
Employee Benefits		1,618,536
PC Total:		5,649,304
Operating Expenditures		
Communication Costs		342,726
Employee Development Costs		116,472
General Services		15,403
Professional Services		448,212
Repair & Maintenance Service		699,335
Administrative Services		37,317
Computer Services		964,351
Employee Travel Costs		156,853
Administrative Supplies		46,458
Fuel & Lubricant Costs		218
Computer Supplies		99,067
Specific Use Supplies		899
Insurance		1,381
Rentals & Operating Leases		452,922
Repair & Maintenance Supplie		1,999
Miscellaneous Expenditures		59,142
OE Total:		3,442,756
Capital Outlay		
Building & Improvements		19,832
Computer Equipment		167,189
Office Equipment		36,922
Specific Use Equipment		11,850
CO Total:		235,793

Continuously Appropriated	
Professional Services	277,726
Pension Payments	244,958,470
Total	245,236,196



Five-Year Base Snapshot

Fiscal Year	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
1. Total FTP	69.00	73.00	73.00	73.00	81.00
2. Current Year Base	7,789,000	8,253,300	8,731,400	8,850,900	9,288,400
3. Benefits Costs	12,000	(21,000)	20,100	42,100	55,800
4. Inflationary Adjustments					12,900
5. Statewide Cost Allocation	(500)	1,500	(6,900)	(24,300)	23,600
6. CEC	136,000	102,700	106,300	383,200	221,300
7. Total Ongoing Maintenance Change	147,500	83,200	119,500	401,000	313,600
8. % Chg from Current Year Base (line 7 / 2)	1.9%	1.0%	1.4%	4.5%	3.4%
9. Ongoing Enhancements	316,800	394,900		36,500	807,600
10. Total Ongoing Enhancements Change	316,800	394,900	0	36,500	807,600
11. % Chg from Current Year Base (line 10 / 2)	4.1%	4.8%	0.0%	0.4%	8.7%
12. Next Year Base (line 2 + 7 + 10)	8,253,300	8,731,400	8,850,900	9,288,400	10,409,600*
13. Total Base Change (line 12 - 2)	464,300	478,100	119,500	437,500	1,121,200
14. % Chg from Current Year Base (line 13 / 2)	6.0%	5.8%	1.4%	4.9%	12.1%

*Next Year Base not set. Ongoing Original Appropriation used instead.



2023 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Increase Personnel Costs for Actuary	Enhancement	\$36,500
Total Ongoing Base Change from Enhancements		\$36,500



2024 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Salary Adjustment for Invest. Officer	Enhancement	\$71,700
DHR Consolidation	Enhancement	(\$25,200)
Travel Expenses for Member Education	Enhancement	\$27,500
Salary Increase for Entry Level Positions	Enhancement	\$100,000
New Positions	Enhancement	\$633,600
Total Ongoing Base Change from Enhancements		\$807,600



2025 Budget Request (Supplementals & Enhancements)

Enhancement Name	Amount
Replacement Items	\$282,600
Pension Software Upgrade	\$3,000,000
Refurbished Cubicles	\$82,000
Total FY 2025 Enhancements	\$3,364,600

Recommended by the Governor

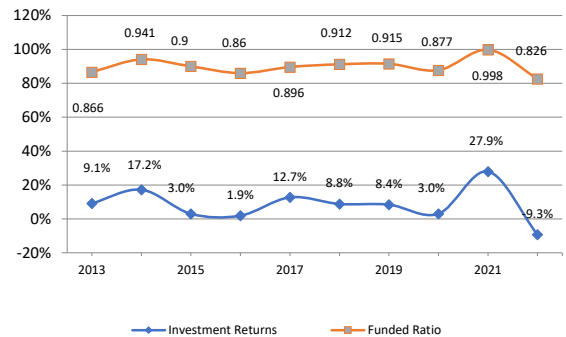
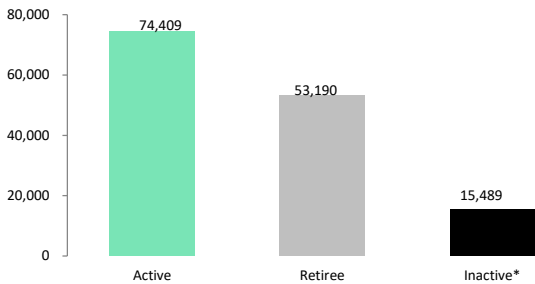


Please feel free to contact me with any questions at (208)334 – 4732 or cotto@Lso.Idaho.gov



Key Indicators

Total Member



PERSI Rates:

Member Type	FY 2023		*FY 2024		*FY 2025	
	Employee	Employer	Employee	Employer	Employee	Employer
Fire and Police	9.13%	12.28%	9.83%	13.26%	10.36%	13.98%
General Members	7.16%	11.94%	6.71%	11.18%	7.18%	11.96%
Teachers	7.16%	11.94%	7.62%	12.69%	8.08%	13.48%
Member Type			Change from FY 2023 to FY 2024		Change from FY 2024 to FY 2025	
	Employee	Employer	Employee	Employer	Employee	Employer
Fire and Police	n/a	n/a	0.70%	0.98%	0.53%	0.72%
General Members	n/a	n/a	-0.45%	-0.76%	0.47%	0.78%
Teachers	n/a	n/a	0.46%	0.75%	0.46%	0.79%

*Projected rates could change.



FY 2023 Expenditures – Personnel Costs

60.6% of Total Expenditures

Employees	\$4,011,206
Temporary Employees	\$11,962
Board/Commission Members	\$7,600



Group Health Insurance	\$815,899
Employer Retirement Contribution	\$472,666
Social Security and Medicare	\$278,317
Life Insurance	\$28,140
DHR	\$17,310
Workers Compensation	\$6,205

A Total of \$5,649,304 Was Expended on Personnel Costs



FY 2023 Expenditures - Operating Expenditures

36.9% of Appropriated Expenditures

Expenditure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	% of Total
Computer Services	\$79,481	\$13,528	\$15,844	\$74,132	\$964,351	25.9%
Repair & Maintenance Services	\$664,634	\$674,305	\$729,489	\$675,903	\$699,335	18.8%
Rentals & Operating Leases	\$396,151	\$403,137	\$501,670	\$446,703	\$452,922	12.2%
Professional Services	\$930,025	\$1,025,494	\$1,045,501	\$904,026	\$725,936	19.5%
Communication Costs	\$296,521	\$269,324	\$303,033	\$292,160	\$342,726	9.2%
Employee Travel Costs	\$163,117	\$127,879	\$46,400	\$130,201	\$156,854	4.2%
Employee Development Costs	\$80,146	\$81,351	\$73,655	\$80,185	\$116,472	3.1%
Computer Supplies	\$102,717	\$56,153	\$58,842	\$161,206	\$99,067	2.7%
Miscellaneous Expenditures	\$47,012	\$64,185	\$62,788	\$68,521	\$59,141	1.6%
Administrative Supplies	\$29,354	\$25,650	\$21,790	\$33,343	\$46,459	1.2%
Administrative Services	\$52,588	\$52,132	\$56,674	\$48,556	\$37,317	1.0%
General Services	\$15,168	\$2,520	\$2,500	\$24,867	\$15,403	0.4%
Repair & Maintenance Supplies	\$2,158	\$2,358	\$1,201	\$1,996	\$1,999	0.1%
Insurance	\$13,014	\$16,217	\$17,144	\$16,679	\$1,381	0.0%
Specific Use Supplies	\$6,800	\$191	\$2,140	\$484	\$899	0.0%
Fuel & Lubricant Costs	\$55				\$218	0.0%
Institutional & Residential Supplies		\$1,000	\$2,800	\$93		-
Total	\$2,878,941	\$2,815,425	\$2,941,472	\$2,959,056	\$3,720,480	-



Includes both appropriated and continuously appropriated funds.

FY 2023 Expenditures – Trustee & Benefit Payments

96.2% of Total Expenditures

Expenditure	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	% of Total
Pension Payments	\$194,165,030	\$208,747,825	\$216,931,147	\$235,361,731	\$244,958,470	100.0%
Total	\$194,165,030	\$208,747,825	\$216,931,147	\$235,361,731	\$244,958,470	-



2020 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Annual Software Licensing	Enhancement	\$137,200
Investment Officer FTP	Enhancement	\$144,600
CAFR Software	Enhancement	\$35,000
Total Ongoing Base Change from Enhancements		\$316,800



2021 Budget Enhancements

Ongoing Enhancement Name	Type	Amount
Internal Actuary	Enhancement	\$180,100
Retirement Specialist Reclassification	Enhancement	\$142,100
Additional Retirement Specialist	Enhancement	\$64,700
Increased Software License Costs	Enhancement	\$7,000
OITS 1 - Operating Costs	Enhancement	\$1,000
Total Ongoing Base Change from Enhancements		\$394,900



2022 Budget Enhancements

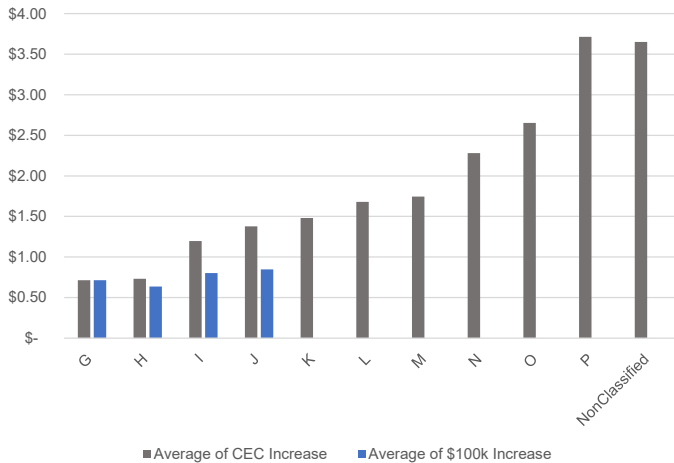
No Ongoing Enhancements



FY 2024 CEC Implementation

CEC was implemented on April 30th, 2023

Average Dollar Increase by Paygrade



- The Legislature appropriated \$1.20 per hour per FTP and PERSI employees received an average of a \$1.73 per hour.
- Employee increases ranged from \$0.48 to \$4.51 per hour.
- PERSI Received \$100,000 line item for targeted positions, this was implemented in the four lowest paygrades.



Agency Funds – Sources and Uses

Fund: PERSI Administrative

Sources: 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 at the State Treasurer's Office. The total source of funds held by the PERSI trust at the master custodian bank is made up of contributions and investment earnings.

Uses: Money is wired from PERSI's master custodian bank only when funds are needed to pay administrative expenses or other authorized expenses for agency personnel costs and operating expenditures. All moneys transferred to the Administrative Fund are available to the board for the payment of administrative expenses only to the extent so appropriated by the Legislature.



Agency Funds – Sources and Uses

Fund: PERSI Special

Sources: 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 at the State Treasurer's Office. The total source of funds held by the PERSI trust at the master custodian bank is made up of contributions and investment earnings.

Uses: Portfolio staff salaries, related travel expenses, and operating expenses are paid through this fund. Money is wired in from PERSI's master custodian bank only when funds are needed to pay administrative expenses, benefits, or other authorized expenses. Although Section 59-1311, Idaho Code, provides that all moneys in this fund are perpetually appropriated, pursuant to Section 67-3514, Idaho Code, the Joint Finance-Appropriations Committee appropriates certain administrative expenses and portfolio related administrative expenses. All other funds are perpetually appropriated as directed by the PERSI Board. Expenses that qualify as portfolio expenses include but are not limited to: reporting services, investment advisory services, funding agent fees, money management fees, and investment staff expenses, including hiring of investment management personnel (§59-1311). The majority of portfolio related expenses (custody fees, advisory and reporting services, and money manager fees) are paid through the system's master custodian bank. Separation benefits, death benefits, and a portion of retiree payroll benefits (other than direct deposit) are also paid through this fund in the form of a state warrant. Direct deposit retiree benefits are paid through a local bank with funds wired in from the master custodian bank



Agency Funds – Sources and Uses

Fund: PERSI - Retiree Medical Insurance

Sources: This fund is commonly referred to as the Sick Leave Insurance Reserve Fund. Each employer in state government and employing school district contributes to a Sick Leave Fund maintained by PERSI exclusively for the purpose of the provisions of Section 67-5333, Idaho Code, and Section 33-1228, Idaho Code, for state employees and school district employees respectively. The rate of contributions will consist of a percentage of employees' salaries as determined by the PERSI Board. Any excess balance in the Sick Leave Fund will be invested, and the earnings will accrue to the Sick Leave Fund, except the amount required by the board to defray administrative expenses. All moneys payable to the Sick Leave Fund are perpetually appropriated to the board, and will not be included in its departmental budget. A voluntary unused sick leave pool was authorized July 1, 2000 (Section 59-1365, Idaho Code) for PERSI employer units not eligible to participate in those established for state government and school districts by Section 67-5339, Idaho Code, and Section 33-1228, Idaho Code.

Uses: Upon separation from an eligible employer, by an eligible PERSI member, the unused portion of the employee's accumulated sick leave will be subject to calculation to determine the monetary value of the leave. Such sums will be used by the PERSI Board to continue to pay premiums for the employee's group health, dental, vision, long-term care, and prescription drug insurance programs as may be maintained by the employer for retirees, to the extent of the funds credited to the employee's account. Currently, the state or school employer must report to PERSI the employee's rate of pay and unused sick leave balance at retirement. The amount of unused sick leave that may be available to pay premiums is limited by the total amount of unused sick leave the employee can accrue and is also limited by the required statutory conversion formula: For school district employees, the calculation is made using the following formula: (days of unused sick leave / 2) * (daily rate of pay at time of retirement). Different school districts have different maximums on sick leave accrual. There are also statutory limitations on transfer of sick leave. Where the daily rate is affected by changes in the work week such as adoption of a four day work week or similar event, adjustments shall be made to maintain equity within the pool. For employees of state agencies, colleges and universities, and community colleges, the calculation is made using the following formula: (hours of unused sick leave / 2) * (hourly rate of pay at time of retirement). Section 67-5333, Idaho Code, limits the number of hours that can be converted based on the amount of state service or a ceiling of 600 hours. Upon an employee's death, any unexpended sums remaining in the fund will revert to the Sick Leave Fund.



Agency Funds – Sources and Uses

Fund: Retirement Medical Insurance State

Sources: This fund is commonly referred to as the Sick Leave Insurance Reserve Fund. Each employer in state government contributes to a Sick Leave Fund maintained by PERSI exclusively for the purpose of the provisions of Section 67-5333, Idaho Code, for state employees. The rate of contributions will consist of a percentage of employees' salaries as determined by the PERSI Board. Any excess balance in the Sick Leave Fund will be invested, and the earnings will accrue to the Sick Leave Fund, except the amount required by the board to defray administrative expenses. All moneys payable to the Sick Leave Fund are perpetually appropriated to the board, and will not be included in its departmental budget. A voluntary unused sick leave pool was authorized July 1, 2000 (Section 59-1365, Idaho Code) for PERSI employer units not eligible to participate in those established for state government by Section 67-5339, Idaho Code. The Sick Leave Fund for both the State and the Schools were tracked in one fund but the PERSI Board voted to track the two funds separately starting in FY 2021.

Uses: Upon separation from an eligible employer, by an eligible PERSI member, the unused portion of the employee's accumulated sick leave will be subject to calculation to determine the monetary value of the leave. Such sums will be used by the PERSI Board to continue to pay premiums for the employee's group health, dental, vision, long-term care, and prescription drug insurance programs as may be maintained by the employer for retirees, to the extent of the funds credited to the employee's account. Currently, the state employer must report to PERSI the employee's rate of pay and unused sick leave balance at retirement. The amount of unused sick leave that may be available to pay premiums is limited by the total amount of unused sick leave the employee can accrue and is also limited by the required statutory conversion formula: Section 67-5333, Idaho Code, limits the number of hours that can be converted based on the amount of state service or a ceiling of 600 hours. Upon an employee's death, any unexpended sums remaining in the fund will revert to the Sick Leave Fund.



Agency Funds – Sources and Uses

Fund: Retirement Medical Insurance Schools

Sources: This fund is commonly referred to as the Sick Leave Insurance Reserve Fund. Each employer in state government and employing school district contributes to a Sick Leave Fund maintained by PERSI exclusively for the purpose of the provisions of Section 67-5333, Idaho Code, and Section 33-1228, Idaho Code, for state employees and school district employees respectively. The rate of contributions will consist of a percentage of employees' salaries as determined by the PERSI Board. Any excess balance in the Sick Leave Fund will be invested, and the earnings will accrue to the Sick Leave Fund, except the amount required by the board to defray administrative expenses. All moneys payable to the Sick Leave Fund are perpetually appropriated to the board, and will not be included in its departmental budget. A voluntary unused sick leave pool was authorized July 1, 2000 (Section 59-1365, Idaho Code) for PERSI employer units not eligible to participate in those established for state government and school districts by Section 67-5339, Idaho Code, and Section 33-1228, Idaho Code. The Sick Leave Fund for both the State and the Schools were tracked in one fund but the PERSI Board voted to track the two funds separately starting in FY 2021.

Uses: Upon separation from an eligible employer, by an eligible PERSI member, the unused portion of the employee's accumulated sick leave will be subject to calculation to determine the monetary value of the leave. Such sums will be used by the PERSI Board to continue to pay premiums for the employee's group health, dental, vision, long-term care, and prescription drug insurance programs as may be maintained by the employer for retirees, to the extent of the funds credited to the employee's account. For school district employees, the calculation is made using the following formula: $(\text{days of unused sick leave} / 2) * (\text{daily rate of pay at time of retirement})$. Different school districts have different maximums on sick leave accrual. There are also statutory limitations on transfer of sick leave. Where the daily rate is affected by changes in the work week such as adoption of a four-day work week or similar event, adjustments shall be made to maintain equity within the pool. For employees of state agencies, colleges and universities, and community colleges, the calculation is made using the following formula: $(\text{hours of unused sick leave} / 2) * (\text{hourly rate of pay at time of retirement})$.



Agency Funds – Sources and Uses

Fund: Judges' Retirement

Sources: Judges and the Courts make contributions to PERSI.

Uses: All money in the Judges Retirement Fund (JRF) is perpetually appropriated to pay retired justices and judges and the allowances to surviving spouses (Section 1-2002, Idaho Code). The JRF was moved into PERSI beginning in FY 2015; previous administration of the fund was under the Judicial Branch. Currently, the JRF has approximately 150 active and retired members.