

State Valuation and Employer/Employee Contribution Rates

Finance & Administration Committee
April 17, 2018

Overview

- Actuarial valuation date - **June 30, 2017**
 - Determines required employer/employee contributions for **FY 2018-2019**
- 5 member sub-groups
 - State Miscellaneous
 - State Industrial
 - State Safety
 - State Peace Officers & Firefighters
 - California Highway Patrol
- School employees included in Schools Actuarial Valuation

Significant Events Since June 30, 2016 Valuation

- Investment return of 11.2% for FY ending June 30, 2017
- Changes to assumptions adopted by the Board in December 2017
 - Demographic assumptions (e.g., retirement rates, mortality, etc.)
 - Inflation assumption
- Additional contributions made by the State
- Changes to the amortization policy were adopted by the Board in February 2018. Due to the June 30, 2019 implementation date, these changes have no impact on the June 30, 2017 valuation.

Additional Contributions

Plan	Additional Contributions Made/Planned During Fiscal 2017-18 Pursuant to SB 84 (in millions)
State Miscellaneous	\$3,600
State Industrial	100
State Safety	300
State Peace Officers & Firefighters	1,500
California Highway Patrol	500
Total	\$6,000

Current and Prior Year Results (in millions)

	June 30, 2016	June 30, 2017
Market Value of Assets	\$ 111,121	\$ 121,587
Accrued Liability	\$ 170,657	\$ 180,311
Unfunded Accrued Liability	\$ 59,536	\$ 58,724
Expected Employer Contributions based on Actuarially Determined Contribution Rates	\$ 5,875	\$ 6,299
Expected Employer Contributions Including Additional Contributions Pursuant to G.C. Section 20683.2	\$ 5,986	\$ 6,415

Current and Prior Year Results By Plan

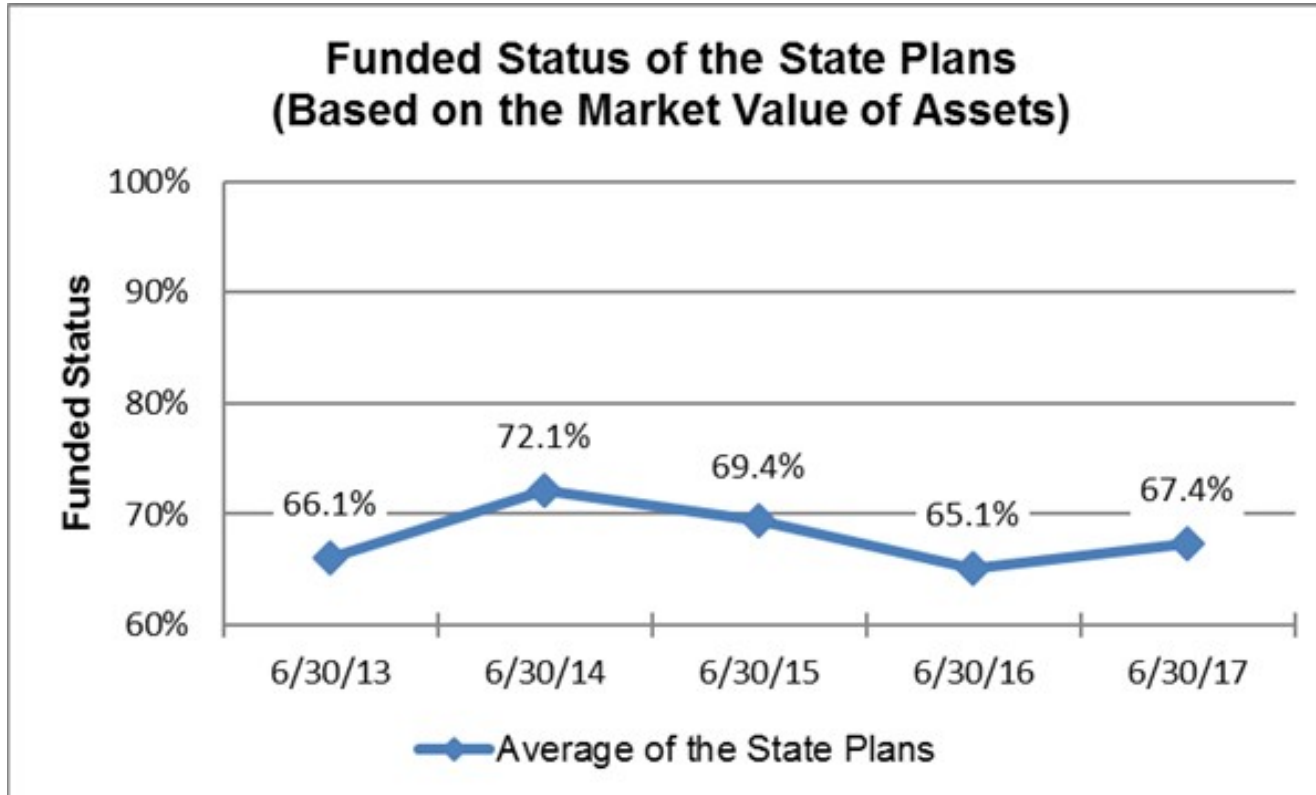
(\$ in millions)

	Fiscal Year 2017-18		Fiscal Year 2018-19	
	Expected Employer Contribution	Employer Contribution Rate	Expected Employer Contribution	Employer Contribution Rate
State Miscellaneous	\$ 3,398	28.325%	\$ 3,632	29.298%
State Industrial	131	19.527%	135	19.550%
State Safety	436	19.402%	467	20.352%
State Peace Officers & Firefighters	1,463	42.598%	1,581	43.724%
California Highway Patrol	447	52.785%	484	53.805%
Total State	\$ 5,875		\$ 6,299	

Total 2018-19 Contributions By Plan

	Actuarially Required Employer Contribution for 2018-19	Additional Statutory Contribution to Offset Increased Member Contributions	Total Contribution 2018-19
State Miscellaneous	29.298%	0.098%	29.396%
State Industrial	19.550%	0.881%	20.431%
State Safety	20.352%	1.182%	21.534%
State Peace Officers & Firefighters	43.724%	1.647%	45.371%
California Highway Patrol	53.805%	1.319%	55.124%

Funded Status Recent History



PEPRA Member Contributions

- Most State employees are exempt from the PEPRA requirement that the member contribution rate be based on 50% of normal cost
- Not exempt:
 - Legislature
 - California State University
 - Judicial Branch
- Member contributions for these groups will increase from 6.50% to 7.25% effective July 1, 2018

Projected Results

	New Rate	Projected Future Employer Contribution Rates					
Plan	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
State Miscellaneous	29.298%	31.3%	32.2%	32.6%	32.7%	33.0%	32.1%
State Industrial	19.550%	21.1%	21.8%	22.1%	22.0%	22.1%	20.3%
State Safety	20.352%	21.6%	21.9%	22.0%	21.8%	21.1%	20.8%
State Peace Officers & Firefighters	43.724%	46.7%	48.1%	49.0%	49.1%	49.6%	48.0%
California Highway Patrol	53.805%	57.1%	58.8%	59.6%	59.9%	60.6%	59.5%