

Revised State and Schools Employer/Employee Contribution Rates

Finance & Administration Committee
September 15, 2020

Overview

- Actuarial valuation date – **June 30, 2019**
 - Determines required employer/employee contributions for **FY 2020-21**
- Rates have changed from what was approved in April 2020
 - SB 90 additional payment amended by AB 84/SB 111
 - Member contribution rates have been renegotiated with CalHR

Significant Events Since April 2020 Board Meeting State Plans

- Reallocation of additional \$2.5 billion contributed in July 2019 (SB 90)
 - UAL paydown portion of the \$2.5 billion has been converted to supplanting payments
 - Supplanting payments applied towards the UAL requirements for fiscal years 2020-21 and 2021-22
 - Allows State to capture all contribution savings over the next two fiscal years
- Changes to member contribution rates for certain groups (e.g., CHP)
 - CHP members had agreed to 1% increase in member rate 7/1/2020
 - In June 2020, a side letter agreement suspended that increase

Revised Employer Rates

Plan	Original Rate (Approved by Board April 2020)	Revised Actuarially Determined Rate	Impact of Revised Application of \$2.5 Billion Payment	Revised Total Rate
State Miscellaneous	31.43%	31.76%	(2.49%)	29.27%
State Industrial	21.04%	21.62%	(4.31%)	17.31%
State Safety	21.28%	21.66%	(2.89%)	18.77%
State Peace Officers & Firefighters	47.00%	48.93%	(14.48%)	34.45%
California Highway Patrol	58.84%	59.76%	0.00%	59.76%

Total FY 2020-21 Contributions by Plan

	Revised Total Employer Contribution for FY 2020-21	Additional Statutory Contribution to Offset Increased Member Contributions	Final Total Contribution for FY 2020-21
State Miscellaneous	29.27%	0.10%	29.37%
State Industrial	17.31%	0.88%	18.19%
State Safety	18.77%	1.18%	19.95%
State Peace Officers & Firefighters	34.45%	1.65%	36.10%
California Highway Patrol	59.76%	1.32%	61.08%

Significant Events Since April 2020 Board Meeting Schools Pool

- Reallocation of additional \$904 million contributed in July 2019 (SB 90)
 - UAL paydown portion, \$660 million, has been converted to supplanting payments
 - applied towards the UAL requirements for fiscal years 2020-21 and 2021-22
 - Allows School employers to capture all contribution savings over the next two fiscal years

Fiscal Year 2020-21 Employer Contribution Rates Schools Pool

	Original Rate (Approved by Board April 2020)	Reallocation of State Payment	Final Employer Contribution Rates FY 2020-21
Employer Normal Cost	9.47%	0.00%	9.47%
Unfunded Liability Rate	13.88%	0.25%	14.13%
State Contribution (20825.2)	<u>(0.67%)</u>	<u>(2.23%)</u>	<u>(2.90%)</u>
Required Employer Rate	22.68%	(1.98%)	20.70%