

URS Fiscal Analysis of 2015 H.B. 115

Summary of Fiscal Impact

If enacted, the immediate budget impact of H.B. 115, Public Safety Retirement for Dispatchers, will be equal to the dispatchers' payroll times the difference in the contribution rates. Also, depending on information about dispatchers that the Utah Retirement Systems (URS) does not currently have, certain actuarially determined contribution rates could see a small increase.

Proposed Legislative Provisions

Under H.B. 115, state employee dispatchers shall receive service credit in the public safety retirement system on a prospective basis after July 1, 2015. Other participating employers may make an irrevocable election to provide their dispatchers with public safety retirement benefits.

Discussion and Actuarial Analysis

URS does not maintain job position titles, nor does URS have information about the number of dispatchers and their wages for the state and other participating employers. Some of this information is needed to complete the actuarial analysis of H.B. 115.

For purposes of determining the member's eligibility for a normal retirement benefit, the member's entire service in URS will continue to be combined.

The cost of providing retirement benefits to dispatchers under a public safety system is greater than under a system for general employees, such as the Public Employees Noncontributory Retirement System—commonly called the big system. The immediate budget impact of H.B. 115 for the state and other employers who make the election for their dispatchers will be equal to the dispatcher payroll times the difference in the contribution rates. For the state, the difference in contribution rates between the public safety system and the big system is 19.16% for Tier I members and 10.52% for Tier II members.

At a high level, the actuary also expects there to be a small actuarial gain in the liability for the big system (Fund 16) and a relatively small increase in the actuarial accrued liability in the State Public Safety System (Fund 42). Since the number of dispatchers is expected to be relatively small, the actuary expects the impact on the actuarially determined contribution rate to be less than one basis point for the big system. However, since the Public Safety System is smaller, the actuarially determined contribution rate could possibly increase by a couple of basis points for the Public Safety System (Fund 42). The actuary needs to have a list of the dispatchers and their payroll to run an analysis to be certain.

The proposed legislation also allows other participating employers to make an irrevocable election to provide their dispatchers with public safety retirement benefits. The actuary expects a similar fiscal impact to that of the state for systems maintained by these other participating employers. However, since Bountiful, Logan, Ogden, and Provo have separately maintained public safety retirement systems, the increase in the actuarially determined contribution rates for the Tier I public safety systems could be more than a few basis points. Again, the actuary would need a list of the dispatchers and their payroll for these employers to run an analysis to be certain.