

Legislative Analysis



PUBLIC SCHOOL EMPLOYEES RETIREMENT DEFERRAL

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House Bill 4530 as introduced and reported from committee

Sponsor: Rep. Lee Gonzales

Committee: Appropriations

First Analysis (3-22-07)

BRIEF SUMMARY: This bill makes two, one-time changes in the way the Public School Employees Retirement System (PSERS) is funded.

First, it allows for a one-time interest-only payment on the Unfunded Actuarially Accrued Liability (UAAL) for FY 2006-07 for the Public School Employees Retirement System. The state's contractual actuary has recommended that the minimum interest charge is 4.5%.

It also allows for a one-time revaluation of system assets to their actual market value as of September 30, 2006 instead of doing a five-year smoothed valuation. The five-year smoothing would begin again in FY 2007-08.

FISCAL IMPACT: The state's contractual actuary has determined that the reduced employer contributions resulting from this one-time payment deferral of the UAAL principal is \$86.4 million (K-12 schools and ISDs), \$5.4 million (community colleges), and \$1.2 million (universities).

The asset revaluation change will reduce employer contributions by \$175.6 million (K-12 schools and ISDs), \$10.9 million (community colleges), and \$2.8 million (universities).

Fiscal Analyst: Al Valenzio

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