

IN THE HOUSE OF REPRESENTATIVES

HOUSE CONCURRENT RESOLUTION NO. 30

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

A CONCURRENT RESOLUTION

STATING LEGISLATIVE FINDINGS AND AMENDING THE RETROACTIVE COST OF LIVING  
ADJUSTMENT APPROVED BY THE PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD AT  
ITS DECEMBER 2019 MEETING.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, the Board of the Public Employees Retirement System of Idaho  
(PERSI) at its December 2019 meeting considered cost of living adjustments  
to retired members' retirement allowance payments; and

WHEREAS, as a result of positive investment returns in 2019, the board  
was required to grant a 1.0% mandatory cost of living adjustment pursuant to  
Section 59-1355, Idaho Code; and

WHEREAS, in light of positive investment returns, the board addition-  
ally chose to grant a 0.7% discretionary cost of living adjustment pursuant  
to section 59-1355, Idaho Code; and

WHEREAS, in addition to these mandatory and discretionary cost of liv-  
ing adjustments, the board also approved four retroactive cost of living  
adjustments to retired members' retirement allowance payments, including a  
1.77% adjustment from fiscal year 2011, a 0.69% adjustment from fiscal year  
2012, a 0.52% adjustment from fiscal year 2013, and a 1.7% adjustment from  
fiscal year 2018; and

WHEREAS, cost of living adjustments are intended to protect retiree  
purchasing power, but this intent must be balanced against protection of the  
fund; and

WHEREAS, pursuant to the method of calculating cost of living in-  
creases, the total cost of living increase recommended by the board in-  
creased substantially from 1.7% to 6.54% due to the four retroactive cost of  
living adjustments; and

WHEREAS, during the 2019 legislative session, PERSI's executive direc-  
tor estimated that each 1.0% cost of living increase would cost the fund ap-  
proximately \$100 million dollars; and

WHEREAS, even with historically high contribution rates and several  
straight years of strong economic growth, the fund is presently only 92.5%  
funded; and

WHEREAS, market volatility and changing demographics within the plan  
may present difficulties in the future, including ever-increasing employer  
and employee contribution rates; and

WHEREAS, national and state economic conditions require a responsible  
and cautious approach with public funds; and

WHEREAS, in light of an uncertain economic forecast for the state, the  
Governor has called for state agencies to adopt a 1.0% rescission to the fis-  
cal year 2020 budget and a 2.0% base reduction to the fiscal year 2021 budget;  
and

1           WHEREAS, an economic downturn would bring more pressure to bear not  
2 only on active employees to further increase contribution rates, but also on  
3 state and local government financial resources with respect to the plan; and

4           WHEREAS, the Legislature, as the plan sponsor pursuant to section  
5 59-1301, Idaho Code, is responsible for determining the system's benefit  
6 structure and is the only entity authorized to change retirement benefits;  
7 and

8           WHEREAS, Section 59-1355(7), Idaho Code, gives the Legislature the au-  
9 thority to amend or reject a cost of living adjustment by adoption of a con-  
10 current resolution; and

11           WHEREAS, the Legislature approves of the mandatory 1.0% and discre-  
12 tionary 0.7% cost of living adjustments but, due to economic uncertainty  
13 and a need to protect the fund, does not support the four retroactive cost of  
14 living adjustments.

15           NOW, THEREFORE, BE IT RESOLVED by the members of the Second Regular Ses-  
16 sion of the Sixty-fifth Idaho Legislature, the House of Representatives and  
17 the Senate concurring therein, that the retroactive cost of living adjust-  
18 ment approved by the PERSI Board at its December 2019 meeting to become ef-  
19 fective March 1, 2020, be and the same is hereby amended to 1.7%.