

**NON-EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 3, 2023

Agency Submitting: Public Employees' Retirement System

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Employer Contribution Cost-Regular Fund (Expense)		\$121,943,010	\$121,943,010	\$243,886,020
Employee Contribution Cost-Regular Fund (Expense)		\$121,943,010	\$121,943,010	\$243,886,020
Total	0	\$243,886,020	\$243,886,020	\$487,772,040

Explanation

(Use Additional Sheets of Attachments, if required)

Section 79 of this bill would allow the Governor to designate any position in a school district or charter school as one for which there is a critical labor shortage. There would be no restrictions on the conditions under which a position may be designated or any time limit on such designation. This designation would remove any and all re-employment restrictions on the designated positions, meaning the System would be paying benefits that under current law would be suspended during the duration of the employment. Critical labor shortage designations with no restrictions would lead to earlier retirements than currently assumed, requiring a change in the System's actuarial assumption for retirements. This could impact approximately 50,000 positions. Based on estimates by the System's actuary and the System's estimates of the number of members and retirees who may return to work (and/or retire earlier to return to work) without a suspension of benefit, It is estimated that Section 79 would increase contribution rates for all employees and employers by the amounts shown above. The ultimate impact could be higher or lower depending on the number of designations and the usage by members and retirees but that would not be known for years to come. Greater usage than estimated could magnify the costs in later years.

Name Tina Leiss

Title Executive Officer