



**SF 2147** – IPERS Protection Occupation (LSB5659SV)

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Fiscal Note Version – New

### **Description**

**Senate File 2147** requires persons employed as a peace officer at a Board of Regents institution or in an enforcement and security role at the Civil Commitment Unit for Sex Offenders (CUSCO) under the purview of the Department of Human Services (DHS) to be included in the Protection Occupation category of the Iowa Public Employees' Retirement System (IPERS).

### **Background**

- Public safety officers employed by the Board of Regents are certified by the Iowa Law Enforcement Academy (ILEA). Currently, at the time of hire, a public safety officer chooses to participate in either the Teacher's Insurance Annuity Association-College Retirement Equity Fund (TIAA-CREF) (a defined contribution retirement program) or in IPERS (a defined benefit retirement program). The following table shows the current participation of public safety officers in retirement programs.

	<u>TIAA-CREF</u>	<u>IPERS</u>
University of Iowa	30	5
Iowa State University	29	8
University of Northern Iowa	11	7

- The following table shows the rate differences between TIAA-CREF and IPERS.

	<u>TIAA-CREF</u>	<u>IPERS</u>
<b>Employee Contribution</b>	<b>Year 1-5:</b> 3.33% of first \$4,800 of budgeted salary <b>Year 6+:</b> 5.00% of budgeted salary	<b>Year 1:</b> 5.95% of budgeted salary <b>Each July 1:</b> IPERS may adjust the rate up or down by no more than 1.0%.
<b>Employer Contribution</b>	<b>Year 1-5:</b> 6.66% of first \$4,800 of budgeted salary and 10.00% of budgeted salary over \$4,800 <b>Year 6+:</b> 10.00% of budgeted salary	<b>Year 1:</b> 8.93% of budgeted salary <b>Each July 1:</b> IPERS may adjust the rate up or down by no more than 1.0%.

- The aggregate funded ratio for IPERS is 83.7%. The funded ratio is 82.7% for Regular membership and 101.3% for Protection Occupation.
- The unfunded actuarial liability is \$5,448.7 million for Regular membership. The Protection Occupation has no unfunded liability and the balance is a positive \$17.4 million.
- As of June 30, 2015, there were 158,809 active members in Regular membership and 7,007 active members in Protection Occupation.

- In March 2014, IPERS completed a cost study using the June 30, 2013, valuation to estimate the potential cost to move 73 positions within the DHS from Regular membership to Protection Occupation. At that time, the inclusion of the DHS employees in Protection Occupation would have increased the Protection Occupation normal cost by 0.02 percentage points.
- As of June 30, 2015, the normal cost rate was 10.22% for Regular membership and 16.01% for Protection Occupation.
- The Benefits Advisory Committee (BAC) Board met April 28, 2014, to approve the DHS CCUSO Unit employees.
- The BAC Board met on February 22, 2016, to approve the Board of Regents security officers request to be included in the Protection Occupation category.

**Assumptions**

- The IPERS contribution rates for Protection Occupation members and employers are higher than for Regular members and employers. (The FY 2017 total required contribution rate is 14.88% for Regular membership compared to 16.40% for Protection Occupation.)
- Assumes Psychiatric Security Specialists, Treatment Program Supervisors, and Licensed Practical Nurses will be approved jointly by the DHS and the Department of Administrative Services (DAS) as approved job classifications eligible for Protection Occupation. This will impact approximately 83.0 FTE positions.
- The increase for moving from Regular membership to Protection Occupation is applied 60.0% to the employer and 40.0% to the employee.

**Fiscal Impact**

The fiscal impact to the State General Fund is expected to be minimal. Both the DHS and the Board of Regents operate with a mix of funds including State General Fund appropriations, federal funds, and other funds. The employee contribution to IPERS will increase from 5.95% of covered payroll to 6.56%, a difference of 0.61%. The employer share will increase from 8.93% of covered payroll to 9.84%, a difference of 0.91%. For the Board of Regents institutions, this will impact approximately 20 people and for the DHS, it will impact approximately 83 people. The following table shows the increased cost to the employer and the employees for the DHS CCUSO Unit workers:

<b>Department of Human Services Employer and Employee Increased Costs</b>			
	<b>Employer</b>	<b>Employee</b>	<b>Total FTEs</b>
<b>Psychiatric Security Specialists</b>	\$ 32,103	\$ 21,520	70
<b>Treatment Program Supervisors</b>	3,181	2,132	6
<b>Licensed Practical Nurses</b>	3,448	2,311	7
	<u>\$ 38,732</u>	<u>\$ 25,963</u>	<u>83</u>

The following table shows the increased cost to the employer and the employees for the Regents' peace officers that are currently in IPERS Regular membership:

	<b>Employer</b>	<b>Employee</b>	<b>Total FTEs</b>
<b>University of Iowa</b>	\$ 2,427	\$ 1,618	5
<b>Iowa State University</b>	3,451	2,301	8
<b>University of Northern Iowa</b>	3,739	2,492	7
	<u>\$ 9,617</u>	<u>\$ 6,411</u>	<u>20</u>

**Sources**

Iowa Public Employees' Retirement System (IPERS)  
Board of Regents  
Department of Human Services (DHS)

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/s/ Holly M. Lyons

February 23, 2016

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.  
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