

Subject: Pre-Legislative Report

Background

Ideas for proposed legislation from agencies are submitted to the Governor and DFM in August annually. All Board agencies and institutions were polled for possible legislative ideas. Only one was submitted.

Discussion

The legislative idea, submitted from the institutions, would alter Idaho Code to eliminate the institutional payment to PERSI for the unfunded actuarial liability on optional retirement plan participants. In 1990, the Idaho Legislature enacted legislation that created the optional retirement plan (ORP) to assist the institutions in recruitment of faculty. At that time it was agreed that the institutions would pay PERSI on behalf of all ORP participants to fund the projected unfunded actuarial liability. The payment for the four-year institutions was capped at 3.03% of the ORP participants' salaries until 2015, and the payment of the community colleges and EITC was capped at 3.83% until 2011.

Because there is no longer an unfunded actuarial liability and PERSI is now fully funded, the institutions propose changing the Code to eliminate this payment to PERSI.

Although the institutions are still in the preliminary stages of developing this legislation, it has been submitted to DFM to meet their deadline for agency legislative ideas. **If there is no objection from the Board** and the institutions still want to go forward, a more detailed proposal will be presented to the Board for their consideration in September or October.