

## 2019-21 Biennial Budget Decision Package

**Agency:** 350 – Supt of Public Instruction

**DP code/title:** Pension contribution rates correction

**Budget period:** 19-21 Regular Session

**Budget level:** ML

**Agency RecSum text:**

The 2018 Supplemental Budget, Senate Bill 6032, included preliminary estimates in the rates for pension contributions used by the Department of Retirement Services (DRS) and those used to drive allocations of state funding to school districts. When final rates were approved by DRS in late summer 2018, there was a discrepancy between the preliminary and the final. This discrepancy has resulted in a shortfall of approximately \$14.1 million in the appropriation for the basic education apportionment for the 2019–21 biennium. This proposal seeks to correct this shortfall in carryforward budget for next two biennia.

**Fiscal detail: To be completed by budget staff**

Operating Expenditures	FY 2020	FY 2021	FY 2022	FY 2023
General Fund – State 001-01	\$6,500,000	\$7,600,000	\$7,600,000	\$7,600,000
<b>Total Expenditures</b>	<b>\$6,500,000</b>	<b>\$7,600,000</b>	<b>\$7,600,000</b>	<b>\$7,600,000</b>
<b>Biennial Totals</b>	<b>\$14,100,000</b>		<b>\$15,200,000</b>	
Staffing	FY 2020	FY 2021	FY 2022	FY 2023
FTEs	0.0	0.0	0.0	0.0
<b>Average Annual</b>	<b>0.0</b>		<b>0.0</b>	
Object of Expenditure	FY 2020	FY 2021	FY 2022	FY 2023
N – Grants, Benefits & Client Services	\$6,500,000	\$7,600,000	\$7,600,000	\$7,600,000

### Package description

This request seeks to reconcile this discrepancy between preliminary estimates for the retirement rates for K–12 allocations and the actual rates approved by DRS.

#### What is the problem, opportunity or priority you are addressing with the request?

This request is aimed at aligning the pension contribution rates that are funded for school apportionment for basic education with those approved by DRS.

#### What is your proposed solution?

The only viable solution is to adjust the preliminary rates to match the final approved rates.

#### What are you purchasing and how does it solve the problem?

Funding this request will ensure OSPI has sufficient funds to pay school districts' entitlements to apportionment for basic education in future years.

#### What alternatives did you explore and why was this option chosen?

Not applicable.

### Assumptions and calculations

#### Expansion or alteration of a current program or service

Not applicable.

#### Detailed assumptions and calculations

The table below shows the current rates as approved in the 2018 Supplemental Budget, the rates approved by DRS, and the projected cost of aligning the rates for future school years.

Current Rates and Projected Costs				
	Current	Maintenance Level	SY 2019–20	SY 2020–21
TRS Employer Rate	15.18%	15.23%	\$7.4 million	\$7.7 million
PERS Employer Rate	12.59%	12.65%		
SERS Employer Rate	13.37%	13.40%		

#### Workforce assumptions

Not applicable.

### Strategic and performance outcomes

#### Strategic framework

Not applicable.

**Performance outcomes**

Not applicable.

**Other collateral connections**

**Intergovernmental**

This request will ensure the appropriation for school apportionment for basic education is sufficient to cover pension contribution rates.

**Stakeholder response**

Not applicable.

**Legal or administrative mandates**

This funding request changes the preliminary DRS rates to the final approved rates. This is needed to ensure ample funding within the appropriation for basic education apportionment.

**Changes from current law**

Not applicable.

**State workforce impacts**

Not applicable.

**State facilities impacts**

Not applicable.

**Puget Sound recovery**

Not applicable to OSPI.

**Other supporting materials**

Not applicable.

**Information technology (IT)**

**Information Technology**

Does this DP include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts or IT staff?

No

Yes

Please download the **IT-addendum** and follow the directions on the bottom of the addendum to meet requirements for OCIO review. After completing the IT addendum, please upload the document to continue.