

# State Valuation and Employer/Employee Contribution Rates

Actuarial Office

# Overview

- Actuarial valuation date – **June 30, 2022**
  - Determines required employer/employee contributions for **FY 2023-24**
- Five member sub-groups
  - State Miscellaneous
  - State Industrial
  - State Safety
  - State Peace Officers & Firefighters
  - California Highway Patrol

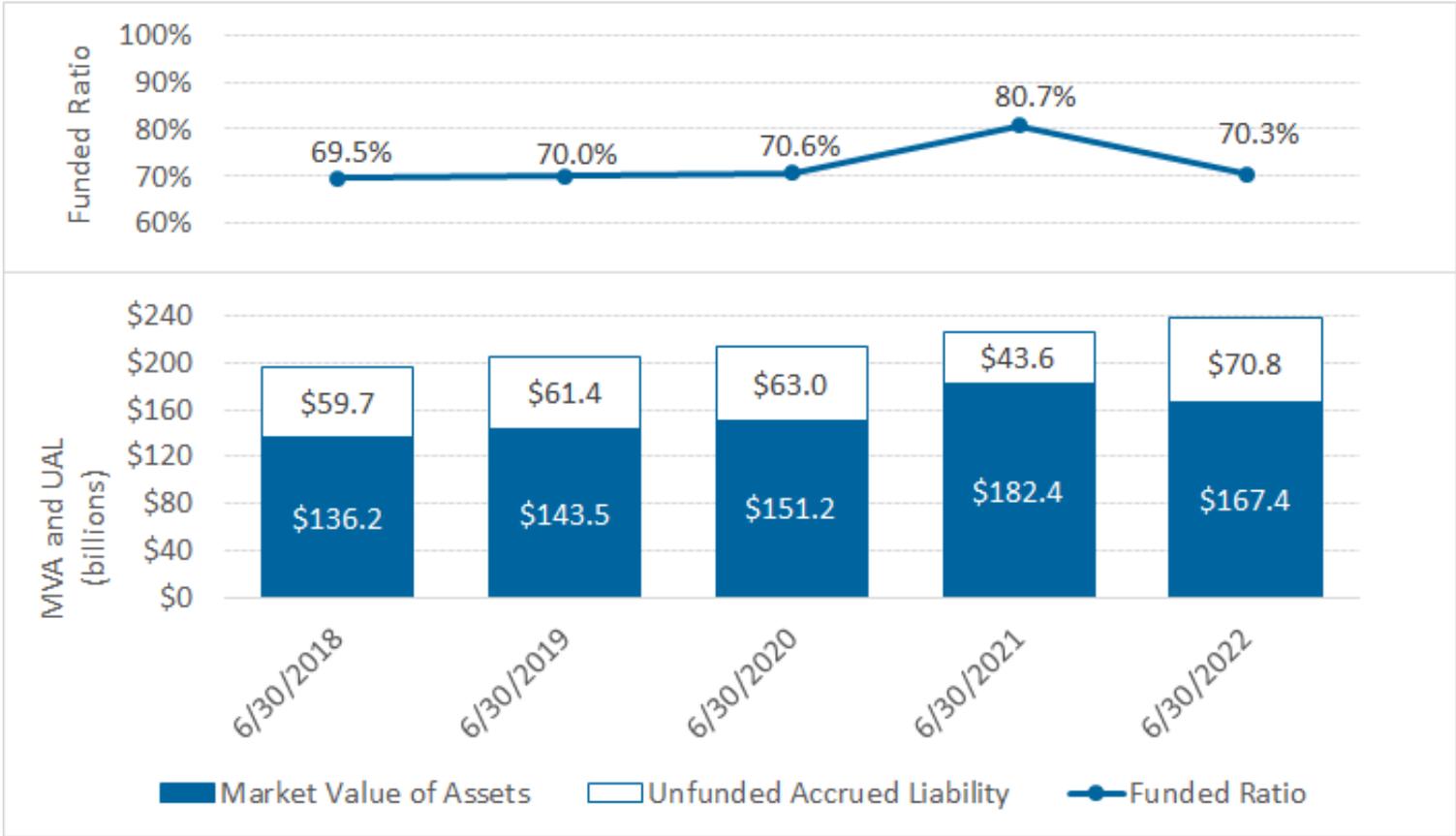
# Significant Events Since June 30, 2021 Valuation

- Investment Return
  - Investment return for fiscal year 2021-22 of -7.5% (before reduction for administrative expenses)
- Additional Contributions
  - \$2.9 billion contributed in July 2022 (Prop 2)
    - Allocated to plans in proportion to State's general fund CalPERS contributions
    - Additional contributions will be reflected in funded status as of June 30, 2023
  - \$25 million contributed to CHP in May 2022
    - Annual savings due to additional payment deferred to FY 2024-25
    - Additional contributions are reflected in funded status as of June 30, 2022
  - Reduced total FY 2023-24 required contribution by approximately \$481 million, equivalent to 2.01% of total payroll

# Assets and Liability (in millions)

	June 30, 2021	June 30, 2022
Accrued Liability	\$ 225,974	\$ 238,203
Market Value of Assets	\$ 182,354	\$ 167,420
Unfunded Accrued Liability	\$ 43,621	\$ 70,783
Funded Ratio	80.7%	70.3%
Expected Employer Contributions based on Actuarially Determined Contribution Rates	\$ 7,597	\$ 8,058
Expected Employer Contributions Including Additional Contributions Pursuant California State Budget Act	\$ 7,980	\$ 8,471

# Funded Status History of State Plans (aggregate)



# Actuarially Determined Contribution Rates (\$ in millions)

	FY 2022-23		FY 2023-24		
	Employer Contribution Rate	Expected Contribution in Dollars	<i>Estimated Rate*</i>	Employer Contribution Rate	Expected Contribution in Dollars
State Miscellaneous	30.71%	\$ 4,453	32.0%	30.87%	\$ 4,750
State Industrial	19.51%	157	20.3%	19.54%	165
State Safety	21.13%	537	21.3%	21.54%	537
State Peace Officers & Firefighters	47.21%	1,851	49.4%	46.26%	1,952
California Highway Patrol	63.89%	599	65.4%	67.69%	654
<b>Total State</b>		<b>\$ 7,597</b>			<b>\$ 8,058</b>

\* As projected in the June 30, 2021 actuarial valuation report, does not include supplemental payments since June 30, 2021

# Total FY 2023-24 Contributions by Plan

	Actuarially Required Employer Contribution for FY 2023-24	Additional Statutory Contribution per GC 20683.2	Additional Contribution Rate*	Total Contribution FY 2023-24
State Miscellaneous	30.87%	0.10%	1.03%	32.00%
State Industrial	19.54%	0.88%	0.58%	21.00%
State Safety	21.54%	1.18%	0.03%	22.75%
State Peace Officers & Firefighters	46.26%	1.65%	2.09%	50.00%
California Highway Patrol	67.69%	1.32%	2.77%	71.78%

\* For the general fund plans Additional Contribution Rate is the Stable Contribution Rate adjustment. For CHP the Additional Contribution Rate is Bargaining Unit 5 Agreement.

# Member Contributions

- PEPRA member rates were established beginning January 1, 2013. The initial rates were calculated as half of the total normal cost rounded to the nearest quarter percent.
- The normal cost is calculated annually. If it is determined that the total normal cost has changed by one percent or more since the last time the PEPRA member rates were set, the PEPRA member rate is recalculated based on the new normal cost.

# Member Contributions

- Most State employees are exempt from the PEPRA requirement that members contribute 50% of normal cost
- PEPRA members subject to automatic 50% cost sharing:
  - Legislature
  - California State University
  - Judicial Branch
  - No change to PEPRA member contributions in FY 2023-24

# Member Contributions – Bargaining Units 2, 5, 16 and 18

- State employees in Bargaining Units 2, 5, 16 and 18 generally contribute 50% of normal cost
- No member contribution rate changes effective July 1, 2023

# Projected Required Future Employer Rates

Plan	Actual	Projected				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
State Miscellaneous	30.87%	31.7%	32.5%	32.9%	34.7%	34.5%
State Industrial	19.54%	20.2%	20.9%	21.2%	22.8%	22.5%
State Safety	21.54%	22.2%	22.8%	23.1%	24.7%	24.4%
State Peace Officers & Firefighters	46.26%	47.5%	48.6%	49.1%	51.9%	51.3%
California Highway Patrol	67.69%	68.1%	69.5%	67.7%	70.6%	69.8%

Projected rates assume 6.8% investment return in FY 2022-23 and following years with no changes to benefits, assumptions, methods, or supplemental payments during the projection period. Adjustments were made to estimate the effects of future hires entering PEPRA benefit tiers and future member contribution rate changes already codified in statute. All other demographic experience is assumed to match the actuarial assumptions.