

Public Safety Personnel Retirement System

A.R.S. § 38-841

Administrator: Jim Hacking

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	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate
FUND SOURCES				
Other Non-Appropriated Funds	4,957,300	5,183,100	5,508,100	5,726,800
TOTAL - ALL SOURCES	4,957,300	5,183,100	5,508,100	5,726,800

AGENCY DESCRIPTION — The Public Safety Personnel Retirement System (PSPRS) provides retirement, survivors, health, and disability benefits to public employees who work in a public safety capacity, such as law enforcement officials and fire fighters. In addition, PSPRS staff administers the Correctional Officers Retirement Plan (CORP) and the Elected Officials Retirement Plan (EORP), which provide the same benefits to specified populations at the state and local level. PSPRS is not subject to appropriation.

PERFORMANCE MEASURES	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Estimate
Public Safety Personnel Retirement System (PSPRS)				
• Investment returns (%)	15.0	9.1	8.3	8.8
• % of liability funded	92.4	82.1	77.6	--
Correctional Officers Retirement Plan (CORP)				
• Investment returns (%)	14.8	9.2	8.2	8.8
• % of liability funded	104.8	96.4	93.7	--
Elected Officials Retirement Plan (EORP)				
• Investment returns (%)	15.0	9.6	7.9	8.8
• % of liability funded	104.4	95.5	89.9	--

Additional Legislation

Ch. 253 Retiree Health Insurance; Rural Subsidy

Laws 2007, Chapter 253 extends the rural health insurance subsidy for PSPRS retirees for an additional 2 years through FY 2009. This program provides a health insurance subsidy to PSPRS, CORP, and EORP retirees who live in areas where managed care programs are not available from contracted health insurance providers. Because the subsidy is a temporary program, PSPRS does not include the costs in the annual actuarial valuation.

Ch. 261 Criminal Justice Budget Reconciliation Bill

The Criminal Justice Budget Reconciliation Bill (Laws 2007, Chapter 261) amends A.R.S. § 38-886.01 to extend ordinary disability to all members of CORP. Ordinary disability provides a benefit to persons whose injuries are not work-related, whereas accidental disability provides a benefit to those with work-related injuries. While CORP provides accidental disability coverage to all members, CORP currently provides ordinary disability coverage only to dispatchers, not correctional officers.

This expansion of ordinary disability to all CORP members contains a conditional enactment, stating that it can take place on June 30 of any year from and after June 30, 2010, provided that the previous year's annual actuarial valuation of the plan determines that the ratio of the funding value of accrued assets to accrued liability is at least 100%. The ratio was 93.7% as of June 30, 2006. If implemented, PSPRS estimates that the expansion of ordinary disability would result in an increase in the employer contribution rate of approximately 0.45%. Such an increase would have a General Fund cost of approximately \$1,460,000.