

Funding Options for PERS Reserve

	A	B	C	D
1	Baseline Data	% Points	Estimated Annual Cost	Cumulative Reserve (July 2005)
2	Current PERS Reserve funding rate	3.92%	1,610,000	3,011,000
3	PERS-Estimated Rate Increase (July 2007)	5.5%	1,950,000	
4				
5	Option #1: Maintain Current Funding Level	Rate	Annual OPE Cost	Annual Savings over FY05
6	Leave PERS Reserve funding rate at current level	3.92%	1,610,000	-
7				
8				Cumulative
9	Accumulated PERS Reserve as of July 2007			6,286,000
10	Total estimated PERS increases for 2007-09 Biennium			3,968,000
11	*Difference (July 2007 reserve balance after 2-year shortfall set aside)			2,318,000
12	Reserve Balance July 2009 (before additions from court decision)			\$ 5,538,000
13				
14	Option #2: Cover Only 2007-09 PERS-Estimated Rate Increases	Rate	Annual OPE Cost	Annual Savings over FY05
15	Adjust PERS Reserve funding rate in FY06 to cover only 2007-09 increase	1.17%	479,000	1,131,000
16				
17				Cumulative
18	Accumulated PERS Reserve as of July 2007			3,968,000
19	Total estimated PERS increases for 2007-09 Biennium			3,968,000
20	*Difference (July 2007 reserve balance after 2-year shortfall set aside)			-
21	Reserve Balance July 2009 (before additions from court decision)			\$ 958,000
22				
23	Option #3: Cover Half of 2007-09 PERS-Estimated Rate Increases	Rate	Annual OPE Cost	Annual Savings over FY05
24	Adjust PERS Reserve funding rate in FY06 to cover 25% over 2007-09 increase	2.37%	975,000	635,000
25				
26				Cumulative
27	Accumulated PERS Reserve as of July 2007			4,960,000
28	Total estimated PERS increases for 2007-09 Biennium			3,968,000
29	*Difference (July 2007 reserve balance after 2-year shortfall set aside)			992,000
30	Reserve Balance July 2009 (before additions from court decision)			\$ 2,942,000
31				
32	Option #4: Do not charge PERS Reserve for Next Biennium	Rate	Annual OPE Cost	Annual Savings over FY05
33	Eliminate PERS Reserve funding for 2005-2007	0%	-	1,610,000
34				
35				Cumulative
36	Accumulated PERS Reserve as of July 2007			3,011,000
37	Total estimated PERS increases for 2007-09 Biennium			3,968,000
38	*Difference (July 2007 reserve balance after 2-year shortfall set aside)			(957,000)
39	Reserve Balance July 2009 (before additions from court decision)			\$ (957,000)
40				
41				
42	<i>* In all four options, reserve would continue to build at specified rate for both years of the 2007-09 Biennium</i>			