Discussion Points

Tort Claims Liability

1. In FY 2010, FY 2011, FY 2012, FY 2013, and FY 2014 the Tort Claims Liability Fund was underfunded and required supplemental appropriations of $5.75 million, $19.43 million, $7.15 million, $17.35 million, and $6.5 million respectively, above a base appropriation of $15 million each year. The FY 2016 Governor's Budget indicates the need for supplemental appropriations of $26.75 million for FY 2015 to bring total funding to $41.75 million, and recommends a FY 2016 appropriation of $15 million.

In the responses to Discussion Points in the FY 2015 Interdepartmental Budget Analysis, the Division of Risk Management indicated that in addition to the 114 tort settlements paid out of 5,000 claims made in 2012 and 2013, total tort payments of $22.6 million in FY 2012 and $32.4 million in FY 2013 resulted from a very small number of claims with relatively large settlement amounts. In addition, the division indicated that in FY 2014 a $166 million jury verdict, now in appeal, was rendered against the State.

Tort Claims Liability Fund FY 2012 to FY 2016							
Tort Payments	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
($ Millions)							
Base Appropriation	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00	$ 15.00
Supplemental	$ 5.75	$ 19.43	$ 7.15	$ 17.35	$ 6.50	$ 26.75	
Total Tort Funding	**$ 20.75**	**$ 34.43**	**$ 22.15**	**$ 32.35**	**$ 21.50**	**$ 41.75**	**$ 15.00**

- ***Question:*** **What was the nature of the $166 million jury verdict? What is the status of the $166 million jury verdict? Has the appellate court ruled on the State's appeal? If so, what was the appellate court's ruling and what amount is the State required to pay the claimant(s)? Is there any information available with regard to the timing and the amount(s) of the payment(s) of the $166 million jury verdict tort claim?**

  Answer: The case involved Division of Youth and Family Services (DYFS) (now the Division of Child Protection and Permanency in the Department of Children and Families). The plaintiff contends that DYFS failed to conduct an adequate investigation and should have removed the child to prevent injuries. The jury awarded the plaintiff $166 million, but as a result of the State's post-trial motions, the court reduced the award against the State to $102,630,618. The State has appealed that reduced verdict on several grounds. The plaintiff has cross-appealed, seeking to reinstate the full $166 million verdict.

  No, the appellate court has not ruled on the appeal. All briefing is complete, but the Appellate Division has not set a date for oral argument. There is no information currently on the timing or amount of payments.

- ***Question:*** **Please provide a complete list of tort claims that were paid in FY 2013, FY 2014, and are anticipated to be paid in FY 2015. For the list of claims for each of those three fiscal years, please consolidate the claims that will cost less than $100,000 per claim for each fiscal year, but provide the total number of those claims and for each fiscal year please**

Discussion Points (Cont'd)

itemize the claims for more than $100,000. For the claims for more than $100,000 please include the nature of the claim, i.e., foster care, auto liability, etc; the cost to be paid for each settlement; the date each claim was filed, the date of settlement and the date of payment, if different from the date of settlement. Using the chart format below, please provide a separate chart for each fiscal year.

Tort Claims Liability Fund FY 201X				
Small Claims				
	Total Number	**Total Value**		
Total Small Claims				
Large Claims				
Nature of the Claim	**Claim Cost**	**Filing Date**	**Settlement Date**	**Payment Date**
List				
Total				

Answer: Please see the tables and charts (Attachment 1) for the response to this question for FY 2013 and FY 2014. Through February 2015, the State paid $7 million in tort claims and associated expenses for FY 2015. The State anticipates an additional $33 million in pending tort claims payable through the end of fiscal 2015, along with an additional $2 million in associated expenses.

- ***Question:*** **Does the department consider a $15 million appropriation for FY 2016 adequate given that costs have exceeded this amount for six consecutive years? What factors were considered in the division's determination of the budget recommendation for FY 2016?**

Answer: It is true that a supplemental appropriation to the Tort Claims Fund has been necessary for some time. However, we believe the proposed budget and associated language provides an acceptable budget approach. The Division of Risk Management continues to try to find ways to prevent and reduce tort claims toward that $15 million appropriation.

Workers' Compensation

2. The State is self-insured for workers' compensation payments made to State employees for work-related injuries. Under current law, the Workers' Compensation Self-Insurance Fund provides funding for the payment of direct costs of legal, investigative, administrative, and medical services related to claims against the fund. Cost components are medical expenses, expenses to adjudicate claims including petitioner attorney fees, the cost of temporary wage replacement benefits, and the cost of court awards for permanency of the injury. Factors that contribute to changes in workers' compensation costs include changes in the number of claims, medical costs, and disability rates.

Discussion Points (Cont'd)

According to the Responses to the FY 2015 Interdepartmental Discussion Points submitted last year by the Division of Risk Management, the division indicated that, "the accidental frequency rate has declined since 2010, and is expected to decline again in 2015. The division anticipates a 3.5 percent reduction in accident frequency, partially offset by an anticipated 5 percent inflationary rise in medical costs. The increased medical cost for FY 2012 was attributable to $15 million in annual Sick Leave Injury (SLI) benefits being replaced by temporary compensation." The increased medical cost referred to is the difference in the medical cost in FY 2011 ($3.991 million) and FY 2012 ($9.836 million) of $5.845 million, or 146 percent, not the cumulative cost of $35.895 million as shown in the chart below.

From FY 2008 to FY 2013 Workers' Compensation expenditures grew by an annual average of 4.2 percent. Projected expenditures edged back up in FY 2014 after declining for one year in FY 2013. Total actual expenditures for FY 2014, as reported in the FY 2016 Governor's Budget, were $91.479 million out of an original appropriation of $92.990 million. FY 2015 expenditures as of April 8, 2015 as reported in the financial system, are $61.951 million. Total FY 2015 costs are still projected to total $92.0 million, and recommended funding for FY 2016 is $94.5 million.

Table 1 illustrates that while the number of claims, medical costs, expense costs, total costs, and permanent compensation costs are declining, temporary costs (wage replacement) continue to increase, although at a slower rate than in previous years.

Table 1

Fiscal Year	Claims (1)	Medical Cost	Expense Cost	Temporary Cost	Permanent Cost	Total Cost
2008	7,461	$35,924,399	$6,058,288	$6,692,340	$23,538,215	$72,213,242
2009	7,169	$35,348,189	$7,294,502	$6,928,780	$26,617,739	$76,196,379
2010	6,256	$45,568,163	$5,756,144	$8,985,716	$21,523,915	$81,839,259
2011	6,648	$46,524,888	$9,598,134	$8,345,243	$33,766,768	$98,241,681
2012	5,394	$43,777,774	$8,419,030	$12,096,334	$31,370,949	$95,664,087
2013	5,249	$35,895,101	$7,620,281	$13,736,841	$29,602,543	$86,854,765
% Change 2008-2013	-30%	-1%	26%	105%	26%	20%
% Change 2011-2012	-19%	-6%	-12	45%	-7%	-2.6%
% Change 2012-2013	-2.6%	-18%	-9.5%	13.5%	-5.6%	-9%

(1) Reported claims.

Source: Division of Risk Management, in the Department of the Treasury.

- ***Question:*** **Please provide a list by department or agency for FY 2014 showing the number of claims reported broken out by the number of temporary, permanent partial, and permanent disability claims reported in each year; total medical cost;**

Discussion Points (Cont'd)

total expense cost; temporary cost, i.e., the wage replacement cost; partial permanent disability cost; permanent disability cost; and total costs. Please provide an updated Performance Indicators Chart. What were the average wage replacement and the average duration, respectively, of a temporary disability case for FY 2014? What was the average court award for permanency of the injury for FY 2014?

Answer: Claims by agency for FY 2014 were:

DEPARTMENT	Claims Reported	Medical Cost	Expense Cost	Temp Cost	Perm Cost	Total Cost
AGRICULTURE	10	12,261	15,728	1,718	63,685	93,392
AUTHORITIES	42	92,162	34,111	15,786	111,734	253,794
BANKING	4	14,224		2,280	9,662	26,166
COMMERCE		624				624
CORRECTIONS	611	7,589,697	1,658,911	4,159,137	5,697,334	19,105,078
COMMUNITY AFFAIRS	21	273,929	133,544	107,915	468,384	983,772
CHILDERN AND FAMILIES	327	2,628,682	443,004	980,359	1,635,191	5,687,236
ENVIRONMENTAL PROTECTION	122	1,093,586	126,177	70,927	543,470	1,834,160
HUMAN SERVICES	2,251	15,190,098	2,367,976	6,504,043	10,148,361	34,210,478
HEALTH	26	212,329	47,195	63,213	185,992	508,729
PERSONNEL	3	15,188			14,638	29,825
TRANSPORTATION	220	2,170,745	357,821	471,745	1,392,286	4,392,597
EDUCATION	36	311,201	32,972	51,453	132,827	528,452
CHIEF EXECUTIVE	1	8,926				8,926
HIGHER EDUCATION	386	1,996,780	469,070	455,244	1,853,654	4,774,748
INSURANCE	2	37,864		8,189		46,053
JUDICIARY	246	1,495,222	403,622	448,072	1,584,381	3,931,297
LABOR	69	685,088	141,716	108,815	533,308	1,468,926
LEGISLATURE	4	14,306	5,133	5,182	30,349	54,971
LAW AND PUBLIC SAFETY	629	4,813,481	896,089	1,180,323	3,760,090	10,649,983
MOTOR VEHICLE COMMISSION	67	357,375	166,732	112,991	711,471	1,348,568
PUBLIC ADVOCATE	18	162,740	22,864	23,321	95,967	304,892
STATE	4	21,139	4,595	5,751	16,787	48,271
TREASURY	111	605,293	44,845	149,151	195,376	994,665
MILITARY AND VETERANS AFFAIRS	196	830,058	209,910	471,595	748,211	2,259,774
GRAND TOTALS		40,632,998	7,582,015	15,397,209	29,933,157	93,545,378

Performance Indicators for the Division of Risk Management are:

Department of the Treasury Performance Indicators - March RISK MANAGEMENT	Freq	Desired Trend	Prior Month	Current Month	% Change	Last 12 Month	Target
Revenue Generation (including Cost Management)							

Discussion Points (Cont'd)

Total Workers Compensation Cost, including medical expenses and wage replacement, per 1000, across State Government (FTE=76,435)							
Medical	m	Decrease	$ 34,616	$ 60,048	73.47%	$ 557,518	$ 638,127
Expense	m	Decrease	$ 8,267	$ 9,859	19.26%	$ 94,069	$ 96,300
Indemnity	m	Decrease	$ 50,913	$ 50,227	-1.35%	$ 590,659	$ 469,200
Total	m	Decrease	$ 93,796	$ 120,134	28.08%	$ 1,242,246	$ 1,203,627
Cost Recovery:							
Subrogation/Property	m	Increase	$ 173,382	$ 251,127	30.96%	$ 3,879,301	$ 3,000,000
Third Party Recovery/WorkComp	m	Increase	$ 70,078	$ 267,110	73.76%	$ 2,480,211	$ 2,000,000
Statewide Support Service							
Number of outstanding Workers Compensation claims:							
Frequency:							
New Claims Reported	m	Reduce	384	363	-5.47%	414	446
Injury Rate/Employee	m	Reduce	6.00%	5.64%	-6.00%	5.40%	7.00%
Total Open	m	Reduce	10,391	10,873	4.64%	9,802	10,000

The average wage replacement was $8,375 and the average duration was 13 weeks. The average court award for permanency was $21,280.

- ***Question:*** **What trend in total claims, medical costs, and permanent costs from FY 2014 actual data does the department use as the basis of its FY 2016 recommended appropriation? What is the current injury rate, return to work rate, utilization rate trend for in-network medical care, and in-network medical rate discounts, and change in population covered by the Workers' Compensation Fund? To what other factors does the division attribute the trend in workers' compensation costs? What is the division's projection for temporary costs? Are temporary costs expected to remain at or above 2014 levels? If they are expected to remain at or above 2014 levels, please explain why and what factors will contribute to the increased costs. Please provide an updated historical chart of worker's compensation costs from accident year 1981 through 2014 that includes the accident year, medical costs, other expense costs, temporary costs, permanent partial costs, permanent total, other, compensation total, and total costs.**

Answer: Trends used include the accident frequency rate, medical inflationary costs, and historical costs. The FY 2014 injury rate was 5.7%. For employees that returned to work in FY 2014, the return to work rate was 91 days. The network penetration rate is

Discussion Points (Cont'd)

at 92%. The in-network medical rate discounts are 63%. There has been no change in the population covered by the Workers' Compensation Fund.

Other trend factors impacting workers' compensation costs include an annual average increase of 3.2% in indemnity costs (temporary and permanent) for the last 4 years (FY 2011 through FY 2014), offset by anticipated reductions in claim frequency.
Temporary costs are expected to be above 2014 levels primarily due to increasing benefit rates and the fact that workers' compensation claims can continue for many years, the tail of which impacts current year costs.

The historical chart of workers' compensation costs follows:

Accident			Compensation					
Year	Medical	Expense	Temporary	Permanent Partial	Permanent Total	Other	Compensation Total	Total
2014	11,606,589	74,881	7,241,853	19,326		7,200	7,268,379	18,949,849
2013	11,691,139	624,107	4,682,024	1,538,682		210,197	6,430,903	18,746,149
2012	3,487,913	1,419,659	1,298,435	4,633,334		383,531	6,315,301	11,222,873
2011	2,353,506	1,453,970	687,521	5,871,251	40,001	370,775	6,969,548	10,777,024
2010	1,743,630	1,074,764	386,849	3,622,107	282,788	522,045	4,813,790	7,632,184
2009	1,867,776	751,869	481,186	2,359,665	330,691	285,512	3,457,054	6,076,699
2008	914,831	691,550	213,780	2,073,122	534,916	167,281	2,989,099	4,595,481
2007	762,759	381,668	138,952	1,176,213	278,355	260,492	1,854,011	2,998,439
2006	1,902,790	332,759	145,072	537,484	460,591	116,933	1,260,080	3,495,629
2005	539,287	132,515	5,649	356,057	123,329	132,529	617,564	1,289,366
2004	715,271	117,920	35,422	300,810	135,290	86,255	557,777	1,390,968
2003	244,366	110,357	17,707	80,979	58,762	112,907	270,355	625,078
2002	222,231	137,990	12,909	94,924	68,982	191,509	368,324	728,544
2001	450,283	86,014	9,182	168,946	120,532	53,530	352,190	888,487
2000	171,793	83,681	20,448	221,276	59,074	99,733	400,532	656,005
1999	423,833	1,390		3,524	9,351	18,581	31,456	456,679

Discussion Points (Cont'd)

1998	154,733	17,226			41,753	51,768	251,819	345,341		517,300
1997	81,525	41,037			58,312	116,825	45,577	220,715		343,277
1996	109,324	2,269		20,220			39,240	59,460		171,053
1995	90,338	1,959			3,124	47,426	22,392	72,942		165,239
1994	112,680	6,286			18,813	67,960	14,774	101,547		220,513
1993	111,247	3,320				71,985	12,400	84,385		198,953
1981-1992	699,414	48,429			177,368	351,005	350,081	878,453		1,626,297
Total	40,457,260	7,595,620		15,397,209	23,357,069	3,209,632	3,755,295	45,719,205		93,772,085

Medical Malpractice Self-Insurance Fund for Rutgers, Rowan, and University Hospital

3. According to an Official Statement prepared by the Transportation Trust Fund Authority to provide information for the purpose of issuing bonds,

> Prior to July 1, 2013, there were various numbers of claims and cases pending against the University of Medicine and Dentistry of New Jersey ("UMDNJ") and its employees, seeking recovery of monetary damages that were primarily paid out of the UMDNJ Self Insurance Reserve Fund created pursuant to the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.). An independent study estimated an aggregate potential exposure of $148,897,000 for tort and medical malpractice claims for UMDNJ pending as of December 31, 2012. As a result, of the enactment of the New Jersey Medical and Health Sciences Education Restructuring Act, P.L.2012, c.45 ("the Restructuring Act"), all of UMDNJ has been transferred to Rutgers, the State University ("Rutgers"), with the exception of the School of Osteopathic Medicine, which has been transferred to Rowan University ("Rowan"), and University Hospital, as applicable. Pursuant to the Restructuring Act, Rutgers and Rowan each entered into a memorandum of understanding with the State Treasurer pursuant to which the State shall pay from a self-insurance reserve fund established for each entity medical malpractice claims occurring prior to and post the effective date of the transfers, which was July 1, 2013. The Restructuring Act also provides for University Hospital's medical malpractice claims to be covered by a self-insurance reserve fund established by the State Treasurer and University Hospital entered into a memorandum of understanding with the State Treasurer for such claims. All claims, other than medical malpractice claims, incurred by UMDNJ with respect to the UMDNJ facilities transferred to Rutgers will be paid for by Rutgers out of its own funds. All claims, other than medical malpractice claims, incurred by Rowan will be paid from the Tort Claims Fund. The State is unable to estimate its exposure for these claims.

Discussion Points (Cont'd)

In FY 2014 and FY 2015, the Appropriations Act appropriated $10 million to fund medical malpractice self-insurance for Rutgers, Rowan, and University Hospital. In FY 2014, a supplemental appropriation of $8 million and transfers of $6.7 million were required in addition to the original appropriation of $10 million. According to the responses to the Discussion Points in the FY 2015 Interdepartmental Budget Analysis, several significant and unanticipated settlements occurred in FY 2014 requiring the supplemental funding. The FY 2016 Governor's Budget projects a supplemental appropriation of $28 million will be required in FY 2015.

- ***Question:*** **Please list each of the significant and unanticipated settlements that occurred in FY 2014 and provide the cost of each settlement. Please explain the need for the supplemental appropriations in FY 2015 and itemize the components of the total cost of the projected FY 2015 supplemental appropriation. What is the financial commitment to the fund of each respective institution and University Hospital? What is the financial commitment to the fund of the medical professionals from each institution? In light of the projected costs in FY 2015 of $25.3 million, why is the appropriation in FY 2016 considered adequate? What was the source of the independent study and what comprises the $148.9 million tort and medical malpractice exposure for UMDNJ?**

  Answer: There were six FY 2014 claims over $1 million paid by the fund. They averaged $3.7 million, representing $22.3 million out of the $35.6 million in total claims paid from the fund. For FY 2015, there are an estimated 11 claims over $1 million to be paid by the fund. They average $3.4 million, representing $37.1 million out of $48.2 million in total claims estimated to be paid from the fund. The institutions have no financial commitment to the fund; however, the medical professionals do. The State currently expects such affiliate contributions to total approximately $11 million annually.

  In recent years, the General Fund support for the Medical Malpractice Self-Insurance Fund has exceeded originally appropriated levels. In FY 2015, supplemental appropriations are estimated at $28 million as of February. Although uncertain at this time due to the unpredictability of the timing and magnitude of settled claims, supplemental funding may be required in FY 2016 as well. As of June 30, 2014, projected unpaid claims were $146 million (please see Note 19 of the fiscal 2014 CAFR, pg. 104, for additional detail).

AID TO INDEPENDENT AUTHORITIES

New Jersey Sports and Exposition Authority-Operations (NJSEA)

4. State appropriations for NJSEA operations have been incurred annually since commencing in FY 2011 at about $4 million. It was explained that the NJSEA had fully depleted funds from the Xanadu project ground lease, of which a portion was used to offset operating costs, and that NJSEA's cash need would be significantly impacted by the potential lease/sale of NJSEA owned and operated racetracks in Meadowlands and Monmouth Park.

Discussion Points (Cont'd)

In FY 2012, it was explained that NJSEA's strategy was to divest from the horse racing business, which included both racetracks as well as its off-track wagering facilities. Consequently, by the end of calendar year 2011, the Meadowlands racetrack was privately operated. Press reports indicated that the NJSEA had committed to the chosen operator of Meadowlands Racetrack an advance of $5.5 million through 2012, with repayment over five years beginning in 2013. Regarding Monmouth Park, a five-year operating lease with options for three ten-year extensions was negotiated with the New Jersey Thoroughbred Horsemen Association to take over operations. Also according to press reports, the chosen operator of Monmouth Racetrack could receive an advance of $5 million to be repaid over five years beginning in 2015, a $4 million grant for the 2012 racing season, and up to $2 million annually to cover operating losses in 2013 and 2014, to be repaid in 2016 and 2017. In addition, in FY 2011, the operations of the Atlantic City Boardwalk Hall and Convention Center were transferred to the Casino Reinvestment and Development Authority.

- ***Question:*** **Was the Meadowlands advance made? If so, is the Meadowlands advance being repaid? What is the status of the operating lease with the New Jersey Thoroughbred Horsemen Association and Monmouth Racetrack? Were any advances made to the operator of the Monmouth Racetrack? If so, what were the total amounts of the advances and what is the repayment schedule. Are the repayments being made on a timely basis?**

  Answer: The Meadowlands advance has been made. The loan repayment period will cover five years beginning July 2013. The Meadowlands is current on this obligation.

  Both operating leases are in effect.

  As of February 2015, Monmouth Park advances totaled $9 million. By agreement, the $5 million loan repayment period will cover five years beginning June 2015. Two additional $2 million loans will be repaid over two separate 5 year periods beginning in June of 2016 and 2017.

5. The FY 2013 budget reflected the Governor's intent to realign the NJSEA from being "in but not of" the Department of Community Affairs to being "in but not of" the Department of State, and to further expand the mission of the NJSEA to encompass the present duties and functions of both the Division of Travel and Tourism and the NJ Motion Picture and Television Commission. The FY 2013 Appropriations Act provided no initial funding for NJSEA operations, but the Executive subsequently approved $27.4 million in supplemental appropriations for that purpose.

No funding for operations was provided for the NJSEA in the FY 2014 Appropriations Act because the administration indicated that funding for operations could not be determined at that time and therefore none was proposed nor provided. Budget language concerning State funding for the NJSEA provides for supplemental appropriations if necessary to "maintain the core operating functions of the authority..." A FY 2014 supplemental appropriation of $35.303 million was provided to support the operations of the NJSEA in FY 2014 and the FY 2015 Appropriations Act appropriated $15 million to support the operations of the NJSEA in FY 2015.

Discussion Points (Cont'd)

According to the responses to the Discussion Points in the FY 2015 Interdepartmental Budget Analysis, "The FY 2015 Budget provides NJSEA with funding to cover costs such as salaries and benefits of staff, operating and maintaining the Meadowlands sports complex, PILOT payments, retiree pension and medical obligations, capital maintenance, and Racing Commission costs. The percentage of State support as part of NJSEA total operating resources was approximately 22 percent in FY 2013, and 38 percent in FY 2014."

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Actual Expenditures	$4.006	$23.7	$27.400	$35.3	to be determined	to be determined
Supplemental Appropriation	$4.006	$15.0	$27.400	$35.303	$17.5	to be determined
Original Appropriation	$0	$0	$0	$supp.	$15.0	$15.0 (rec)
State Support as a percentage of NJSEA Operating Resources	?	?	22%	38%	?	?

According to the administration in October 2014, "the NJSEA subsidy stems from the effects of the New Meadowlands Stadium agreement in FY 2007, and operating both the Meadowlands and Monmouth park racetracks at a deficit until FY 2013. Budget language was added in FY 2011 that allows for a directory letter supplemental appropriation to the NJSEA for operational costs. Since that point in time, the General Fund has provided subsidies totaling $80.7 million (FY 2011 $4 million; FY 2012 $15 million; FY 2013 $27.4 million; FY 2014 $35.3 million; and FY 2015 $32.5 million.) The FY 2014 amount includes the cost to host the Super Bowl and the Special Olympics USA Games, and excludes approximately $8.1 million that were deferred to next fiscal year. The FY 2015 Appropriation Act provides for a $15 million grant-in-aid appropriation to the Authority for operations, and continuing budget language allows for a directory letter supplemental to cover their remaining need. NJSEA estimates a FY 2015 subsidized need of $32 million."

In January 2015, the NJSEA Board of Commissioners voted to close the IZOD Arena, citing a projected $8.4 million deficit in 2015 arena operations. In February, the Governor signed legislation, the Hackensack Meadowlands Consolidation Act. P.L.2015, c.19 consolidates the New Jersey Meadowlands Commission and the New Jersey Sports and Exposition Authority. The law also reestablishes the Hackensack Meadowlands Transportation Planning District and revises the method of funding the inter-municipal tax sharing program under the "Hackensack Meadowlands Reclamation and Development Act.

- ***Question:*** **What effects of the New Meadowlands Stadium agreement in FY 2007 created the need for the NJSEA operating subsidy? How much of the operating need was and is attributable to the New Meadowlands Stadium agreement since FY 2011? How much of the operating subsidy was and is attributable to each racetrack since FY 2011? Are these the only factors that created the need for the operating subsidy?**

Discussion Points (Cont'd)

Please itemize the costs comprising the FY 2015 subsidy need of $32.5 million. What is the Administration's policy with regard to providing ongoing operational support to the NJSEA? What percentage of NJSEA total operating resources on a budgetary basis, were provided by the state in FY 2011, FY 2012, and FY 2015 and will be provided by state FY 2016 funding, respectively? Please provide a copy of the NJSEA approved or proposed budgets or operating plans that support the level of State operating support provided by FY 2014, FY 2015, and FY 2016 appropriations. Please explain why, if the closing of the Izod Arena saves $8.4 million in 2015, the operating subsidy is projected to decline by only $2.8 million from FY 2014 to FY 2015? What are the fiscal impacts of P.L.2015, c.10 on the NJSEA?

Answer: During its early years, the NJSEA's operations were principally funded by revenues generated from Giants Stadium and the Meadowlands Racetrack. The decline in horse racing in the face of the explosive growth of other forms of gaming altered the financial structure. The racing revenue decline was offset by decisions made to use pre-paid lease payments for the Meadowlands Xanadu project to cover losses. The NJSEA ceased its operation of Giants Stadium in 2009, and the newly created New Meadowlands Stadium Corporation began its operations of the new stadium via a lease with the NJSEA. Under that lease, the NJSEA receives annual payments of $5 million and an additional $1.3 million per year as reimbursement towards NJSEA's PILOT obligation. The NJSEA no longer receives certain revenue streams (including concession and parking sales) it received when operating Giants Stadium. It should be noted that the annual PILOT payment to East Rutherford increases every year due to a statutory formula, yet reimbursement payment under the lease with the stadium is capped, leaving the NJSEA to cover the annual increase adjustments.

In 2010, the NJSEA lost a combined $29 million in revenues when the Meadowlands Xanadu advance lease payment was exhausted and the NJSEA lost income from its Giants Stadium operations. Since 2011, the State has increased its subsidy to the NJSEA due to a combination of the factors cited above. Budget language was added in FY 2011 that allowed for a directory letter supplemental appropriation to the NJSEA for operating costs. The factors which created a need for the FY 2015 subsidy include: NJRC Program Cost - $5.2M, Net PILOT (after lessee reimbursements) - $6.9M, Capital - $3.8M, CAFO Obligation - $1.6M, Workmen's Comp - $1.4M, Racetrack Loan - $2.0M, Legal Fees - $1.9M, Racetrack Building Utilities & Maintenance - $1.5M, Deferred Cost from Prior Year not included in above -$3.3M , Other Operational Expenses - $5.6M. The Authority continues to work with the Administration and Treasury to reduce the Authority's dependence on State subsidies. The Authority is moving toward a core model at the Sports Complex which means that the Authority is only responsible for providing services under the various ground leases and no responsibility for operations at the Sports Complex.

In June 2011, the Meadowlands racetrack was transferred to a private operator, followed by Monmouth Park in May 2012. During that two year period, losses from consolidated racing operations (which included the Meadowlands, Monmouth Park, Off-Track, and Account Wagering) were reduced to $13.2M in 2011 and further reduced to $4.9M in 2012.

Discussion Points (Cont'd)

The subsidy percentages provided by the State are as follows:
FY 2011 – 1.8%
FY 2012 – 6.2%
FY 2013- 24.3%
FY 2014- 33.8%
FY 2015 – 35.4%
FY 2016– TBD

The annual appropriation is based on anticipated cash flow needs to support the original appropriation and any necessary supplemental appropriations related to legacy costs and operating support. The ongoing annual cash flow needs are monitored by OMB and NJSEA during the respective fiscal year to determine the timing of any subsidy. For FY 2016 the subsidy is expected to be $13 - $18 million.

The Authority (in conjunction with Treasury) determined that the standalone operation of the Izod Center resulted in an approximate monthly burn rate of between $500,000 and $750,000. Savings from closing Izod are estimated to be approximately $5.2 million in FY 2015 and $6 million in FY 2016. Overall savings in FY 2015 are net of additional one-time costs that result from the closure (e.g. accelerated pension obligations) and costs that were deferred from FY 2014 into FY 2015.

The fiscal impact of P.L. 2015, c.19, merging the NJ Meadowlands Commission with the New Jersey Sports & Exposition Authority is not yet known. The NJSEA is finalizing a transition plan to effectuate the merger and anticipates savings from the consolidation of certain functions and roles. This will also serve to further reduce the state subsidy provided to the NJSEA going forward.

Liberty Science Center

6. The Liberty Science Center (LSC), located in Liberty State Park, was financed with NJ Economic Development Authority bonds backed by State appropriations. In FY 2002 and FY 2005, the Economic Development Authority (EDA) issued a total of $95 million in bonds in three separate issuances for the design, construction, renovation, expansion and acquisition of exhibits for the LSC. The projects included the renovation of the building, the construction of a new addition to the center, the renovation and improvement of the LSC parking lot, and the improvement of the Central Railroad of New Jersey Terminal.

According to a January 2015 press report, the LSC plans a $230 million project, referred to as "SciTech Scity" that will feature a science and technology campus hosting business, research, educational and residential uses. The project is planned for a 16-acre site owned by Jersey City and adjacent to the LSC. The press article indicated that Jersey City would assist the LSC in raising $80 million toward the project's costs.

The FY 2016 Governor's Budget recommends a reduction of $4.8 million, from $10.9 million to $6.1 million in the State appropriation for LSC. In any given year the appropriation may be a combination of debt service on the EDA bonds noted above, operating support for LSC and funding for repayment of debts incurred by LSC independent of the EDA. The justification for

Discussion Points (Cont'd)

this level of appropriation is unclear. The FY 2014 Debt Report issued by the Office of Public Finance indicates that debt service due in FY 2016 on the EDA bonds is $8.24 million, up from $7.3 million in FY 2015. In contrast, the table entitled "Debt Service Schedule" on page H-15 of the FY 2016 Detailed Budget lists Liberty Science Center debt service of about $2.5 million in FY 2016.

- ***Question:*** **To what extent was the Department of the Treasury and the Economic Development Authority, respectively, consulted by the LSC prior to its decision to undertake the SciTech Scity project? What commitment has the State Treasurer and/or the EDA made to provide financial assistance to the LSC in furtherance of this project? Please explain the reason(s) for the proposed reduction in State appropriations for the LSC. Please reconcile the difference between the amount of debt service on EDA bonds listed in the FY 2014 Debt Report and the FY 2016 debt service appropriation for those bonds listed in the FY 2016 Detailed Budget, page H-15. If the FY 2016 appropriation for the LSC is approved as recommended, what amount will constitute an operating subsidy and what amount will pay debt service?**

  Answer: Regarding consultation prior to the SciTech Scity project and commitments by the State Treasurer or EDA, there have been some discussions about this project, but no commitments or agreements at this time.

  The debt service on the Liberty Science Center bonds is not level, and has fluctuated from $3.4 million in FY 2006 to the final scheduled amount of $8.11 million in FY 2027. The pre-published debt service schedule for FY 2015 is $7.3 million and for FY 2016 it is $8.24 million. However, the appropriation has been lowered to $2.4 million which reflects the amount expected to be due based on planned savings from refunding bonds. The remaining $3.7 million of the recommended FY 2016 appropriation would support operations of the LSC.

PENSIONS

Pensions and Health Benefits Reform

FY 2016 Proposed Pension Funding Included in the Governor's Budget

7. According to the FY 2016 Governor's Budget Summary, the Governor's fiscal 2016 budget includes a defined benefit pension payment of $1.3 billion, 3/10ths of the actuarially required contribution (ARC). "Governor Christie recommends that the fiscal 2016 contribution serve as the first of future annual contributions that increase in 1/10th increments". The Governor claims that "a regular schedule starting at 3/10ths that increases annually and results in a return to full funding of the actuarial determined contribution will ensure the long term solvency, health and stability of the pension systems."

- **Question: Does the 10-year phase-in in fact produce long-term solvency? Please justify the claim and provide the 30-Year Fund Projection substantiating the claim. What are the economic, actuarial, and demographic assumptions upon which the 30-Year Fund Projection supporting the claim is based, including salary assumptions,**

Discussion Points (Cont'd)

assumed rate of return, contribution rate, and adjustments? What are the investment return assumptions necessary to achieve a return high enough to maintain solvency?

Answer: A pension funding approach that phases-in the State's actuarially determined pension contributions to each of the defined benefit plans over 10 years is projected to maintain each plan's solvency for each year of a 30-year projection period and is projected to increase the aggregate statutory funded level of the plans from its current funded level of 54.5% to a projected level of 74.4% in valuation year 2043. Attachment 2 provides a 30-year fund projection incorporating a 10-year phase-in of the State's actuarially determined pension contributions with 3/10ths of the required contribution beginning in FY 2016. An examination of the projected annual benefit payments in comparison to the market value of assets for each of the pension funds indicates that sufficient plan assets will exist to meet each fund's benefit obligations for each year of the 30-year projection period, including the early years in which the State's contributions are phased-in. The projections in Attachment 2 were based on the results of the July 1, 2013 valuation reports and incorporate the same assumptions regarding salary increases, rate of return, etc., that were used in compiling the 2013 valuation reports for each plan.

The current actuarial assumption for the assumed rate of return used in compiling each of the valuation reports is 7.9%, which is also the rate used in compiling the estimates over the entire 30-year projection period in Attachment 2. Actual asset returns that fall below the assumed rate of return would generate an actuarial loss, and result in employer contribution requirements higher than those indicated in Attachment 2. Conversely, actual returns greater than 7.9% will result in employer contributions lower than those indicated in Attachment 2. Actual returns lower than the assumed rate of return will not necessarily lead to the plans' insolvency if the resulting higher employer pension contributions are made.

FY 2014 and FY 2015 Employer Contributions to the Pension Fund

8. The Governor took action in FY 2014 to reduce the FY 2014 3/7ths required employer contribution to the pension fund under P.L.2011, c.1 from $1.582 billion to $695.7 million. The FY 2015 Appropriations Act after the Governor's line item veto reduced the FY 2015 4/7ths required employer contribution to the pension fund under P.L.2011, c.1 from $2.249 billion to $680.6 billion. Both the FY 2014 and FY 2015 appropriations represented only the normal contribution, and omitted payment of the unfunded liability.

- **Question: By what amounts were the unfunded liabilities of each system increased by not paying the full 3/7ths employer contribution for FY 2014 and by not paying the full 4/7ths employer contribution for FY 2015? Please provide the 30-Year Fund Projection based on the FY 2015 Appropriations Act including Employer Pension Costs, Baseline Compared to Pension Reform and Pension Reform to the FY 2014 actuarial valuation, continuing with the assumption of a seven-year phase in for State contributions beginning in FY 2012. In addition, please list all of the economic, actuarial, and demographic assumptions upon which that 30-Year Fund Projection**

Discussion Points (Cont'd)

was based including the salary assumptions, investment rate of return, contribution rate, adjustments, etc.

Answer: Please refer to Tables 1 and 2 below. The actual FY 2014 and appropriated FY 2015 aggregate State contribution to the defined benefit pension plans were $695.7 million and $680.6 million dollars, respectively. These amounts represent the normal-cost portion of the State's full aggregate actuarially determined contributions of $3,691.1 million and $3,935.4 million for FY 2014 and FY 2015, respectively. Pursuant to the seven year contribution phase-in schedule provided by L. 2010, c. 1, the State's 3/7ths contribution for FY 2014 and 4/7ths contribution for FY 2015 was determined to be $1,582.4 million and $2,248.8 million, respectively.

As a result of just making the normal-cost payment for FY 2014, the State's unfunded liability is approximately $956.7 million higher than if the full 3/7ths contribution was made ($886.7 million plus $70 million accrued interest).

As a result of just appropriating the normal-cost payment for FY 2015, the State's unfunded liability is approximately $1,692.0 million higher than if the full 4/7ths contribution was made ($1,568.2 million plus $123.8 million accrued interest).

Table 1: FY2014 State Pension Contributions

A	B	C	D	E	F	G	H	I
SYSTEM	NORMAL COST	ACCRUED LIABILITY	ACTUARIALLY DETERMINED FULL CONTRIBUTION	3/7TH CONTRIBUTION	ACTUAL CONTRIBUTION MADE	DIFFERENCE E - F	ACCRUED INTEREST ON UNPAID BALANCE G x 7.9%	EST. INCREASED UNFUNDED LIABILITY G + H
PERS	141,154,573	851,910,247	993,064,820	425,599,209	141,154,573	284,444,636	22,471,126	306,915,762
TPAF	388,363,472	1,772,916,208	2,161,279,680	926,262,720	388,363,472	537,899,248	42,494,041	580,393,289
PFRS	115,622,103	274,067,423	389,689,526	167,009,797	115,622,103	51,387,694	4,059,628	55,447,322
SPRS	35,231,062	67,962,316	103,193,378	44,225,733	35,231,062	8,994,671	710,579	9,705,250
JRS	15,334,083	27,716,084	43,050,167	18,450,072	15,334,083	3,115,989	246,163	3,362,152
CPFPF	-	864,041	864,041	864,041	-	864,041	68,259	932,300
POPF	-	-	-	-	-	-	-	-
TOTALS	$695,705,293	$2,995,436,319	$3,691,141,612	$1,582,411,571	$695,705,293	$886,706,278	$70,049,796	$956,756,074

Table 2: FY2015 State Pension Contributions

A	B	C	D	E	F	G	H	I
SYSTEM	NORMAL COST	ACCRUED LIABILITY	ACTUARIALLY DETERMINED FULL CONTRIBUTION	4/7TH CONTRIBUTION	ACTUAL CONTRIBUTION MADE	DIFFERENCE E - F	ACCRUED INTEREST ON UNPAID BALANCE G x 7.9%	EST. INCREASED UNFUNDED LIABILITY G + H
PERS	138,151,208	920,006,491	1,058,157,699	604,661,542	138,151,208	466,510,334	36,854,316	503,364,651
TPAF	379,897,191	1,929,830,397	2,309,727,588	1,319,844,336	379,897,191	939,947,145	74,255,824	1,014,202,969
PFRS	116,976,477	297,340,472	414,316,949	236,752,542	116,976,477	119,776,065	9,462,309	129,238,374
SPRS	31,491,069	77,413,634	108,904,703	62,231,259	31,491,069	30,740,190	2,428,475	33,168,665
JRS	14,117,622	30,216,882	44,334,504	25,334,002	14,117,622	11,216,380	886,094	12,102,474
CPFPF	-	-	-	-	-	-	-	-
POPF	-	-	-	-	-	-	-	-
TOTALS	$680,633,567	$3,254,807,876	$3,935,441,443	$2,248,823,682	$680,633,567	$1,568,190,115	$123,887,019	$1,692,077,134

Please see the attached chart for the assumed resumption of Ch. 1, PL 2010 phase-in schedule beginning in FY2016 with 5/7ths Contribution (Attachment 3).

Effect of GASB Rulings

Discussion Points (Cont'd)

9. Every July, the actuaries submit actuarial valuations of each State-administered defined benefit retirement system (retirement system) to the Board of Trustees of each system for approval. At the time of this writing, the FY 2014 actuarial valuations have not been approved and have not been made public. According to the Division of Pensions and Benefits, the auditors determined that the State and local pension funds for the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) do not satisfy the accounting and procedural requirements under the new GASB 67 rule and this is why the actuarial valuations have not yet been approved. Specifically, the auditors question the calculation that deals with the State and local components of PERS and PFRS. Under the former GASB 25 and 27 rules, the State and local components of PERS and PFRS were valued as separate trust funds. Under GASB 67, the auditors interpret the new rules to mean that the State and local components of PERS are to be valued as one trust and the State and local components of PFRS are to be valued as one trust. However, with the assets and liabilities currently measured separately, deriving a combined valuation based on separate assets and liabilities in accordance with the new rules has proven to be enigmatic.

- ***Question:*** **Have the auditors resolved the calculation required to value the assets and liabilities of the two systems on a combined basis? What was the solution to the problem? Please quantify the impact of the new rules on the contribution amounts and unfunded liabilities for disclosure purposes and compare the GASB 67 disclosure amounts to the statutorily developed amounts. If no solution was found, why was no solution found? Please provide a copy of what was reported to GASB for accounting and financial reporting purposes.**

  Answer: The pension system actuaries based their interpretation on originally prepared preliminary GASB 67 numbers separately for the state and local components of PERS and PFRS. However, as part of the FY 2014 audit process it was determined by the independent auditor (KPMG) that to be in compliance with the new standard the GASB 67 reports must be prepared on an aggregate basis for each system because there is nothing in statute that segregates the assets between state and local. Accordingly, to ensure compliance with the new standard, the GASB 67 reports for PERS and PFRS present the information in an aggregated basis for each system.

  GASB 67 is an amendment of GASB 25, which established financial reporting, accounting and disclosure requirements for pension plans. However, the new standard does not impact or change funding requirements which continue to be determined per state statute.

  The GASB 67 disclosure amounts are developed based on significantly different methods and assumptions as compared to the statutory calculations used to determine actual funding requirements. The new standard requires use of market value of assets versus actuarial value of assets determined via a smoothed recognition of gains and losses, a different actuarial cost method (Entry Age Normal vs Projected Unit Credit) and the use of a lower blended discount rate if a depletion date is determined based on the requirements of the new standard. Therefore, comparison of the numbers developed per the new accounting standard versus those developed per New Jersey statutes can be

Discussion Points (Cont'd)

misleading unless the differences in the calculations (as referenced above) are clearly understood.

All required GASB 67 disclosures are included in the GASB 67 reports for each respective pension system and the FY 2014 audited financial statements which are available on the Division of Pensions and Benefits web site. A summary of the key numbers is provided in Table 3.

All statutory calculations are included in the 7/1/2014 actuarial valuations which are also available on the Division's web site. A summary of the key numbers is provided in Table 4.

Finally, there is no requirement to report any information to the GASB. All required reporting is included in the Division's FY 2014 report of audited financial statements.

Table 3
GASB 67 Disclosure
Net Pension Liability/Plan Fiduciary Net Position (1)
Based on Actuarial Valuations as of July 1, 2014
(In Millions)

Pension Plan	Plan Fiduciary Net Position	Total Pension Liability	Plan Net Pension Liability	Plan Fiduciary Net Position as a % of TPL	Depletion Date
PERS (2)	$28,999.6	$67,849.4	$38,849.8	42.74%	6/30/2033
TPAF	27,282.3	81,095.3	53,813.0	33.64%	6/30/2027
PFRS (3)	25,020.5	42,507.2	17,486.7	58.86%	6/30/2045
CP&FPF	3.3	5.1	1.7	65.38%	6/30/2024
SPRS	1,937.9	4,246.1	2,308.2	45.64%	6/30/2032
JRS	231.5	900.7	669.2	25.70%	6/30/2021
POPF	7.4	4.2	(3.2)	176.77%	(4)
Total	$83,482.5	$196,607.9	$113,125.4	42.46%	

(1) Based on Market Value
(2) Of the total Net Pension Liability of $38,849.8 million for PERS, $20,127.1 million is the estimated State portion and $18,722.7 million is the estimated Local portion.
(3) Of the total Net Pension Liabilitty of $17,486.7 million for PFRS, $3,553.2 million is the estimated State portion and $13,933.5 million is the estimate Local portion.
(4) The Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current Plan members.

Discussion Points (Cont'd)

Table 4
STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2014
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$9,128.2	$20,842.7	$11,714.5	43.8%	$8,778.3
TPAF	29,044.8	53,750.0	24,705.2	54.0%	27,643.1
PFRS	2,062.2	4,365.6	2,303.4	47.2%	1,950.5
CP&FPF	4.4	4.8	0.5	90.0%	3.3
SPRS	1,981.4	2,963.2	981.8	66.9%	1,967.1
JRS	258.1	632.7	374.6	40.8%	244.6
POPF	7.4	4.3	(3.1)	171.7%	7.4
Subtotal	42,486.4	82,563.3	40,076.9	51.5%	40,594.3
Local					
PERS	20,766.7	28,255.1	7,488.4	73.5%	20,250.2
PFRS	23,066.5	30,239.3	7,172.8	76.3%	23,143.9
Subtotal	43,833.2	58,494.4	14,661.2	74.9%	43,394.1
Total	$86,319.6	$141,057.7	$54,738.1	61.2%	$83,988.4

Funded Ratio

10. One objective of P.L.2011, c.78 was to improve the funded ratio of the pension plans. The change in funding methodology improved the funded ratios.

- ***Question:*** **Please provide a table that shows the funded ratios as reported in the approved July 1, 2011, 2012, 2013, and 2014 actuarial valuations of each State-administered retirement system and in the aggregate.**

- ***Question:*** **Please provide a table of the projected estimated actuarial value of assets and liabilities of each State-administered Retirement System as reported in the approved July 1, 2011, 2012, 2013, and 2014 valuation reports.**

- ***Question:*** **Please provide a table of the actuarial value of assets to the market value of assets in the approved July 1,2011, 2012, 2013, and 2014 actuarial valuations for each system and in the aggregate.**

Discussion Points (Cont'd)

Answer: Please see Tables 5, 6, 7 and 8 below that provide the funded ratios, projected estimated actuarial value of assets and liabilities and the market value based on the approved actuarial valuations for each system from July 1, 2011 through July 1, 2014.

Table 5
STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2011
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$10,062.6	$18,290.8	$8,228.2	55.0%	$9,089.8
TPAF	32,156.2	50,222.7	18,066.5	64.0%	27,654.0
PFRS	2,173.3	3,926.5	1,753.2	55.3%	1,944.2
CP&FPF	8.3	9.2	0.9	90.4%	6.7
SPRS	2,015.6	2,582.0	566.4	78.1%	1,820.4
JRS	310.7	585.7	275.0	53.1%	270.2
POPF	10.0	5.1	(4.9)	196.2%	10.0
Subtotal	46,736.7	75,622.0	28,885.3	61.8%	40,795.3
Local					
PERS	18,997.4	24,679.1	5,681.7	77.0%	16,636.4
PFRS	21,051.7	26,978.6	5,926.9	78.0%	19,405.8
Subtotal	40,049.1	51,657.7	11,608.6	77.5%	36,042.2
Total	$86,785.8	$127,279.7	$40,493.9	68.2%	$76,837.5

Table 6

Discussion Points (Cont'd)

STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2012
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$9,774.7	$19,383.6	$9,608.9	50.4%	$8,390.0
TPAF	31,079.2	51,194.1	20,114.9	60.7%	26,038.0
PFRS	2,137.7	4,027.0	1,889.3	53.1%	1,829.4
CP&FPF	7.2	8.0	0.8	89.4%	5.8
SPRS	1,995.4	2,767.8	772.4	72.1%	1,755.4
JRS	290.2	605.2	315.0	48.0%	243.7
POPF	9.0	5.4	(3.6)	167.6%	9.0
Subtotal	45,293.4	77,991.1	32,697.7	58.1%	38,271.3
Local					
PERS	19,376.6	26,009.0	6,632.4	74.5%	16,785.7
PFRS	21,549.3	27,705.2	6,155.9	77.8%	19,296.2
Subtotal	40,925.9	53,714.2	12,788.3	76.2%	36,081.9
Total	$86,219.3	$131,705.3	$45,486.0	65.5%	$74,353.2

Table 7

STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2013
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$9,614.7	$19,994.0	$10,379.3	48.1%	$8,639.6
TPAF	30,469.9	52,366.7	21,896.8	58.2%	26,859.6
PFRS	2,127.5	4,188.5	2,061.0	50.8%	1,896.2
CP&FPF	6.4	6.1	(0.3)	105.6%	5.2
SPRS	1,990.8	2,870.6	879.8	69.4%	1,832.9
JRS	277.0	620.4	343.4	44.6%	244.3
POPF	8.2	4.7	(3.4)	172.1%	8.2
Subtotal	44,494.5	80,051.0	35,556.5	55.6%	39,486.0
Local					
PERS	19,978.6	27,005.8	7,027.2	74.0%	18,120.8
PFRS	22,170.2	28,811.7	6,641.5	76.9%	20,734.8
Subtotal	42,148.8	55,817.5	13,668.7	75.5%	38,855.6
Total	$86,643.3	$135,868.5	$49,225.2	63.8%	$78,341.6

Table 8

Discussion Points (Cont'd)

STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2014
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$9,128.2	$20,842.7	$11,714.5	43.8%	$8,778.3
TPAF	29,044.8	53,750.0	24,705.2	54.0%	27,643.1
PFRS	2,062.2	4,365.6	2,303.4	47.2%	1,950.5
CP&FPF	4.4	4.8	0.5	90.0%	3.3
SPRS	1,981.4	2,963.2	981.8	66.9%	1,967.1
JRS	258.1	632.7	374.6	40.8%	244.6
POPF	7.4	4.3	(3.1)	171.7%	7.4
Subtotal	42,486.4	82,563.3	40,076.9	51.5%	40,594.3
Local					
PERS	20,766.7	28,255.1	7,488.4	73.5%	20,250.2
PFRS	23,066.5	30,239.3	7,172.8	76.3%	23,143.9
Subtotal	43,833.2	58,494.4	14,661.2	74.9%	43,394.1
Total	$86,319.6	$141,057.7	$54,738.1	61.2%	$83,988.4

Question: **Please provide a table that illustrates the results of the most recent valuation reports as of July 1, 2014 as compared to the July 1, 2013 valuation reports. In the table, please indicate the actuarial value of the assets, the actuarial accrued liability, the unfunded actuarial accrued liability, the funded ratio, and the market value of the assets for each State-administered retirement system and the systems in aggregate.**

Answer: Please see Table 9 below.

Table 9

Discussion Points (Cont'd)

STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2014
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$9,128.2	$20,842.7	$11,714.5	43.8%	$8,778.3
TPAF	29,044.8	53,750.0	24,705.2	54.0%	27,643.1
PFRS	2,062.2	4,365.6	2,303.4	47.2%	1,950.5
CP&FPF	4.4	4.8	0.5	90.1%	3.3
SPRS	1,981.4	2,963.2	981.8	66.9%	1,967.1
JRS	258.1	632.7	374.6	40.8%	244.6
POPF	7.4	4.3	(3.1)	171.7%	7.4
Subtotal	42,486.4	82,563.3	40,076.9	51.5%	40,594.3
Local					
PERS	20,766.7	28,255.1	7,488.4	73.5%	20,250.2
PFRS	23,066.5	30,239.3	7,172.8	76.3%	23,143.9
Subtotal	43,833.2	58,494.4	14,661.2	74.9%	43,394.1
Total	$86,319.6	$141,057.7	$54,738.1	61.2%	$83,988.4

STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Actuarial Valuations as of July 1, 2013
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	$9,614.7	$19,994.0	$10,379.3	48.1%	$8,639.6
TPAF	30,469.9	52,366.7	21,896.8	58.2%	26,859.6
PFRS	2,127.5	4,188.5	2,061.0	50.8%	1,896.2
CP&FPF	6.4	6.1	(0.3)	105.6%	5.2
SPRS	1,990.8	2,870.6	879.8	69.4%	1,832.9
JRS	277.0	620.4	343.4	44.6%	244.3
POPF	8.2	4.7	(3.4)	172.1%	8.2
Subtotal	44,494.5	80,051.0	35,556.5	55.6%	39,486.0
Local					
PERS	19,978.6	27,005.8	7,027.2	74.0%	18,120.8
PFRS	22,170.2	28,811.7	6,641.5	76.9%	20,734.8
Subtotal	42,148.8	55,817.5	13,668.7	75.5%	38,855.6
Total	$86,643.3	$135,868.5	$49,225.2	63.8%	$78,341.6

STATUTORY FUNDING STATUS
PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Comparison 2014 Valuations vs 2013 Valuations
(In Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value Value of Assets
State					
PERS	($486.5)	$848.7	$1,335.2	-4.3%	$138.7
TPAF	(1,425.1)	1,383.3	2,808.4	-4.1%	783.5
PFRS	(65.3)	177.1	242.4	-3.6%	54.3
CP&FPF	(2.1)	(1.3)	0.8	-15.6%	(1.9)
SPRS	(9.4)	92.6	102.0	-2.5%	134.2
JRS	(18.9)	12.3	31.2	-3.9%	0.3
POPF	(0.8)	(0.4)	0.3	-0.4%	(0.8)
Subtotal	(2,008.1)	2,512.3	4,520.4	-4.1%	1,108.3
Local					
PERS	788.1	1,249.3	461.2	-0.5%	2,129.4
PFRS	896.3	1,427.6	531.3	-0.7%	2,409.1
Subtotal	1,684.4	2,676.9	992.5	-0.6%	4,538.5
Total	($323.7)	$5,189.2	$5,512.9	-2.6%	$5,646.8

11. P.L.2011, c.18 provided for increases in the employee contribution rates for PERS, TPAF, PFRS, JRS, and SPRS phased in over seven years.

- ***Question:*** **What additional amounts were collected from the increased employee contributions for each of the defined benefit systems and in total for FY 2014, and FY 2015?**

  Answer: The total additional employee contributions collected in FY 2014 as a result of the Chapter 78's employee pension contribution rate increases amounted to $367.8 million. For FY 2015, the total increased employee contributions are projected to be $401.8 million.

Increased Employee Pension Contributions

	FY2014 Employee Contributions at Current Rates		FY2014 Employee Contributions at Former Rates					Estimated FY2015 Employee Contributions at Current Rates		Estimated FY2015 Employee Contributions at Former Rates		
System	**Rate**	**Amount**	**Rate**	**Amount**	**Increase**		**System**	**Rate**	**Amount**	**Rate**	**Amount**	**Increase**
PERS-State	6.92%	$ 315,324,962	5.50%	$ 250,619,551	$ 64,705,411		PERS-State	7.06%	$ 320,762,917	5.50%	$ 249,886,125	$ 70,876,792
TPAF	6.92%	$ 694,965,966	5.50%	$ 552,357,343	$ 142,608,623		TPAF	7.06%	$ 717,762,454	5.50%	$ 559,163,385	$ 158,599,069
PFRS-State	10.00%	$ 51,076,894	8.50%	$ 43,415,360	$ 7,661,534		PFRS-State	10.00%	$ 50,701,747	8.50%	$ 43,096,485	$ 7,605,262
SPRS	9.00%	$ 23,585,745	7.50%	$ 19,654,787	$ 3,930,957		SPRS	9.50%	$ 24,937,147	7.50%	$ 19,687,222	$ 5,249,926
JRS	8.12%	$ 5,506,181	3.00%	$ 2,034,303	$ 3,471,878		JRS	9.40%	$ 6,206,678	3.00%	$ 1,980,855	$ 4,225,823
Subtotal		**$ 1,090,459,748**		**$ 868,081,344**	**$ 222,378,404**		**Subtotal**		**$ 1,120,370,944**		**$ 873,814,071**	**$ 246,556,872**
PERS-Local	6.92%	$ 476,913,402	5.50%	$ 379,049,669	$ 97,863,733		PERS-Local	7.06%	$ 487,002,269	5.50%	$ 379,392,702	$ 107,609,566
PFRS_Local	10.00%	$ 316,814,132	8.50%	$ 269,292,013	$ 47,522,120		PFRS_Local	10.00%	$ 317,565,989	8.50%	$ 269,931,090	$ 47,634,898
Subtotal		**$ 793,727,534**		**$ 648,341,681**	**$ 145,385,853**		**Subtotal**		**$ 804,568,257**		**$ 649,323,793**	**$ 155,244,465**
Total		**$ 1,884,187,282**		**$ 1,516,423,026**	**$ 367,764,256**		**Total**		**$ 1,924,939,201**		**$ 1,523,137,864**	**$ 401,801,337**

Cost-of-Living Adjustment

Discussion Points (Cont'd)

12. P.L.2011, c.18 suspended the automatic cost-of-living adjustment applied to retirement allowances. Commencing with the effective date of P.L.2011, c.78 and thereafter, no further adjustments to the monthly retirement allowance or pension originally granted to any retiree and the pension or survivorship benefit granted to any beneficiary shall be made in accordance with the provisions of P.L.1958, c.143 (C.43:3B-1 et seq.), the Pension Adjustment Act, until the plan is 80 percent funded. In response, the Public Employee Unions filed a class action suit (New Jersey Education Association vs. State of New Jersey). After the suit was dismissed twice, in June 2014 the New Jersey Superior Court Appellate Division, ruled that retirees and workers have a contractual right to their COLAs under the New Jersey Constitution and remanded the case back to the original trial court for reconsideration.

- ***Question:*** **What COLA costs have been avoided each year beginning in FY 2012 by the suspension of the COLA under P.2011, c.78? Please provide a chart showing the dollar value of total benefit allowances paid each year for the past ten years and the total number of retirees/beneficiaries (number of checks) to whom benefit allowances were paid. Please provide a side-by-side chart showing the target funded ratio of each system and the current funded ratio of each system.**

  Answer: The calculation of COLA is on an individual retiree basis and as such has not been calculated since the enactment of Chapter 78. In order to determine how much has been avoided each year it would be necessary to reconstruct each retiree's account from the point of the COLA suspension through FY 2014 which is not feasible. However, on an actual paid basis the annual COLA cost at the time of enactment of Chapter 78 was $930.4 million which has dropped to $866.7 million as of June 30, 2014.

	Total Benefit Allowances Paid for all funds	# of Retirees/Beneficiaries Check Recipients
Fiscal Year		
2005	$ 4,785,621,708	219,518
2006	$ 5,174,538,931	226,888
2007	$ 5,641,155,230	235,892
2008	$ 6,120,487,886	243,533
2009	$ 6,622,211,712	252,200
2010	$ 7,024,674,899	259,077
2011	$ 7,720,105,880	274,854
2012	$ 8,305,586,834	284,773
2013	$ 8,685,207,963	292,933
2014	$ 9,121,803,009	301,848

Discussion Points (Cont'd)

Statutory Funded Ratios
Used for Determining Attainment of Target Funded
Ratio (TFR) Per System

	Based on 7/1/14 Valuations		
State	**Funded Ratio**	**Target Funded Ratio**	**Attainment of Target Funded Ratio**
PERS	43.8%	77.856%	No
TPAF	54.1%	77.856%	No
PFRS	47.2%	77.856%	No
SPRS	66.9%	77.856%	No
JRS	40.8%	77.856%	No
Local			
PERS	73.5%	77.856%	No
PFRS	76.3%	77.856%	No

Retirement Allowances

13. Each actuarial report provides the average retirement allowance by retirement classification such as service retirement, disability retirement, and gender, but does not provide **median** retirement allowance for each system.

- ***Question:*** **What is the median retirement allowance for each retirement system: PERS, TPAF, PFRS, SPRS, and JRS?**

  Answer: Please see the table below that shows the median retirement benefit for all members in pay status.

Retirement System	Median Retirement Benefit
PERS	$15,700
PFRS	$50,949
SPRS	$66,892
JRS	$103,503
TPAF	$39,348

Disability Insurance

14. P.L.2010, c.3 eliminated the accidental and ordinary disability retirement for new members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who are enrolled in the retirement system after May 21, 2010. Instead, the new members of each system are eligible for disability insurance coverage. According to the responses to the Discussion Points in the FY 2015 Interdepartmental Budget Analysis, "If the disability insurance program was eliminated and disability retirement was

Discussion Points (Cont'd)

restored for the impacted members, members would no longer be eligible for a benefit that is greater than the disability benefit within the retirement systems. Chapter 3 provides the availability for long term disability benefits after 12 months at 60 percent of salary with the member continuing to earn service credit in the system at the expense of the employer." As of FY 2014, the Division of Pension and Benefits indicates that while there were no expenditures for the disability insurance program, they anticipated that to change in FY 2015.

- ***Question:*** **What are the differences between the accidental and ordinary disability retirement prior to the enactment of P.L.201, c.3 and the disability insurance coverage under P.L.2010, c.3? Please provide the expenditures of the disability insurance program to date, under P.L.2010, c.3 for PERS and for TPAF. If the disability insurance program was eliminated and the disability retirement restored under PERS and TPAF, what would be the fiscal impacts?**

  Answer: To date there have been no expenditures for this program. This change has had little or no impact on the employer contribution amount and funded ratio of the systems for PERS and TPAF. If the disability insurance program was eliminated and disability retirement was restored for the impacted members, members would no longer be eligible for a benefit that is greater than the disability benefit within the retirement systems. Chapter 3 provides the availability of a long term disability benefit after 12 months at 60% of salary with the member continuing to earn service credit in the system at the expense of the employer. Prior to Chapter 3, a member was required to attain 10 years of pension membership credit before being eligible for ordinary disability retirement benefits. The benefit was equal to 43.6% of a member's final average salary. Accidental disability retirement benefits are available to any member regardless of service credit. The benefit is equal to 72.7% of the salary at the time of the accident (which must be job related) that led to the disability. Under ordinary and accidental disability retirements, the member must be totally and permanently disabled from the performance of the member's job duties.

STATE HEALTH BENEFITS

The "Cadillac Tax" under the Patient Protection and Affordable Care Act (ACA)

15. The Affordable Care Act (ACA) places an excise tax on high cost employer-sponsored health coverage. This is referred to as the "Cadillac Tax". Under the law, to the extent that employer-sponsored health coverage premiums exceed certain thresholds employers are required, beginning 2018, to pay an excise tax of 40 percent of the amount of the premium that is in excess of the federal threshold amounts. In 2018, the annual premium thresholds for coverage are $10,200 for single coverage and $27,500 for family coverage. Coverage thresholds are to be adjusted annually by a "health cost adjustment percentage." The Cadillac tax could affect both the School Employees' Health Benefits Program (SEHBP) and the State Health Benefits Program (SHBP). In responses to the FY 2015 Interdepartmental Discussion Points, the Division of Pensions and Benefits estimated that the "State's excise tax exposure in 2018 will be $53 million."

Discussion Points (Cont'd)

- ***Question:*** **What options are the plan design committees considering in order to stay below the threshold and still meet the credible coverage test? Is the State's current excise tax exposure in FY 2018 still $53 million? If not, what is the current potential magnitude of the excise tax that the State would have to pay if the plans remain the same and they exceed the threshold in 2018, all else being equal?**

  Answer: The Plan Design Committees are aware of the impact the ACA's Excise Tax will have on the SHBP/SEHBP in 2018, however they have taken no action on reducing overall program costs. Discussions continue concerning this issue in the search for an equitable solution. The following table shows potential magnitude of the excise tax.

Discussion Points (Cont'd)

Excise Tax Impact, 2018
in Millions

	FY2018
State	
Active	$ 33
Early Retirees	$ 18
Medicare Retirees	$ -
Total	$ 51
Local Education	
Active	$ 85
Early Retirees	$ 14
Medicare Retirees	$ -
Total	$ 99
Local Government	
Active	$ 55
Early Retirees	$ 23
Medicare Retirees	$ -
Total	$ 79
Total	
Active	$ 173
Early Retirees	$ 56
Medicare Retirees	$ -
Total	$ 229
State Paid	
Active	$ 33
Early Retirees	$ 32
Medicare Retirees	$ -
Total	$ 65

Implications of the Definition of Full-Time Employee under the Patient Protection and Affordable Care Act (ACA)

16. Beginning January 1, 2015, large employers are required to account for each employee's full-time or part-time monthly status, report each employee's full-time status to the IRS, and maintain each employee's employment status as part of their tax records, or be fined. The ACA defines full-time employee to mean an employee who works on average at least 30 hours per week. State law for the SHBP and the SEHBP defines full-time State employee to mean an employee who works 35 hours per week and defines full-time local employees to mean an employee who works pursuant to a local resolution, but no less than 25 hours per week. Thus, with regard to the SHBP and the SEHBP, beginning in 2015 any individual who works an average of 30 hours or more per week, or at least 130 hours in a month, will have to be offered health benefits and treated in the same manner as any other full-time employee who is working 35 hours per week. In the responses to the FY 2015 Interdepartmental Discussion Points, the Division of Pensions and Benefits estimated that 1,300 State employees who currently work an average of between 30 and 35 hours per week would be eligible for coverage under the SHBP in 2015.

- ***Question:*** **What is the current estimate of the number of employees who will be offered SHBP (State and local) and SEHBP health care benefits beginning in FY 2015 and what is the current estimate of the associated cost increase to provide health care benefits to these individuals in the SHBP (State and local) and separately in the SEHBP**

Discussion Points (Cont'd)

in FY 2015 and FY 2016? By what amount is the full-time definition projected to increase the premium?

Answer: Approximately 1,300 State employees were found to have averaged 30 or more hours per week during the look-back period of October 1, 2013 through September 30, 2014. All were offered coverage effective January 1, 2015. Only 218 enrolled in coverage. Based on single coverage in the most popular plan offered to State employees, a salary of $60,000, and Plan Year 2015 premiums, the additional premium cost to the State would be $1.6M annually. It should be noted that the SHBP is a self-insured plan and, therefore, the State does not pay premiums. The actual cost could be more or less based on actual claim experience of these enrollees. We do not have estimates for local government or local education employers due to different rules for coverage under those employers. Local employers are permitted to offer coverage to employees who work as little as 25 hours per week.

EMPLOYEE BENEFITS

17. P.L.2011, c.78 made various changes to public employees health benefits in New Jersey including increased member contributions and plan design changes for the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP). Specifically, the law required all public employees and certain public retirees to contribute toward the cost of health care benefits coverage based upon a percentage of the projected cost of coverage, referred to as the "premium," based on the type of coverage selected. Employees may opt out of State coverage if they have other coverage, for example, through a spouse's employer, but they must submit a waiver. Each year, the Rate Renewal Reports include aggregate cost data that provides the actual total cost of employee and retiree health care in a Plan Year (calendar year) and the total premium (employee and employer contributions) collected to pay for health care coverage. The FY 2016 Governor's Budget recommends a net increase in funding for of employee health care benefits included in the Interdepartmental Accounts budget totaling $102.972 million according to the Summary of Changes.

- ***Question:*** **For the SHBP, for FY 2012, FY 2013, and FY 2014, FY 2015, and proposed FY 2016, please provide the dollar amount of member contributions, employer contributions, use of surplus in the health benefit fund, and total costs. Please provide updated estimates of the total projected savings from P.L.2011, c.78 contributions for State, local education, and local governments to the SHBP and the SEHBP that were achieved in FY 2014 and are anticipated to be achieved in FY 2015, FY 2016, and FY 2017. Please provide updated estimates of the projected savings from migration to lower costs plans for the State, local education, and local governments for FY 2013, FY 2014, FY 2015, FY 2016, and FY 2017. Please provide updated estimates of the projected enrollment for fiscal years 2013 – 2017. Based on the Plan Year 2015 open enrollment results, how many new waivers were submitted for Plan Year 2015 and what are the projected savings attributable to the new waivers?**

  Answer: Please see the tables below showing this data.

Discussion Points (Cont'd)

State Health Benefits Program Fund - State Actual / Projected Contributions, Benefit Costs and Fund Balance	Actual FY 2012	Actual FY 2013	Actual FY 2014	Projected FY 2015	Projected FY 2016
Member Contributions *	$152,051,630	$202,711,158	$292,452,484	$395,777,716	$409,189,653
Employer Contributions	1,691,931,065	1,749,261,868	1,870,389,106	1,931,557,561	2,061,800,990
Net Investment Income	186,342	333,750	189,432	189,432	189,432
Benefit Costs	(1,960,485,082)	(2,005,330,615)	(2,151,651,536)	(2,284,909,911)	(2,526,336,218)
Net Increase (Decrease)	(116,316,045)	(53,023,839)	11,379,486	42,614,798	(55,156,143)
Fund Balance, Beginning of Year	16,172,569	(100,143,476)	(153,167,315)	(141,787,829)	(99,173,031)
Fund Balance, End of Year	($100,143,476)	($153,167,315)	($141,787,829)	($99,173,031)	($154,329,174)

*** Includes contributions for active and retired members and members on COBRA**

****The year-end fund balances reflected in the schedule tie to the Health Benefits Financial Statements which are developed on an accrual basis consistent with established and required governmental accounting standards.**

Projected Employee Contribution Savings 2014-2017

	Active Employee Contribution Savings (in $ Millions)				
	FY2014	FY2015	FY2016	FY2017	FY2014 - FY2017
State Actives	$ 157	$ 256	$ 291	$ 320	$ 1,024
Local Education Actives	$ 66	$ 139	$ 230	$ 262	$ 697
Local Government Actives	$ 40	$ 87	$ 151	$ 176	$ 454
Total Actives	$ 263	$ 482	$ 672	$ 758	$ 2,175

Key assumptions:

- No change through Plan Year 2017 in salary levels or in salary distribution.
- No change through Plan Year 2017 in tier distributions.
- Percentage of Local employers first subject to Chapter 78 contributions:
    - July 1 2011 = 35%
    - July 1 2012 = 30%
    - July 1 2013 = 30%
    - July 1 2014 = 5%
- 100% of Local employers are subject to Chapter 78 contributions during fiscal year 2016.
- Chapter 78 contributions are assumed to be fully phased-in for all Local employers by Fiscal Year 2017.
-Values are based on estimates from plan actuaries.

Migration Savings 2013-2017

	Estimated Migration Savings (in $ Millions)					
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2013 - FY2017
State	$ 1.5	$ 3.1	$ 4.3	$ 5.1	$ 6.0	$ 20.0
Local Education	$ 1.0	$ 2.1	$ 3.3	$ 4.5	$ 6.0	$ 16.9
Local Government	$ 1.4	$ 2.4	$ 3.5	$ 4.4	$ 5.5	$ 17.2
Total	$ 3.9	$ 7.6	$ 11.1	$ 14.0	$ 17.5	$ 54.1

Discussion Points (Cont'd)

Projected Enrollment 2013-2017

	Fiscal Year				
	2013	2014	2015	2016	2017
State					
Active	242,558	238,884	235,396	233,204	230,872
Early Retirees	35,191	36,204	36,609	36,435	36,132
Medicare Retirees	39,576	41,603	43,689	45,571	47,319
Total	317,325	316,691	315,694	315,210	314,323
Local Education					
Active	243,982	241,320	239,857	238,834	238,834
Early Retirees	46,396	44,613	43,640	42,942	42,128
Medicare Retirees	99,036	105,509	111,173	115,646	119,747
Total	389,414	391,442	394,670	397,422	400,709
Local Government					
Active	119,765	122,785	123,457	124,786	126,034
Early Retirees	24,420	26,375	27,561	28,771	30,048
Medicare Retirees	21,455	23,474	24,672	25,719	26,751
Total	165,640	172,634	175,690	179,276	182,833

A total of 652 State employees waived coverage during the most recent open enrollment period. Of that number, 210 obtained coverage through a spouse covered by the Programs for a net total of 442 new waivers. Since the State self-insures the program, it is impossible to ascertain the savings from the new waivers.

Question: **Please provide for the SHBP and the SEHPB for the combined prescription and medical coverage, the premium amounts and annual growth rate the premium amount for the last five completed fiscal years (FY 2010 through FY 2014) for each coverage type: single, member/spouse, family, parent, and adult child for the plan with the highest enrollment.**

Answer: This data is depicted in the tables below.

	Premiums				
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
State					
Active					
Single	$ 5,316	$ 5,822	$ 7,218	$ 8,762	$ 9,353
Member/Spouse	$ 11,960	$ 13,099	$ 15,186	$ 17,524	$ 18,707
Family	$ 13,290	$ 14,555	$ 18,045	$ 21,905	$ 23,817
Parent & Child	$ 7,442	$ 8,151	$ 10,443	$ 13,059	$ 14,463
Adult Child	$ 2,471	$ 3,031	$ 3,629	$ 4,382	$ 5,212
Early Retirees					
Single	$ 8,025	$ 8,790	$ 9,363	$ 10,256	$ 11,591
Member/Spouse	$ 17,494	$ 19,163	$ 20,411	$ 22,359	$ 25,269
Family	$ 19,901	$ 21,800	$ 23,220	$ 25,436	$ 28,746
Parent & Child	$ 11,235	$ 12,306	$ 13,108	$ 14,359	$ 16,228
Medicare Retirees					
Single	$ 4,637	$ 4,925	$ 5,022	$ 5,210	$ 5,509
Member/Spouse	$ 9,275	$ 9,851	$ 10,044	$ 10,419	$ 11,019
Family	$ 11,803	$ 12,619	$ 12,949	$ 13,433	$ 14,206
Parent & Child	$ 7,343	$ 7,798	$ 7,951	$ 8,249	$ 8,723

Discussion Points (Cont'd)

Local Education					
Active					
Single	$ 4,981	$ 5,763	$ 7,291	$ 9,128	$ 9,880
Member/Spouse	$ 11,206	$ 12,966	$ 15,332	$ 18,257	$ 19,761
Family	$ 12,451	$ 14,407	$ 18,228	$ 23,111	$ 25,747
Parent & Child	$ 6,972	$ 8,068	$ 10,551	$ 13,897	$ 15,867
Adult Child	$ 2,337	$ 3,001	$ 3,656	$ 4,864	$ 6,107
Early Retirees					
Single	$ 7,576	$ 8,090	$ 8,456	$ 9,631	$ 10,999
Member/Spouse	$ 16,515	$ 17,637	$ 18,435	$ 20,995	$ 23,977
Family	$ 18,788	$ 20,064	$ 20,971	$ 23,885	$ 27,276
Parent & Child	$ 10,606	$ 11,327	$ 11,839	$ 13,483	$ 15,398
Medicare Retirees					
Single	$ 4,330	$ 4,352	$ 4,352	$ 4,585	$ 4,903
Member/Spouse	$ 8,660	$ 8,703	$ 8,703	$ 9,169	$ 9,806
Family	$ 10,933	$ 11,130	$ 11,166	$ 11,764	$ 12,582
Parent & Child	$ 6,856	$ 6,890	$ 6,890	$ 7,259	$ 7,763
Local Government					
Active					
Single	$ 5,428	$ 6,290	$ 8,075	$ 9,890	$ 10,540
Member/Spouse	$ 12,213	$ 14,152	$ 16,982	$ 19,779	$ 21,080
Family	$ 13,570	$ 15,725	$ 20,188	$ 24,724	$ 26,836
Parent & Child	$ 7,599	$ 8,806	$ 11,685	$ 14,740	$ 16,296
Adult Child	$ 2,542	$ 3,272	$ 4,046	$ 4,947	$ 5,872
Early Retirees					
Single	$ 8,855	$ 9,755	$ 10,907	$ 12,279	$ 13,435
Member/Spouse	$ 19,305	$ 21,266	$ 23,778	$ 26,769	$ 29,290
Family	$ 21,961	$ 24,192	$ 27,050	$ 30,453	$ 33,320
Parent & Child	$ 12,397	$ 13,657	$ 15,270	$ 17,191	$ 18,810
Medicare Retirees					
Single	$ 4,898	$ 5,139	$ 5,293	$ 5,549	$ 5,794
Member/Spouse	$ 9,797	$ 10,279	$ 10,585	$ 11,098	$ 11,589
Family	$ 12,453	$ 13,205	$ 13,725	$ 14,390	$ 15,027
Parent & Child	$ 7,755	$ 8,137	$ 8,380	$ 8,786	$ 9,174

Discussion Points (Cont'd)

	Increase in Premium Rates from Fiscal Year					
	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2009 to 2014
State						
Active						
Single	7.6%	9.5%	24.0%	21.4%	6.7%	89.3%
Member/Spouse	7.6%	9.5%	15.9%	15.4%	6.7%	68.3%
Family	7.6%	9.5%	24.0%	21.4%	8.7%	92.8%
Parent & Child	7.6%	9.5%	28.1%	25.0%	10.8%	109.1%
Adult Child	23.5%	22.7%	19.7%	20.8%	18.9%	160.4%
Early Retirees						
Single	8.8%	9.5%	6.5%	9.5%	13.0%	57.1%
Member/Spouse	8.8%	9.5%	6.5%	9.5%	13.0%	57.1%
Family	8.8%	9.5%	6.5%	9.5%	13.0%	57.1%
Parent & Child	8.8%	9.5%	6.5%	9.5%	13.0%	57.1%
Medicare Retirees						
Single	4.3%	6.2%	2.0%	3.7%	5.8%	23.9%
Member/Spouse	4.3%	6.2%	2.0%	3.7%	5.8%	23.9%
Family	5.2%	6.9%	2.6%	3.7%	5.8%	26.7%
Parent & Child	4.3%	6.2%	2.0%	3.7%	5.8%	23.9%
Local Education						
Active						
Single	16.2%	15.7%	26.5%	25.2%	8.2%	130.4%
Member/Spouse	16.1%	15.7%	18.2%	19.1%	8.2%	104.8%
Family	16.1%	15.7%	26.5%	26.8%	11.4%	140.2%
Parent & Child	16.1%	15.7%	30.8%	31.7%	14.2%	164.3%
Adult Child	34.6%	28.4%	21.8%	33.0%	25.5%	251.8%
Early Retirees						
Single	5.5%	6.8%	4.5%	13.9%	14.2%	33.4%
Member/Spouse	5.5%	6.8%	4.5%	13.9%	14.2%	33.4%
Family	5.5%	6.8%	4.5%	13.9%	14.2%	33.4%
Parent & Child	5.5%	6.8%	4.5%	13.9%	14.2%	33.4%
Medicare Retirees						
Single	0.5%	0.5%	0.0%	5.4%	6.9%	3.1%
Member/Spouse	0.5%	0.5%	0.0%	5.4%	6.9%	3.1%
Family	1.5%	1.8%	0.3%	5.4%	6.9%	4.9%
Parent & Child	0.5%	0.5%	0.0%	5.4%	6.9%	3.1%
Local Government						
Active						
Single	11.8%	15.9%	28.4%	22.5%	6.6%	117.0%
Member/Spouse	11.8%	15.9%	20.0%	16.5%	6.6%	92.9%
Family	11.8%	15.9%	28.4%	22.5%	8.5%	121.0%
Parent & Child	11.8%	15.9%	32.7%	26.1%	10.6%	139.7%
Adult Child	29.2%	28.7%	23.7%	22.3%	18.7%	198.6%
Early Retirees						
Single	7.4%	10.2%	11.8%	12.6%	9.4%	62.9%
Member/Spouse	7.4%	10.2%	11.8%	12.6%	9.4%	62.9%
Family	7.4%	10.2%	11.8%	12.6%	9.4%	62.9%
Parent & Child	7.4%	10.2%	11.8%	12.6%	9.4%	62.9%
Medicare Retirees						
Single	2.9%	4.9%	3.0%	4.8%	4.4%	21.8%
Member/Spouse	3.0%	4.9%	3.0%	4.8%	4.4%	21.8%
Family	3.9%	6.0%	3.9%	4.8%	4.4%	25.3%
Parent & Child	3.0%	4.9%	3.0%	4.8%	4.4%	21.8%

TAX REVENUE AND ANTICIPATION NOTES (TRANS)

18. The State uses cash flow borrowing, in the form of lines of credit and tax and revenue anticipation notes (TRANS), to meet its cash flow needs in the early part of the fiscal year, when cash spending outpaces cash collection. This situation largely results from the need to expend significant sums on local aid in the first two fiscal quarters of the year, before major tax collections are received in the last two quarters of the year. It is exacerbated by year-end surpluses that are low when measured as a percentage of total appropriations. The FY 2016 Governor's Budget proposes an appropriation of $6 million for Interest on Short Term Notes (page D-435). Thus far in FY 2015, the State has drawn upon a line of credit for temporary cash flow financing in the amount of $2.6 billion. The interest rate on the loan is variable and is reset each month. It was set at 5.22 percent upon issuance.

- ***Question:*** **Please report the estimated FY 2015 costs of cash flow borrowing, distinguishing between interest and fees. What projections of FY 2016 line of credit use and tax and revenue anticipation note issuance (par amount and date of sale),**

Discussion Points (Cont'd)

total and net interest costs, nominal interest rate and effective interest rate, were assumed when determining to recommend an appropriation of $6 million in FY 2016?

Answer: The initial interest rate is not 5.22%, it is 0.522%. As of the GBM, $12 million has been appropriated to cover the anticipated costs for FY 2015. Because the interest rate is variable, we continue to monitor the monthly resets to ensure the appropriation is sufficient. The commitment fee/expenses for the issuance are estimated at $30,000. For FY 2016, the amount of the borrowing is yet to be determined, but the need appears to be less. We will know better when the approximate final cash surplus on hand at the end of FY 2015 is determined.

COMPENSATION

Salary Increases and Other Benefits

19. State employee compensation represents a significant portion of State operating expenditures. In FY 2016, the Governor's Budget (page H-18) projects a State funded Workforce of: Executive Branch 35,055, Judicial Branch 7,425, and Legislative Branch 489. The FY 2016 Governor's Budget also recommends $54.6 million for compensation increases that accrue in FY 2016 for the portion of the State workforce considered "State funded," i.e., not funded by federal or dedicated revenues. Factors influencing this recommended funding level include cost-of-living adjustments (COLAs) negotiated with some unions representing State employees and step increments. Recommended funding levels may assume the availability of unexpended prior year balances.

- *Question:* **Please itemize, by branch, the specific components of change that make up the recommended $54.6million for Salary Increases, COLAs, and step increments. What amount of carry forward balances, if any, is needed to supplement the recommended appropriation to fully fund COLA and increments in FY 2015?**

  Answer: The FY 2016 Budget includes funding for increments, but no contractual COLA increases for Executive Branch Employees. The Judiciary recommendation funds progression increases for most employees. No carry forward balances are needed to supplement the recommended appropriation.

Unused Accumulated Sick Leave Benefits

20. The FY 2016 Governor's Budget recommends a FY 2015 adjusted appropriation of $13.9 million including a supplemental appropriation of $2.9 million above a base level of $11 million. For FY 2016 the Governor's Budget recommends an appropriation of $11 million to pay for unused accumulated sick leave payments.

- *Question:* **Please explain the need for a supplemental appropriation of $2.9 million in FY 2015. What number of retirees and what average payment per retiree is projected in determining the amount recommended for unused sick leave payments for FY 2015 and FY 2016 respectively? Thus far, in FY 2015, how many retirees have been paid accumulated sick leave and at what average amount per retiree?**

Discussion Points (Cont'd)

Answer: The number of retirements and payments for unused accumulated sick leave is higher than trends from prior years. The FY 2015 adjusted appropriation of $11 million for unused accumulated sick leave payments has already been exhausted, which is why there is currently a supplemental requirement. Through April 2015, there have been approximately 1,600 unused sick leave payments issued averaging about $7,800 per payment. As for FY 2016, the $11 million appropriation will be sufficient to pay for unused sick leave payments and can support around 1,400 payments.

TORT CLAIMS LIABILITY FUND

FY2013

SMALL CLAIMS

	Total Number		Total Value
General Tort Claims	44	$	1,575,797.33
State Vehicle- Auto Liability Claims	199		$716,657.18
Foster Parent Liability Program Fund	10		$5,572.87
Total Small Claims	**253**	**$**	**2,298,027.38**

LARGE CLAIMS

Nature of the Claim		Claim Cost	Filing Date	Settlement Date	Payment Date
Personal Injury	$	1,900,000.00	1/26/2005	9/6/2012	10/2/2012
False Arrest	$	125,000.00	12/15/2011	7/12/2012	8/7/2012
Wrongful Death	$	4,750,000.00	9/14/2005	8/24/2012	10/2/2012
Employment Discrimination	$	325,000.00	8/8/2007	10/24/2012	12/14/2012
Wrongful Death	$	2,354,153.31	1/11/2007	12/19/2012	1/8/2013
Wrongful Death	$	3,000,000.00	6/3/2008	4/16/2013	5/2/2013
Wrongful Death	$	195,000.00	9/8/2008	8/23/2012	10/12/2012
Employment Discrimination	$	337,454.00	1/11/2012	1/3/2013	2/1/2013
Sexual Abuse in Foster Care	$	1,400,000.00	10/6/2008	4/2/2013	5/2/2013
Automobile Accident	$	620,000.00	9/8/2008	9/10/2012	10/2/2012
Employment Discrimination	$	1,019,500.00	5/1/2008	8/6/2012	8/22/2012
Personal Injury	$	750,000.00	7/31/2008	9/17/2012	11/2/2012
Child Abuse/Negligence	$	2,400,000.00	7/31/2008	9/7/2012	10/2/2012

TORT CLAIMS LIABILITY FUND

FY2013

Child Abuse	$	450,000.00	7/31/2008	2/5/2013	2/19/2013
Wrongful Death	$	195,000.00	9/11/2008	8/23/2012	10/2/2012
Wrongful Death	$	150,000.00	1/4/2009	3/5/2013	3/26/2013
Civil Rights Section 1983	$	200,000.00	12/1/2008	9/18/2012	10/9/2012
Wrongful Imprisonment	$	162,500.00	7/21/2009	2/25/2013	4/11/2013
Civil Rights Violation	$	300,000.00	6/15/2009	7/16/2012	10/2/2012
Pesonal Injury/Sexual Assault	$	300,000.00	2/27/2009	7/31/2012	8/24/2012
Wrongful Death	$	300,000.00	10/1/2010	3/7/2013	4/23/2013
Personal Injury	$	125,000.00	4/8/2010	2/1/2013	2/19/2013
Automobile Accident	$	100,000.00	12/23/2009	2/19/2013	3/12/2013
Assault & Battery	$	500,000.00	8/6/2010	3/1/2013	3/22/2013
Automobile Accident	$	400,000.00	9/28/2010	11/16/2012	12/24/2012
Legal Malpractice by Public Defender resulting in Wrongful Conviction	$	551,183.47	6/11/2010	12/11/2012	1/9/2013
Physical Assault by Foster Parents	$	420,000.00	1/5/2010	5/17/2013	6/4/2013
Wrongful Death	$	500,000.00	9/10/2010	1/7/2013	2/1/2013
Automobile Accident	$	75,000.00	7/14/2010	7/9/2012	8/22/2012
Sexual Assault on Patient by Employee	$	100,000.00	12/15/2010	8/1/2012	9/5/2012
Wrongful Death	$	425,000.00	8/3/2011	11/8/2012	12/14/2012
Automobile Accident	$	150,000.00	3/25/2011	2/14/2013	3/22/2013
Sexual Abuse in Foster Care	$	3,425,000.00	5/24/2012	2/19/2013	3/22/2013

TORT CLAIMS LIABILITY FUND

FY2013

Personal Injury	$ 145,000.00	1/8/2012	2/19/2013	3/18/2013
Auto Liability- Fatality State Vehicle Case	$1,000,000.00	4/15/2011	4/26/2013	5/28/2013
Auto Liability-Fatality State Vehicle Case	$750,000.00	4/15/2011	4/25/2013	5/28/2013
TOTAL	$ 29,899,790.78			

TORT CLAIMS LIABILITY FUND

FY2014

SMALL CLAIMS

	Total Number		Total Value
General Tort Claims	53	$	1,582,098.70
State Vehicle-Auto Liability Claims	186		$957,882.00
Foster Parent Liability Program Fund	14		$8,554.65
Total Small Claims	**253**	**$**	**2,548,535.35**

LARGE CLAIMS

Nature of the Claim		Claim Cost	Filing Date	Settlement Date	Payment Date
Wrongful Imprisonment	$	175,000.00	1/6/2012	1/14/2014	1/23/2014
Assault, False Imprisonment	$	305,000.00	12/11/2009	5/19/2014	5/29/2014
Due Process	$	425,000.00	2/7/2011	9/12/2013	10/2/2013
Civil Rights Violations	$	150,000.00	12/11/2008	4/29/2014	5/22/2014
Personal Injury	$	4,250,000.00	10/3/2011	7/22/2014	7/30/2014
Personal Injury	$	315,000.00	10/12/2010	12/12/2013	12/24/2013
Personal Injury	$	375,000.00	12/10/2010	8/20/2013	9/20/2013
Personal Injury	$	175,000.00	12/1/2008	7/20/2013	8/1/2013
Personal Injury	$	100,000.00	7/19/2011	6/24/2013	7/26/2013

TORT CLAIMS LIABILITY FUND

FY2014

Attorney Fees awarded for Criminal Indictment that was Dismissed	$	950,000.00	5/31/2013	9/9/2013	9/20/2013
Due Process/Assault & Battery	$	135,000.00	7/10/2012	6/19/2013	8/1/2013
Personal Injury	$	2,000,000.00	11/5/2009	1/14/2014	2/26/2014
Sexual Abuse	$	200,000.00	4/9/2010	7/22/2013	8/12/2013
Personal Injury	$	125,000.00	7/21/2011	3/19/2014	3/31/2014
Personal Injury	$	3,000,000.00	12/8/2010	2/19/2014	2/28/2014
Employment Discrimination	$	100,000.00	2/19/2002	5/16/2013	7/19/2013
Property Damage	$	250,000.00	10/5/2007	5/8/2014	5/28/2014
Malicious Prosecution	$	175,000.00	7/30/2010	11/26/2013	12/10/2013
Whistleblower/Wrongful Termination	$	333,333.32	6/5/2012	5/30/2014	6/11/2014
Personal Injury	$	100,000.00	5/13/2011	8/14/2013	9/20/2013
Personal Injury	$	425,000.00	3/1/2011	7/18/2013	8/21/2013

TORT CLAIMS LIABILITY FUND

FY2014

Civil Rights Violations	$	200,000.00	6/11/2010	12/19/2013	12/31/2013
Personal Injury	$	100,000.00	2/2/2012	1/16/2014	1/29/2014
Auto Liability- State Vehicle		$409,892.40	9/14/2011	4/8/2014	6/3/2014
Auto Liability- State Vehicle		$300,000.00	11/9/2009	7/3/2013	8/12/2013
Auto Liability- State Vehicle		$100,000.00	11/9/2009	7/3/2013	8/12/2013
Auto Liability-State Vehicle		$150,000.00	5/29/2009	5/29/2014	6/25/2014
		TOTAL	$ 15,323,225.72		

Attachment 2: 30 Year Projection
Funding Approach: 10% Increments with 3/10ths of the Full Contribution in FY2016

Valuation Date	7/1/2013 *	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023
Contribution Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PERS-State											
Market Assets	8,357,364,624	8,721,470,703	8,597,156,010	8,545,846,555	8,577,788,808	8,705,639,609	8,929,959,018	9,264,569,948	9,725,803,334	10,320,222,715	10,937,211,007
Valuation Assets	9,332,506,142	9,019,135,333	8,853,433,318	8,766,365,174	8,767,405,545	8,868,547,879	9,069,774,550	9,384,414,174	9,828,371,783	10,407,844,330	11,011,898,129
Accrued Liability	19,993,957,432	20,564,426,951	21,182,252,637	21,782,052,844	22,360,174,794	22,915,433,903	23,480,531,501	24,026,742,058	24,553,446,330	25,235,863,533	25,735,163,986
Unfunded	10,661,451,290	11,545,291,618	12,328,819,319	13,015,687,670	13,592,769,249	14,046,886,024	14,410,756,951	14,642,327,884	14,725,074,547	14,828,019,203	14,723,265,857
AVA Funded Ratio	46.7%	43.9%	41.8%	40.2%	39.2%	38.7%	38.6%	39.1%	40.0%	41.2%	42.8%
Employer Contribution	138,151,209	349,057,445	489,750,532	638,297,876	791,094,421	943,762,017	1,101,855,211	1,279,787,630	1,455,334,356	1,485,646,878	1,486,786,889
Annual Benefit Payments	1,441,000,000	1,511,000,000	1,585,000,000	1,659,000,000	1,732,000,000	1,806,000,000	1,879,000,000	1,949,000,000	2,018,000,000	2,084,000,000	2,147,000,000
TPAF											
Market Assets	26,322,457,851	27,615,565,002	27,158,308,347	26,816,060,905	26,646,885,693	26,696,903,172	27,006,940,921	27,622,367,549	28,576,474,852	29,901,493,843	31,269,872,706
Valuation Assets	29,932,702,785	29,035,738,226	28,408,178,970	27,943,192,345	27,688,430,057	27,686,516,994	27,974,880,018	28,595,440,294	29,579,969,554	30,957,538,849	32,397,126,940
Accrued Liability	52,366,655,055	53,707,058,349	55,069,342,174	56,396,202,745	57,704,206,502	59,008,668,719	60,323,918,716	61,655,955,214	63,014,331,653	64,413,250,614	65,860,460,592
Unfunded	22,433,952,270	24,671,320,123	26,661,163,204	28,453,010,400	30,015,776,445	31,322,151,725	32,349,038,698	33,060,514,920	33,434,362,099	33,455,711,765	33,463,333,652
AVA Funded Ratio	57.2%	54.1%	51.6%	49.5%	48.0%	46.9%	46.4%	46.4%	46.9%	48.1%	49.2%
Employer Contribution	379,897,192	765,389,186	1,086,940,651	1,434,657,290	1,801,432,374	2,179,155,208	2,590,878,302	3,007,331,800	3,416,766,643	3,463,695,637	3,512,798,566
Annual Benefit Payments	3,827,900,000	3,933,100,000	4,092,800,000	4,238,400,000	4,371,500,000	4,494,400,000	4,608,800,000	4,716,800,000	4,817,400,000	4,915,300,000	5,014,300,000
PFRS-State											
Market Assets	1,867,325,803	2,018,428,570	2,031,564,453	2,063,096,724	2,117,017,892	2,200,094,803	2,315,913,766	2,469,818,089	2,665,715,305	2,907,229,429	3,150,141,993
Valuation Assets	2,098,619,017	2,098,193,184	2,100,417,267	2,122,530,474	2,168,321,105	2,244,379,737	2,354,140,520	2,502,815,423	2,694,198,603	2,931,816,211	3,171,365,303
Accrued Liability	4,188,523,037	4,362,467,671	4,550,350,202	4,741,804,552	4,936,322,758	5,139,544,772	5,351,216,241	5,572,615,991	5,813,819,821	6,053,116,540	6,300,177,221
Unfunded	2,089,904,020	2,264,274,487	2,449,932,935	2,619,274,078	2,768,001,653	2,895,165,035	2,997,075,721	3,069,800,568	3,119,621,218	3,121,300,329	3,128,811,918
AVA Funded Ratio	50.1%	48.1%	46.2%	44.8%	43.9%	43.7%	44.0%	44.9%	46.3%	48.4%	50.3%
Employer Contribution	116,976,479	134,122,147	189,499,817	249,335,037	312,718,992	378,351,594	448,051,101	518,592,273	589,756,885	595,320,848	600,933,526
Annual Benefit Payments	260,000,000	275,000,000	288,000,000	299,000,000	311,000,000	323,000,000	335,000,000	347,000,000	367,000,000	390,000,000	412,000,000
SPRS											
Market Assets	1,823,856,785	1,965,158,842	1,962,279,322	1,966,886,488	1,981,973,249	2,011,062,868	2,054,691,657	2,112,987,127	2,185,661,117	2,275,077,542	2,366,260,886
Valuation Assets	1,981,802,641	1,981,714,966	1,976,570,568	1,979,222,691	1,992,621,860	2,020,254,750	2,062,626,089	2,119,836,129	2,191,573,175	2,280,180,830	2,370,666,044
Accrued Liability	2,870,590,700	2,948,806,261	3,024,138,019	3,099,426,337	3,177,084,145	3,259,292,720	3,344,979,944	3,433,013,207	3,523,747,111	3,611,027,824	3,703,481,662
Unfunded	888,788,059	967,091,295	1,047,567,451	1,120,203,646	1,184,462,285	1,239,037,970	1,282,353,855	1,313,177,078	1,332,173,936	1,330,846,994	1,332,815,618
AVA Funded Ratio	69.0%	67.2%	65.4%	63.9%	62.7%	62.0%	61.7%	61.7%	62.2%	63.1%	64.0%
Employer Contribution	31,491,069	35,019,057	49,653,208	65,845,761	83,452,715	101,773,464	120,367,321	139,434,520	158,807,779	160,964,534	163,135,237
Annual Benefit Payments	203,000,000	210,000,000	215,000,000	219,000,000	224,000,000	230,000,000	238,000,000	245,000,000	251,000,000	259,000,000	267,000,000
JRS											
Market Assets	241,164,901	244,574,771	229,720,629	218,715,542	212,595,754	210,675,225	212,822,307	219,909,364	234,244,009	255,927,446	277,915,714
Valuation Assets	273,850,343	258,463,439	241,709,327	229,064,186	221,528,704	218,386,147	219,478,375	225,654,882	239,203,540	260,208,513	281,611,131
Accrued Liability	620,376,292	637,317,973	653,805,089	673,004,322	692,229,030	710,454,520	728,156,443	748,851,881	769,598,999	790,541,728	811,945,862
Unfunded	346,525,949	378,854,534	412,095,762	443,940,136	470,700,326	492,068,373	508,678,068	523,196,999	530,395,459	530,333,215	530,334,731
AVA Funded Ratio	44.1%	40.6%	37.0%	34.0%	32.0%	30.7%	30.1%	30.1%	31.1%	32.9%	34.7%
Employer Contribution	14,117,622	14,149,057	19,915,671	26,312,640	32,682,703	39,876,846	47,338,909	55,894,899	64,292,661	65,581,323	66,872,306
Annual Benefit Payments	51,000,000	53,000,000	54,000,000	56,000,000	59,000,000	61,000,000	63,000,000	64,000,000	67,000,000	69,000,000	72,000,000
TOTAL STATE											
Market Assets	38,612,169,964	40,565,197,888	39,979,028,761	39,610,606,214	39,536,261,396	39,824,375,677	40,520,327,669	41,689,652,077	43,387,898,617	45,659,950,975	48,001,402,306
Valuation Assets	43,619,480,928	42,393,245,148	41,580,309,450	41,040,374,870	40,838,307,271	41,038,085,507	41,680,899,552	42,828,160,902	44,533,316,655	46,837,588,733	49,232,667,547
Accrued Liability	80,040,102,516	82,220,077,205	84,479,888,121	86,692,490,800	88,870,017,229	91,033,394,634	93,228,802,845	95,437,178,351	97,674,943,914	100,103,800,239	102,411,229,323
Unfunded	36,420,621,588	39,826,832,057	42,899,578,671	45,652,115,930	48,031,709,958	49,995,309,127	51,547,903,293	52,609,017,449	53,141,627,259	53,266,211,506	53,178,561,776
AVA Funded Ratio	54.5%	51.6%	49.2%	47.3%	46.0%	45.1%	44.7%	44.9%	45.6%	46.8%	48.1%
Employer Contribution	680,633,571	1,297,736,892	1,835,759,879	2,414,448,604	3,021,381,205	3,642,919,129	4,308,490,844	5,001,041,122	5,684,958,324	5,771,209,220	5,830,526,524
Annual Benefit Payments	5,782,900,000	5,982,100,000	6,234,800,000	6,471,400,000	6,697,500,000	6,914,400,000	7,123,800,000	7,321,800,000	7,520,400,000	7,717,300,000	7,912,300,000

* Differences in valuation year 2013 actual market value of assets used in the projection compared to the amount disclosed in the 2013 valuation reports are different due to timing issues.

Attachment 2: 30 Year Projection
Funding Approach: 10% Increments with 3/10ths of th

Valuation Date	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033	7/1/2034
Contribution Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PERS-State											
Market Assets	11,554,432,101	12,176,831,379	12,806,938,172	13,449,292,929	14,108,877,898	14,792,693,211	15,504,908,735	16,243,579,515	17,016,108,147	17,828,755,941	18,686,600,936
Valuation Assets	11,617,924,308	12,230,632,907	12,852,348,999	13,487,436,723	14,140,727,379	14,819,090,877	15,526,583,079	16,261,161,091	17,030,143,493	17,839,719,475	18,694,904,158
Accrued Liability	26,221,233,751	26,697,321,776	27,163,717,266	27,624,817,252	28,082,031,824	28,542,455,873	29,002,150,317	29,467,034,319	29,941,531,369	30,432,425,319	30,941,660,733
Unfunded	14,603,309,443	14,466,688,869	14,311,368,267	14,137,380,529	13,941,304,445	13,723,364,996	13,475,567,238	13,205,873,228	12,911,387,876	12,592,705,844	12,246,756,575
AVA Funded Ratio	44.3%	45.8%	47.3%	48.8%	50.4%	51.9%	53.5%	55.2%	56.9%	58.6%	60.4%
Employer Contribution	1,488,277,389	1,489,207,159	1,491,384,807	1,492,762,724	1,494,935,998	1,497,236,435	1,492,414,811	1,489,084,981	1,484,878,349	1,468,273,101	1,463,058,965
Annual Benefit Payments	2,208,000,000	2,268,000,000	2,323,000,000	2,375,000,000	2,426,000,000	2,475,000,000	2,522,000,000	2,565,000,000	2,605,000,000	2,647,000,000	2,686,000,000
TPAF											
Market Assets	32,715,262,824	34,241,132,240	35,846,162,979	37,528,641,918	39,291,154,575	41,139,703,963	43,018,997,337	44,927,922,833	46,863,126,999	48,825,221,032	50,817,586,790
Valuation Assets	33,906,950,776	35,491,542,682	37,150,454,919	38,882,656,948	40,691,300,716	42,582,921,788	44,502,714,265	46,446,347,323	48,411,071,484	50,398,017,681	52,411,036,327
Accrued Liability	67,358,826,149	68,909,160,919	70,505,366,837	72,142,074,721	73,815,156,250	75,525,012,217	77,267,243,641	79,036,357,096	80,829,229,583	82,647,369,111	84,493,466,465
Unfunded	33,451,875,373	33,417,618,237	33,354,911,918	33,259,417,773	33,123,855,534	32,942,090,429	32,764,529,376	32,590,009,773	32,418,158,099	32,249,351,430	32,082,430,138
AVA Funded Ratio	50.3%	51.5%	52.7%	53.9%	55.1%	56.4%	57.6%	58.8%	59.9%	61.0%	62.0%
Employer Contribution	3,563,308,758	3,614,140,703	3,664,934,082	3,716,378,832	3,768,904,563	3,764,928,861	3,757,973,594	3,748,013,238	3,735,362,907	3,720,806,772	3,704,335,250
Annual Benefit Payments	5,117,300,000	5,228,200,000	5,347,200,000	5,471,500,000	5,598,000,000	5,730,500,000	5,869,100,000	6,011,700,000	6,155,100,000	6,297,300,000	6,438,300,000
PFRS-State											
Market Assets	3,393,659,897	3,640,293,283	3,888,726,348	4,135,337,826	4,378,679,219	4,622,761,731	4,864,846,406	5,105,128,373	5,343,873,669	5,581,721,367	5,816,425,735
Valuation Assets	3,411,979,858	3,656,107,073	3,902,376,812	4,147,120,907	4,388,850,374	4,631,541,472	4,872,425,079	5,111,670,283	5,349,520,646	5,586,595,837	5,820,633,378
Accrued Liability	6,543,468,533	6,784,666,856	7,023,778,964	7,257,023,247	7,483,483,382	7,701,065,363	7,915,030,745	8,123,588,701	8,326,616,119	8,521,797,770	8,713,821,977
Unfunded	3,131,488,675	3,128,559,783	3,121,402,152	3,109,902,340	3,094,633,008	3,069,523,891	3,042,605,666	3,011,918,418	2,977,095,473	2,935,201,933	2,893,188,599
AVA Funded Ratio	52.1%	53.9%	55.6%	57.1%	58.6%	60.1%	61.6%	62.9%	64.2%	65.6%	66.8%
Employer Contribution	606,872,674	612,183,776	616,478,315	620,764,975	626,165,622	627,034,803	627,928,879	628,765,067	629,978,411	630,969,945	633,569,386
Annual Benefit Payments	434,000,000	460,000,000	487,000,000	511,000,000	534,000,000	557,000,000	579,000,000	601,000,000	624,000,000	645,000,000	657,000,000
SPRS											
Market Assets	2,458,714,261	2,553,879,342	2,654,468,376	2,752,778,244	2,850,101,470	2,948,675,611	3,046,323,333	3,135,231,415	3,217,908,216	3,298,716,706	3,378,611,785
Valuation Assets	2,462,516,794	2,557,161,688	2,657,301,698	2,755,223,967	2,852,212,618	2,950,497,954	3,047,896,379	3,136,589,269	3,219,080,315	3,299,728,462	3,379,485,132
Accrued Liability	3,796,381,786	3,891,413,334	3,990,782,220	4,086,899,188	4,180,916,157	4,273,990,440	4,363,789,114	4,444,518,345	4,517,908,531	4,588,600,491	4,657,966,676
Unfunded	1,333,864,992	1,334,251,646	1,333,480,522	1,331,675,221	1,328,703,539	1,323,492,486	1,315,892,735	1,307,929,076	1,298,828,216	1,288,872,029	1,278,481,544
AVA Funded Ratio	64.9%	65.7%	66.6%	67.4%	68.2%	69.0%	69.8%	70.6%	71.3%	71.9%	72.6%
Employer Contribution	165,720,654	169,078,808	170,551,522	172,638,760	175,231,968	177,357,971	175,980,499	175,297,798	175,554,676	176,120,529	176,477,920
Annual Benefit Payments	273,000,000	284,000,000	295,000,000	304,000,000	315,000,000	330,000,000	343,000,000	353,000,000	362,000,000	371,000,000	376,000,000
JRS											
Market Assets	300,599,847	324,065,019	348,473,167	374,498,972	402,798,586	432,590,494	463,822,549	494,791,784	527,844,915	562,223,587	598,140,360
Valuation Assets	303,789,731	326,818,527	350,849,995	376,550,650	404,569,594	434,119,228	465,142,152	495,930,866	528,828,171	563,072,333	598,872,998
Accrued Liability	830,560,740	852,179,472	875,436,498	900,160,654	923,416,032	950,465,974	978,517,836	1,007,869,226	1,036,501,808	1,066,347,707	1,097,744,305
Unfunded	526,771,009	525,360,945	524,586,503	523,610,004	518,846,438	516,346,746	513,375,684	511,938,360	507,673,637	503,275,374	498,871,307
AVA Funded Ratio	36.6%	38.4%	40.1%	41.8%	43.8%	45.7%	47.5%	49.2%	51.0%	52.8%	54.6%
Employer Contribution	68,034,670	69,375,696	71,033,863	72,819,110	74,107,509	75,621,310	76,148,960	77,439,686	78,292,135	79,194,792	79,839,031
Annual Benefit Payments	74,000,000	76,000,000	78,000,000	81,000,000	83,000,000	87,000,000	89,000,000	91,000,000	94,000,000	97,000,000	100,000,000
TOTAL STATE											
Market Assets	50,422,668,930	52,936,201,263	55,544,769,042	58,240,549,889	61,031,611,748	63,936,425,010	66,898,898,360	69,906,653,920	72,968,861,946	76,096,638,633	79,297,365,606
Valuation Assets	51,703,161,467	54,262,262,877	56,913,332,423	59,648,989,195	62,477,660,681	65,418,171,319	68,414,760,954	71,451,698,832	74,538,644,109	77,687,133,788	80,904,931,993
Accrued Liability	104,750,470,959	107,134,742,357	109,559,081,785	112,010,975,062	114,485,003,645	116,992,989,867	119,526,731,653	122,079,367,687	124,651,787,410	127,256,540,398	129,904,660,156
Unfunded	53,047,309,492	52,872,479,480	52,645,749,362	52,361,985,867	52,007,342,964	51,574,818,548	51,111,970,699	50,627,668,855	50,113,143,301	49,569,406,610	48,999,728,163
AVA Funded Ratio	49.4%	50.6%	51.9%	53.3%	54.6%	55.9%	57.2%	58.5%	59.8%	61.0%	62.3%
Employer Contribution	5,892,214,145	5,953,986,142	6,014,382,589	6,075,364,401	6,139,345,660	6,142,179,380	6,130,446,743	6,118,600,770	6,104,066,478	6,075,365,139	6,057,280,552
Annual Benefit Payments	8,106,300,000	8,316,200,000	8,530,200,000	8,742,500,000	8,956,000,000	9,179,500,000	9,402,100,000	9,621,700,000	9,840,100,000	10,057,300,000	10,257,300,000

* Differences in valuation year 2013 actual market value of assets used

Attachment 2: 30 Year Projection
Funding Approach: 10% Increments with 3/10ths of th

Valuation Date	7/1/2035	7/1/2036	7/1/2037	7/1/2038	7/1/2039	7/1/2040	7/1/2041	7/1/2042	7/1/2043
Contribution Fiscal Year	*2037*	*2038*	*2039*	*2040*	*2041*	*2042*	*2043*	*2044*	*2045*
PERS-State									
Market Assets	19,593,959,429	20,559,704,159	21,592,089,094	22,705,139,663	23,911,984,872	25,219,348,434	26,641,250,672	28,197,308,804	29,901,599,649
Valuation Assets	19,599,957,811	20,563,706,448	21,594,363,971	22,705,922,952	23,911,483,354	25,217,740,745	26,638,693,770	28,193,942,715	29,897,547,751
Accrued Liability	31,465,282,429	32,011,640,673	32,586,985,384	33,202,711,975	33,868,442,803	34,578,481,919	35,346,788,181	36,184,073,567	37,102,715,092
Unfunded	11,865,324,618	11,447,934,225	10,992,621,413	10,496,789,023	9,956,959,449	9,360,741,174	8,708,094,411	7,990,130,852	7,205,167,341
AVA Funded Ratio	62.3%	64.2%	66.3%	68.4%	70.6%	72.9%	75.4%	77.9%	80.6%
Employer Contribution	1,459,625,961	1,456,204,525	1,454,927,317	1,454,963,481	1,454,172,466	1,454,808,471	1,458,314,537	1,461,100,197	1,467,014,477
Annual Benefit Payments	2,723,000,000	2,755,000,000	2,782,000,000	2,811,000,000	2,837,000,000	2,857,000,000	2,874,000,000	2,894,000,000	2,914,000,000
TPAF									
Market Assets	52,843,988,733	54,912,798,801	57,039,216,382	59,245,634,751	61,552,908,222	63,985,420,352	66,569,497,939	69,324,901,984	72,260,629,700
Valuation Assets	54,454,345,895	56,536,709,625	58,673,706,396	60,888,132,217	63,201,273,656	65,637,878,491	68,224,559,235	70,981,406,491	73,917,646,979
Accrued Liability	86,371,799,893	88,289,942,785	90,262,870,177	92,309,124,297	94,447,716,546	96,698,663,129	99,085,371,783	101,624,893,964	104,325,188,828
Unfunded	31,917,453,998	31,753,233,160	31,589,163,781	31,420,992,080	31,246,442,890	31,060,784,638	30,860,812,548	30,643,487,473	30,407,541,849
AVA Funded Ratio	63.0%	64.0%	65.0%	66.0%	66.9%	67.9%	68.9%	69.8%	70.9%
Employer Contribution	3,686,608,519	3,668,815,704	3,652,295,709	3,636,907,639	3,622,197,734	3,609,478,844	3,597,880,626	3,586,455,751	3,576,229,376
Annual Benefit Payments	6,574,900,000	6,702,700,000	6,816,900,000	6,920,400,000	7,011,000,000	7,090,000,000	7,163,600,000	7,243,200,000	7,328,800,000
PFRS-State									
Market Assets	6,053,119,252	6,302,636,110	6,564,935,442	6,838,682,639	7,133,137,790	7,452,787,805	7,799,588,455	8,174,646,955	8,582,639,093
Valuation Assets	6,056,751,290	6,305,771,285	6,567,641,725	6,841,018,703	7,135,154,280	7,454,528,439	7,801,090,970	8,175,943,925	8,583,758,638
Accrued Liability	8,898,294,664	9,074,934,418	9,199,280,251	9,335,147,237	9,508,921,658	9,673,627,087	9,835,267,413	9,984,873,710	10,154,000,994
Unfunded	2,841,543,374	2,769,163,133	2,631,638,526	2,494,128,534	2,373,767,378	2,219,098,648	2,034,176,443	1,808,929,785	1,570,242,356
AVA Funded Ratio	68.1%	69.5%	71.4%	73.3%	75.0%	77.1%	79.3%	81.9%	84.5%
Employer Contribution	638,654,599	643,565,289	648,054,835	655,062,832	662,943,752	670,621,475	678,074,416	686,137,560	694,955,462
Annual Benefit Payments	668,000,000	682,000,000	691,000,000	697,000,000	704,000,000	712,000,000	719,000,000	724,000,000	729,000,000
SPRS									
Market Assets	3,456,904,889	3,539,750,552	3,632,542,254	3,737,718,146	3,858,975,476	3,990,431,805	4,135,485,927	4,296,938,918	4,477,657,953
Valuation Assets	3,457,658,763	3,540,401,296	3,633,103,976	3,738,203,024	3,859,394,023	3,990,793,095	4,135,797,792	4,297,208,120	4,477,890,327
Accrued Liability	4,719,841,415	4,784,578,717	4,859,515,960	4,933,763,409	5,030,379,665	5,079,683,043	5,137,247,430	5,208,973,214	5,296,985,823
Unfunded	1,262,182,652	1,244,177,421	1,226,411,984	1,195,560,385	1,170,985,642	1,088,889,948	1,001,449,638	911,765,094	819,095,496
AVA Funded Ratio	73.3%	74.0%	74.8%	75.8%	76.7%	78.6%	80.5%	82.5%	84.5%
Employer Contribution	178,311,022	181,457,344	185,072,087	189,641,825	191,760,964	194,729,946	198,173,413	202,243,622	206,744,361
Annual Benefit Payments	377,000,000	377,000,000	376,000,000	378,000,000	379,000,000	380,000,000	379,000,000	379,000,000	378,000,000
JRS									
Market Assets	634,411,828	671,848,708	710,989,750	752,290,097	795,596,569	840,293,561	886,509,999	933,804,558	983,797,529
Valuation Assets	635,044,241	672,394,607	711,460,970	752,696,854	795,947,682	840,596,642	886,771,619	934,030,388	983,992,465
Accrued Liability	1,130,129,686	1,162,917,831	1,198,947,070	1,236,269,872	1,274,253,433	1,313,189,287	1,352,453,092	1,397,786,500	1,441,667,581
Unfunded	495,085,445	490,523,224	487,486,100	483,573,018	478,305,751	472,592,645	465,681,473	463,756,112	457,675,116
AVA Funded Ratio	56.2%	57.8%	59.3%	60.9%	62.5%	64.0%	65.6%	66.8%	68.3%
Employer Contribution	80,766,884	81,783,333	82,918,566	84,006,228	84,965,330	86,059,969	86,861,471	88,340,649	89,548,637
Annual Benefit Payments	103,000,000	106,000,000	109,000,000	112,000,000	116,000,000	119,000,000	123,000,000	126,000,000	130,000,000
TOTAL STATE									
Market Assets	82,582,384,131	85,986,738,330	89,539,772,922	93,279,465,296	97,252,602,929	101,488,281,957	106,032,332,992	110,927,601,219	116,206,323,924
Valuation Assets	84,203,758,000	87,618,983,261	91,180,277,038	94,925,973,750	98,903,252,995	103,141,537,412	107,686,913,386	112,582,531,639	117,860,836,160
Accrued Liability	132,585,348,087	135,324,014,424	138,107,598,842	141,017,016,790	144,129,714,105	147,343,644,465	150,757,127,899	154,400,600,955	158,320,558,318
Unfunded	48,381,590,087	47,705,031,163	46,927,321,804	46,091,043,040	45,226,461,110	44,202,107,053	43,070,214,513	41,818,069,316	40,459,722,158
AVA Funded Ratio	63.5%	64.7%	66.0%	67.3%	68.6%	70.0%	71.4%	72.9%	74.4%
Employer Contribution	6,043,966,985	6,031,826,195	6,023,268,514	6,020,582,005	6,016,040,246	6,015,698,705	6,019,304,463	6,024,277,779	6,034,492,313
Annual Benefit Payments	10,445,900,000	10,622,700,000	10,774,900,000	10,918,400,000	11,047,000,000	11,158,000,000	11,258,600,000	11,366,200,000	11,479,800,000

* Differences in valuation year 2013 actual market value of assets used

ATTACHMENT 3

DIVISION OF PENSIONS AND BENEFITS

30-YEAR PENSION FUND PROJECTIONS - STATE

BASED ON RESUMING ORIGINAL PHASE-IN SCHEDULE UNDER CHAPTER 1 IN FY 2016 @ 5/7TH OF FULL CONTRIBUTION

VALUATION YEAR	7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
FISCAL YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PERS-State																	
Market Assets	8,389,963,954	8,357,364,624	8,778,291,546	9,078,800,063	9,589,075,009	10,249,657,044	10,889,956,984	11,498,731,072	12,085,277,964	12,661,238,499	13,224,291,189	13,807,061,523	14,387,741,437	14,970,714,237	15,557,897,723	16,153,844,165	16,763,604,101
Valuation Assets	9,774,698,097	9,332,506,142	9,128,235,998	9,335,077,371	9,809,593,628	10,439,273,781	11,052,865,255	11,638,546,605	12,205,122,190	12,763,806,948	13,311,912,804	13,881,748,645	14,451,233,645	15,024,515,766	15,603,308,551	16,191,987,961	16,795,453,583
Accrued Liability	19,383,584,639	19,993,957,432	20,842,690,918	21,182,252,637	21,782,052,844	22,360,174,794	22,915,433,903	23,480,531,501	24,026,742,058	24,553,446,330	25,235,863,533	25,735,163,986	26,221,233,751	26,697,321,776	27,163,717,266	27,624,817,252	28,082,031,824
Unfunded	9,608,886,542	10,661,451,290	11,714,454,920	11,847,175,266	11,972,459,216	11,920,901,013	11,862,568,648	11,841,984,896	11,821,619,868	11,789,639,382	11,923,950,729	11,853,415,341	11,770,000,106	11,672,806,010	11,560,408,715	11,432,829,291	11,286,578,241
AVA Funded Ratio	50.4%	46.7%	43.8%	44.1%	45.0%	46.7%	48.2%	49.6%	50.8%	52.0%	52.7%	53.9%	55.1%	56.3%	57.4%	58.6%	59.8%
Employer Contribution	141,154,573	138,151,209	844,313,397	1,012,872,357	1,183,585,157	1,169,905,820	1,153,552,417	1,148,307,081	1,168,807,517	1,189,025,003	1,218,967,201	1,220,483,406	1,221,975,988	1,222,523,874	1,224,607,078	1,226,234,582	1,229,021,601
TPAF																	
Market Assets	26,037,983,392	26,322,457,851	27,643,078,116	28,212,445,206	29,030,789,190	30,175,875,344	31,283,079,580	32,396,372,496	33,543,400,327	34,733,612,178	35,983,021,451	37,302,162,364	38,696,765,125	40,169,134,437	41,716,820,249	43,336,990,890	45,031,110,095
Valuation Assets	31,079,212,983	29,932,702,785	29,044,777,902	29,462,315,829	30,224,542,079	31,348,307,862	32,463,542,166	33,584,502,587	34,738,925,865	35,938,534,518	37,199,216,093	38,531,235,676	39,940,169,931	41,428,179,601	42,992,652,161	44,630,555,651	46,343,165,291
Accrued Liability	51,194,110,587	52,366,655,055	53,749,976,641	55,069,342,174	56,396,202,745	57,704,206,502	59,008,668,719	60,323,918,716	61,655,955,214	63,014,331,653	64,413,250,614	65,860,460,592	67,358,826,149	68,909,160,919	70,505,366,837	72,142,074,721	73,815,156,250
Unfunded	20,114,897,604	22,433,952,270	24,705,198,739	25,607,026,345	26,171,660,666	26,355,898,640	26,545,126,553	26,739,416,129	26,917,029,349	27,075,797,135	27,214,034,521	27,329,224,916	27,418,656,218	27,480,981,318	27,512,714,676	27,511,519,070	27,471,990,959
AVA Funded Ratio	60.7%	57.2%	54.0%	53.5%	53.6%	54.3%	55.0%	55.7%	56.3%	57.0%	57.8%	58.5%	59.3%	60.1%	61.0%	61.9%	62.8%
Employer Contribution	392,036,456	379,897,192	1,820,210,941	2,249,549,057	2,668,309,658	2,679,923,376	2,692,184,645	2,739,859,505	2,789,875,059	2,839,691,801	2,890,556,155	2,942,287,353	2,994,280,891	3,045,586,699	3,095,957,585	3,146,177,037	3,196,750,847
PFRS-State																	
Market Assets	1,829,418,795	1,867,325,803	1,950,490,493	2,136,150,537	2,283,122,417	2,469,028,391	2,659,768,552	2,858,934,149	3,069,111,244	3,291,373,070	3,527,149,094	3,766,661,397	4,006,105,503	4,247,953,097	4,490,823,003	4,731,022,739	4,967,025,970
Valuation Assets	2,137,727,566	2,098,619,017	2,062,185,965	2,205,003,351	2,342,556,167	2,520,331,604	2,704,053,486	2,897,160,904	3,102,108,579	3,319,856,370	3,551,735,879	3,787,884,710	4,024,425,467	4,263,766,890	4,504,473,469	4,742,805,821	4,977,197,126
Accrued Liability	4,026,954,882	4,188,523,037	4,365,609,664	4,550,350,202	4,741,804,552	4,936,322,758	5,139,544,772	5,351,216,241	5,572,615,991	5,813,819,821	6,053,116,540	6,300,177,221	6,543,468,533	6,784,666,856	7,023,778,964	7,257,023,247	7,483,483,382
Unfunded	1,889,227,316	2,089,904,020	2,303,423,699	2,345,346,851	2,399,248,385	2,415,991,154	2,435,491,286	2,454,055,337	2,470,507,412	2,493,963,451	2,501,380,661	2,512,292,511	2,519,043,066	2,520,899,966	2,519,305,495	2,514,217,426	2,506,286,256
AVA Funded Ratio	53.1%	50.1%	47.2%	48.5%	49.4%	51.1%	52.6%	54.1%	55.7%	57.1%	58.7%	60.1%	61.5%	62.8%	64.1%	65.4%	66.5%
Employer Contribution	115,622,105	116,976,479	329,343,608	392,096,161	463,973,738	465,672,390	467,992,306	473,786,597	480,277,508	488,725,884	494,148,312	499,340,804	504,853,190	509,728,119	513,576,298	517,404,874	522,334,717
SPRS																	
Market Assets	1,755,429,511	1,823,856,785	1,967,141,815	2,010,539,732	2,068,253,594	2,144,079,326	2,222,849,456	2,304,923,001	2,389,086,972	2,473,913,120	2,560,967,572	2,650,866,903	2,741,752,689	2,835,051,011	2,933,446,637	3,029,206,536	3,123,590,559
Valuation Assets	1,995,388,133	1,981,802,641	1,981,376,495	2,024,830,978	2,080,589,797	2,154,727,936	2,232,041,336	2,312,857,431	2,395,935,972	2,479,825,177	2,566,070,859	2,655,272,061	2,745,555,221	2,838,333,357	2,936,279,958	3,031,652,258	3,125,701,706
Accrued Liability	2,767,768,813	2,870,590,700	2,963,182,120	3,024,138,019	3,099,426,337	3,177,084,145	3,259,292,720	3,344,979,944	3,433,013,207	3,523,747,111	3,611,027,824	3,703,481,662	3,796,381,786	3,891,413,334	3,990,782,220	4,086,899,188	4,180,916,157
Unfunded	772,380,680	888,788,059	981,805,625	999,307,041	1,018,836,540	1,022,356,209	1,027,251,384	1,032,122,513	1,037,077,235	1,043,921,934	1,044,956,965	1,048,209,601	1,050,826,565	1,053,079,977	1,054,502,262	1,055,246,930	1,055,214,451
AVA Funded Ratio	72.1%	69.0%	66.9%	67.0%	67.1%	67.8%	68.5%	69.1%	69.8%	70.4%	71.1%	71.7%	72.3%	72.9%	73.6%	74.2%	74.8%
Employer Contribution	35,231,063	31,491,069	84,714,789	102,759,904	122,772,159	124,824,031	126,755,413	128,441,120	130,412,621	132,961,168	135,053,326	137,036,787	139,432,081	142,596,041	143,870,132	145,753,892	148,138,285
JRS																	
Market Assets	243,679,037	241,164,901	244,567,822	249,247,934	259,530,852	277,674,992	295,162,844	312,371,494	329,635,440	348,863,572	369,603,416	391,081,165	413,141,991	435,864,899	459,400,901	484,412,783	511,543,706
Valuation Assets	290,191,842	273,850,343	258,101,497	261,236,632	269,879,496	286,607,942	302,873,766	319,027,562	335,380,958	353,823,103	373,884,483	394,776,582	416,331,874	438,618,406	461,777,728	486,464,461	513,314,715
Accrued Liability	605,180,634	620,376,292	632,679,937	653,805,089	673,004,322	692,229,030	710,454,520	728,156,443	748,851,881	769,598,999	790,541,728	811,945,862	830,560,740	852,179,472	875,436,498	900,160,654	923,416,032
Unfunded	314,988,792	346,525,949	374,578,440	392,568,457	403,124,826	405,621,088	407,580,754	409,128,881	413,470,923	415,775,896	416,657,245	417,169,280	414,228,866	413,561,066	413,658,770	413,696,193	410,101,317
AVA Funded Ratio	48.0%	44.1%	40.8%	40.0%	40.1%	41.4%	42.6%	43.8%	44.8%	46.0%	47.3%	48.6%	50.1%	51.5%	52.7%	54.0%	55.6%
Employer Contribution	15,334,084	14,117,622	33,216,299	41,203,676	49,033,911	48,744,805	49,532,798	50,414,232	52,362,977	54,015,101	55,278,475	56,495,003	57,581,770	58,845,581	60,424,770	62,129,110	63,334,481
TOTAL STATE																	
Market Assets	38,256,474,689	38,612,169,964	40,583,569,792	41,687,183,472	43,230,771,062	45,316,315,097	47,350,817,416	49,371,332,212	51,416,511,947	53,509,000,439	55,665,032,722	57,917,833,352	60,245,506,745	62,658,717,681	65,158,388,513	67,735,477,113	70,396,874,431
Valuation Assets	45,277,218,621	43,619,480,928	42,474,677,857	43,288,464,161	44,727,161,167	46,749,249,125	48,755,376,009	50,752,095,089	52,777,473,564	54,855,846,116	57,002,820,118	59,250,917,674	61,577,716,138	63,993,414,020	66,498,491,867	69,083,466,152	71,754,832,421
Accrued Liability	77,977,599,555	80,040,102,516	82,554,139,280	84,479,888,121	86,692,490,800	88,870,017,229	91,033,394,634	93,228,802,845	95,437,178,351	97,674,943,914	100,103,800,239	102,411,229,323	104,750,470,959	107,134,742,357	109,559,081,785	112,010,975,062	114,485,003,645
Unfunded	32,700,380,934	36,420,621,588	40,079,461,423	41,191,423,960	41,965,329,633	42,120,768,104	42,278,018,625	42,476,707,756	42,659,704,787	42,819,097,798	43,100,980,121	43,160,311,649	43,172,754,821	43,141,328,337	43,060,589,918	42,927,508,910	42,730,171,224
AVA Funded Ratio	58.1%	54.5%	51.5%	51.2%	51.6%	52.6%	53.6%	54.4%	55.3%	56.2%	56.9%	57.9%	58.8%	59.7%	60.7%	61.7%	62.7%
Employer Contribution	699,378,281	680,633,571	3,111,799,034	3,798,481,155	4,487,674,623	4,489,070,422	4,490,017,579	4,540,808,535	4,621,735,682	4,704,418,957	4,794,003,469	4,855,643,353	4,918,123,920	4,979,280,314	5,038,435,863	5,097,699,495	5,159,579,931

ATTACHMENT 3

DIVISION OF PENSIONS AND BENEFITS
30-YEAR PENSION FUND PROJECTIONS - STATE
BASED ON RESUMING ORIGINAL PHASE-IN SCHEDULE UNDER CHAPTER 1 IN FY 2016 @ 5/7TH OF FULL CONTRIBUTION

VALUATION YEAR FISCAL YEAR	7/1/2029 2031	7/1/2030 2032	7/1/2031 2033	7/1/2032 2034	7/1/2033 2035	7/1/2034 2036	7/1/2035 2037	7/1/2036 2038	7/1/2037 2039	7/1/2038 2040	7/1/2039 2041	7/1/2040 2042	7/1/2041 2043	7/1/2042 2044	7/1/2043 2045
PERS-State															
Market Assets	17,394,272,599	18,048,610,960	18,724,832,210	19,429,977,476	20,169,918,533	20,949,975,330	21,773,400,357	22,648,580,877	23,583,247,029	24,590,859,032	25,683,936,029	26,868,543,689	28,157,992,309	29,571,132,987	31,121,215,899
Valuation Assets	17,420,670,265	18,070,285,305	18,742,413,787	19,444,012,823	20,180,882,067	20,958,278,552	21,779,398,739	22,652,583,166	23,585,521,907	24,591,642,322	25,683,434,511	26,866,936,000	28,155,435,407	29,567,766,898	31,117,164,001
Accrued Liability	28,542,455,873	29,002,150,317	29,467,034,319	29,941,531,369	30,432,425,319	30,941,660,733	31,465,282,429	32,011,640,673	32,586,985,384	33,202,711,975	33,868,442,803	34,578,481,919	35,346,788,181	36,184,073,567	37,102,715,092
Unfunded	11,121,785,608	10,931,865,012	10,724,620,532	10,497,518,546	10,251,543,252	9,983,382,181	9,685,883,690	9,359,057,507	9,001,463,477	8,611,069,653	8,185,008,292	7,711,545,919	7,191,352,774	6,616,306,669	5,985,551,091
AVA Funded Ratio	61.0%	62.3%	63.6%	64.9%	66.3%	67.7%	69.2%	70.8%	72.4%	74.1%	75.8%	77.7%	79.7%	81.7%	83.9%
Employer Contribution	1,230,791,819	1,225,969,975	1,222,640,453	1,218,432,225	1,205,533,058	1,200,318,922	1,196,884,605	1,193,464,482	1,192,187,274	1,192,223,438	1,191,432,423	1,192,068,428	1,195,574,494	1,198,360,154	1,204,274,434
TPAF															
Market Assets	46,804,039,798	48,601,929,081	50,423,057,614	52,263,569,896	54,123,535,649	56,005,752,730	57,913,355,740	59,854,037,290	61,842,264,091	63,899,639,204	66,046,164,670	68,305,304,844	70,702,395,130	73,256,127,282	75,974,345,294
Valuation Assets	48,135,229,806	49,952,832,524	51,790,726,430	53,645,271,009	55,516,719,946	57,408,049,812	59,322,599,029	61,268,235,544	63,259,619,142	65,318,594,696	67,465,457,600	69,723,916,523	72,119,489,089	74,671,107,310	77,386,767,569
Accrued Liability	75,525,012,217	77,267,243,641	79,036,357,096	80,829,229,583	82,647,369,111	84,493,466,465	86,371,799,893	88,289,942,785	90,262,870,177	92,309,124,297	94,447,716,546	96,698,663,129	99,085,371,783	101,624,893,964	104,325,188,828
Unfunded	27,389,782,411	27,314,411,117	27,245,630,666	27,183,958,574	27,130,649,165	27,085,416,653	27,049,200,864	27,021,707,241	27,003,251,035	26,990,529,601	26,982,258,946	26,974,746,606	26,965,882,694	26,953,786,654	26,938,421,259
AVA Funded Ratio	63.7%	64.6%	65.5%	66.4%	67.2%	67.9%	68.7%	69.4%	70.1%	70.8%	71.4%	72.1%	72.8%	73.5%	74.2%
Employer Contribution	3,192,775,145	3,185,819,878	3,175,859,522	3,163,209,191	3,148,653,056	3,132,181,534	3,114,454,803	3,096,661,988	3,080,141,993	3,064,753,923	3,050,044,018	3,037,325,128	3,025,726,910	3,014,302,035	3,004,075,660
PFRS-State															
Market Assets	5,202,758,776	5,435,874,016	5,666,482,514	5,894,796,284	6,121,417,403	6,344,020,110	6,567,674,051	6,803,145,554	7,050,322,281	7,307,793,643	7,584,739,825	7,885,565,034	8,212,141,128	8,565,493,128	8,950,222,096
Valuation Assets	5,211,538,518	5,443,452,690	5,673,024,426	5,900,443,262	6,126,291,874	6,348,227,753	6,571,306,089	6,806,280,729	7,053,028,563	7,310,129,706	7,586,756,315	7,887,305,668	8,213,643,643	8,566,790,099	8,951,341,642
Accrued Liability	7,701,065,363	7,915,030,745	8,123,588,701	8,326,616,119	8,521,797,770	8,713,821,977	8,898,294,664	9,074,934,418	9,199,280,251	9,335,147,237	9,508,921,658	9,673,627,087	9,835,267,413	9,984,873,710	10,154,000,994
Unfunded	2,489,526,845	2,471,578,055	2,450,564,275	2,426,172,857	2,395,505,896	2,365,594,224	2,326,988,575	2,268,653,689	2,146,251,688	2,025,017,531	1,922,165,343	1,786,321,419	1,621,623,770	1,418,083,611	1,202,659,352
AVA Funded Ratio	67.7%	68.8%	69.8%	70.9%	71.9%	72.9%	73.8%	75.0%	76.7%	78.3%	79.8%	81.5%	83.5%	85.8%	88.2%
Employer Contribution	523,203,898	524,097,974	524,934,162	526,166,829	527,158,363	529,757,804	534,843,017	539,753,707	544,243,253	551,251,250	559,132,170	566,809,893	574,262,834	582,325,978	591,143,880
SPRS															
Market Assets	3,218,800,559	3,312,620,152	3,397,414,646	3,475,652,886	3,551,672,168	3,626,399,692	3,699,117,005	3,775,946,389	3,862,246,525	3,960,418,018	4,074,117,601	4,197,419,121	4,333,674,204	4,485,633,032	4,656,107,865
Valuation Assets	3,220,622,901	3,314,193,198	3,398,772,499	3,476,824,984	3,552,683,924	3,627,273,040	3,699,870,879	3,776,597,133	3,862,808,247	3,960,902,896	4,074,536,147	4,197,780,411	4,333,986,070	4,485,902,234	4,656,340,241
Accrued Liability	4,273,990,440	4,363,789,114	4,444,518,345	4,517,908,531	4,588,600,491	4,657,966,676	4,719,841,415	4,784,578,717	4,859,515,960	4,933,763,409	5,030,379,665	5,079,683,043	5,137,247,430	5,208,973,214	5,296,985,823
Unfunded	1,053,367,539	1,049,595,916	1,045,745,846	1,041,083,547	1,035,916,567	1,030,693,636	1,019,970,536	1,007,981,584	996,707,713	972,860,513	955,843,518	881,902,632	803,261,360	723,070,980	640,645,582
AVA Funded Ratio	75.4%	75.9%	76.5%	77.0%	77.4%	77.9%	78.4%	78.9%	79.5%	80.3%	81.0%	82.6%	84.4%	86.1%	87.9%
Employer Contribution	150,049,570	148,672,099	147,989,398	148,246,276	148,812,129	149,169,520	151,002,622	154,148,944	157,763,687	162,333,424	164,452,564	167,421,546	170,865,013	174,935,222	179,435,961
JRS															
Market Assets	539,997,960	569,707,869	599,041,452	630,329,716	662,804,096	696,666,138	730,720,550	765,765,228	802,325,083	840,840,329	881,141,678	922,596,142	965,313,892	1,008,833,368	1,054,753,023
Valuation Assets	541,526,695	571,027,473	600,180,534	631,312,971	663,652,842	697,398,776	731,352,964	766,311,128	802,796,304	841,247,087	881,492,792	922,899,224	965,575,513	1,009,059,199	1,054,947,961
Accrued Liability	950,465,974	978,517,836	1,007,869,226	1,036,501,808	1,066,347,707	1,097,744,305	1,130,129,686	1,162,917,831	1,198,947,070	1,236,269,872	1,274,253,433	1,313,189,287	1,352,453,092	1,397,786,500	1,441,667,581
Unfunded	408,939,279	407,490,363	407,688,692	405,188,837	402,694,865	400,345,529	398,776,722	396,606,703	396,150,766	395,022,785	392,760,641	390,290,063	386,877,579	388,727,301	386,719,620
AVA Funded Ratio	57.0%	58.4%	59.5%	60.9%	62.2%	63.5%	64.7%	65.9%	67.0%	68.0%	69.2%	70.3%	71.4%	72.2%	73.2%
Employer Contribution	64,762,905	65,290,554	66,581,281	67,433,730	68,336,387	68,980,625	69,908,479	70,924,927	72,060,160	73,147,823	74,106,924	75,201,563	76,003,066	77,482,243	78,690,231
TOTAL STATE															
Market Assets	73,159,869,692	75,968,742,078	78,810,828,436	81,694,326,258	84,629,347,849	87,622,814,000	90,684,267,703	93,847,475,338	97,140,405,009	100,599,550,226	104,270,099,803	108,179,428,830	112,371,516,663	116,887,219,797	121,756,644,177
Valuation Assets	74,529,588,185	77,351,791,190	80,205,117,676	83,097,865,049	86,040,230,653	89,039,227,933	92,104,527,700	95,270,007,700	98,563,774,163	102,022,516,707	105,691,677,365	109,598,837,826	113,788,129,722	118,300,625,740	123,166,561,414
Accrued Liability	116,992,989,867	119,526,731,653	122,079,367,687	124,651,787,410	127,256,540,398	129,904,660,156	132,585,348,087	135,324,014,424	138,107,598,842	141,017,016,790	144,129,714,105	147,343,644,465	150,757,127,899	154,400,600,955	158,320,558,318
Unfunded	42,463,401,682	42,174,940,463	41,874,250,011	41,553,922,361	41,216,309,745	40,865,432,223	40,480,820,387	40,054,006,724	39,543,824,679	38,994,500,083	38,438,036,740	37,744,806,639	36,968,998,177	36,099,975,215	35,153,996,904
AVA Funded Ratio	63.7%	64.7%	65.7%	66.7%	67.6%	68.5%	69.5%	70.4%	71.4%	72.3%	73.3%	74.4%	75.5%	76.6%	77.8%
Employer Contribution	5,161,583,337	5,149,850,480	5,138,004,816	5,123,488,251	5,098,492,993	5,080,408,405	5,067,093,526	5,054,954,048	5,046,396,367	5,043,709,858	5,039,168,099	5,038,826,558	5,042,432,317	5,047,405,632	5,057,620,166