

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass
Vote: 5 - 0 - 0
Yeas: Beyer, Burdick, Ferrioli, Starr, Rosenbaum
Nays: 0
Exc.: 0
Prepared By: Erin Seiler, Administrator
Meeting Dates: 2/27

WHAT THE MEASURE DOES: Authorizes Public Employees Retirement System Board to establish procedures for recovering administrative costs from participating public employers for providing information or services needed for compliance with generally accepted accounting principles. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Governmental Accounting Standards Board (GASB) administrative authority
- New standard for governments reporting pensions on income statements (GASB 68)
- Ability of Public Employees Retirement System to provide pension information
- Impact on state and local governments audit report, if not reported in accordance with GASB 68

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Governmental Accounting Standards Board (GASB) has released new standards for how governments should report pensions on their books or income statements, GASB 68. The new reporting standards should improve the transparency, consistency, and comparability of pension information reported by state and local governments and pension plans.

After June 2014, state and local governments will need to distinguish several separate pension calculations that will be derived in different manners for distinct purposes. In order to comply with GASB 68, state and local governments will need information from the Public Employees Retirement System (PERS) Board and if state and local governments do not comply with GASB 68, they will not receive a clean audit opinion from an independent auditor.

The PERS Board serves more than 900 employers in the state and in order to comply with GASB 68 reporting requirements, each employer will need comprehensive, audited, and individualized data regarding their participation in the plan. These additional information requests may create substantial actuarial and auditing costs for PERS. The PERS Board currently lacks authority to collect or expend funds to pay for administrative expenses associated with providing this information to state and local government partners.

House Bill 4155 allows the PERS Board to establish procedures for recovering administrative costs from participating public employers for providing them with information or services required for preparing financial statements in compliance with generally accepted accounting principles, specifically GASB 68.