

HOUSE BILL NO. HB0221

State retirement plans-ad hoc payment.

Sponsored by: Representative(s) Harshman, Henderson, Olsen,
Schwartz and Sweeney and Senator(s) Pappas

A BILL

for

1 AN ACT relating to public employee retirement plans;
2 providing for a single, additional, noncumulative benefit
3 payment under the Wyoming Retirement Act, the Wyoming State
4 Highway Patrol, Game and Fish Warden and Criminal
5 Investigator Retirement Act and the Firemen's Pension
6 Account Reform Act of 1981; specifying legislative intent
7 and making legislative findings; requiring a study of plans
8 administered by the Wyoming retirement system board or
9 director; requiring reports and certifications as
10 specified; and providing for an effective date.

11

12 *Be It Enacted by the Legislature of the State of Wyoming:*

13

14 **Section 1.**

15

1 (a) It is the intent of the legislature to:

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3 (i) Provide a single, benefit payment to
4 retirees within specified Wyoming public employee
5 retirement plans;

6

7 (ii) Review public employee retirement plans to
8 determine if adjustments for inflation can be made while
9 still keeping the plans actuarially sound.

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11 (b) The legislature finds:

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13 (i) Wyoming public employee retirement plans
14 have existed since as early as 1927. Cost-of-living or
15 other benefit adjustments have been made in various public
16 employee retirement plans on an ongoing basis since as
17 early as 1953;

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19 (ii) 2012 Wyoming Session Laws, Chapter 107,
20 made significant modifications to cost-of-living and other
21 benefit increases in public employee retirement plans.
22 While finding that the actuarial funding levels of the
23 Wyoming plans were higher than many public employee

1 retirement plans in other states, the legislature found
2 that "as constructed by statute, the Wyoming plans were not
3 intended to and cannot support cost-of-living or other
4 benefit increases;"

5

6 (iii) The 2012 enactment removed the authority
7 of the board of the Wyoming retirement system to provide
8 cost-of-living adjustments and placed further restrictions
9 on cost-of-living adjustments. Since the 2012 enactment,
10 no cost-of-living adjustments or other benefit increases
11 have been made under any of the plans subject to the
12 restrictions imposed by that enactment;

13

14 (iv) For the largest retirement plan, Wyoming
15 law has provided, since the initiation of that plan in
16 1949, that the enactment of the plan shall not constitute a
17 contract or create other rights other than to receive a
18 return of contributions upon withdrawal. The recreated act
19 in 1953 reiterated that no contract was created and
20 provided that the state was not incurring any future
21 obligation or liability other than to make the employer
22 contributions specified. Those provisions have remained
23 through the current day. However, the legislature is

1 authorized to make appropriations to satisfy moral
2 obligations of the state. State v. Carter, 215 P. 477
3 (Wyo. 1923). Payment under these retirement plans and this
4 act is not a gift to the employee but is at least in part a
5 recognition of a moral and equitable obligation;

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7 (v) While stability of retirement plans is
8 critical, fair treatment of public employees is also
9 important in order to employ and retain dedicated
10 employees, as recognized by past legislative actions.

11

12 **Section 2.**

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14 (a) The board of the Wyoming retirement system shall
15 review the findings underlying the enactment of 2012
16 Wyoming Session Laws, Chapter 107 and report to the
17 legislature:

18

19 (i) Subsequent legislative and board actions
20 which affect the findings of the 2012 enactment;

21

1 (ii) The effect of inflation on retirees since
2 the last benefit adjustments were provided to retirees in
3 each public employee retirement plan;

4

5 (iii) Eligibility of retirees under each of the
6 plans for social security benefits and the effect that
7 eligibility for social security benefits:

8

9 (A) Was and is considered in establishing a
10 plan's benefits, contribution rates and pay provisions for
11 active employees;

12

13 (B) Has in offsetting benefit purchasing
14 power reduced as a result of inflation.

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16 (iv) Existing and projected funding ratios for
17 each retirement plan, under current law and under any
18 recommended benefit, contribution or other adjustment for
19 each plan;

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21 (v) An explanation of each plan, providing:

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1 (A) The contribution rates by employer and
2 employee and identifying mandated employee "out-of-pocket"
3 contributions;

4

5 (B) An explanation of eligibility
6 requirements for normal and early retirement and disability
7 benefits and how benefits are calculated;

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9 (C) Annual benefits paid;

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11 (D) Historical changes to each plan; and

12

13 (E) Number of active, inactive and retired
14 participants of each plan.

15

16 (vi) Funds needed to fund each plan at an
17 actuarial funded ratio of one hundred percent (100%) at the
18 time of the report and at a thirty (30) year projection,
19 and benefit adjustments that would reach these ratios
20 without additional increases in funding not currently
21 provided in law;

22

1 (vii) Recommended modifications to current law
2 that provides parameters under which any benefit adjustment
3 may be authorized, including:

4

5 (A) Recommended actuarial funded ratios;

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7 (B) An index by which to measure true cost
8 increases or decreases for retirees;

9

10 (C) Minimum and maximum adjustments over
11 specified periods and the immediate and projected cost of
12 the adjustments.

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14 (b) The board shall include within its review the
15 feasibility of establishing an endowment within each
16 retirement fund or account funded by a portion of
17 investment returns, above the assumed rate of return used
18 by the board in calculating the actuarial funding level of
19 each plan, and using earnings from the investment of
20 endowed funds to provide either regular cost-of-living
21 adjustments or ad hoc adjustments for retirees.

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1 (c) The report required by this section shall be
2 submitted not later than September 1, 2021.

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4 (d) The joint appropriations committee shall consider
5 the recommendations of the board of the Wyoming retirement
6 system and may develop legislation as the committee
7 determines appropriate for introduction in the 2022 budget
8 session.

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10 **Section 3.** As used in sections 1 and 2 of this act
11 "public employee retirement plan" or "retirement plan"
12 includes all plans administered by the Wyoming retirement
13 board, the volunteer firefighter, EMT and search and rescue
14 pension plan under W.S. 35-9-616 through 35-9-628 and the
15 paid firemen plan A administered by the Wyoming retirement
16 board under W.S. 15-5-201 through 15-5-209.

17

18 **Section 4.** A single, additional payment shall be made
19 on or before July 1, 2022, to each eligible individual
20 receiving a service pension, survivor's pension, retirement
21 benefit, survivor benefit, death benefit or disability
22 pension or benefit under the Wyoming Retirement Act, the
23 Wyoming State Highway Patrol, Game and Fish Warden and

1 Criminal Investigator Retirement Act or the Firemen's
2 Pension Account Reform Act of 1981 as provided in this
3 section. The additional payment shall be limited to
4 individuals who first began receiving the applicable
5 benefit prior to July 1, 2020, either alone or in
6 combination with a member or retired or disabled employee
7 if the individual is a survivor. If the individual is a
8 survivor, the payment applicable benefit date shall be
9 based on the initial retirement or disability benefit of
10 the pertinent member. Each additional payment to an
11 eligible individual shall be calculated by multiplying the
12 eligible individual's existing annual benefit by one-tenth
13 of one percent (0.1%) for each year his retirement or
14 disability benefit was effective prior to July 1, 2020, or
15 if the individual is a survivor for each year the pertinent
16 member's or employee's benefit was effective prior to July
17 1, 2020, up to a maximum amount of three percent (3%) of
18 the existing annual benefit. The additional payment under
19 this section shall not be ongoing or cumulative.

20

1 **Section 5.** This act is effective immediately upon
2 completion of all acts necessary for a bill to become law
3 as provided by Article 4, Section 8 of the Wyoming
4 Constitution.

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(END)