

URS Fiscal Analysis of 2023 H.B. 183, "Firefighter Retirement Revisions"

This document has been prepared by the Utah Retirement Systems (URS) based on information and analysis received from its consulting actuary, Gabriel Roeder Smith & Company.

Summary of Fiscal Impact

If enacted, H.B. 183, Firefighter Retirement Revisions, likely will not result in a material fiscal impact on URS.

Fiscal Impact: Increase in unfunded actuarial accrued liability (UAAL)	Fiscal Impact: Increase in actuarially determined contribution rates	Fiscal Impact: Annual cost for Fiscal Year 2023-2024
Change in funded status		
No Increase	No Increase	No Increase
No change in funded status		

Proposed Legislative Provisions

This bill authorizes coverage of certified or licensed emergency medical service personnel in the firefighter retirement on a prospective basis. Such coverage first requires participating employers to make an irrevocable election to cover the employer's emergency medical service personnel who the participating employer employs under the firefighter retirement system. This proposed legislation becomes effective on July 1, 2023. An emergency medical service personnel's service before July 1, 2023, is not eligible for service credit in the firefighter retirement systems.

For this bill, "emergency medical service personnel" means an individual who:

(a) is:

- (i) a paramedic;
- (ii) an advanced emergency medical services technician; or
- (iii) an emergency medical services technician;

(b) is required to be licensed or certified under Section 26-8a-302; and

(c) has a primary job duty to provide emergency medical services as a first responder.

Discussion and Actuarial Analysis

The actuary concludes that under this legislation since firefighter system participation would be prospective only, there would be no impact to the URS contribution rates. The accrual of new service credit in the firefighter retirement systems will be funded on a prospective basis as the normal cost portion of the contribution rate is paid each pay period.

Reclassifying of positions in the future would result in fewer amortization dollars going to the Tier 1 Public Employees System, since if these employees were still covered under the Tier 2 Public Employees System, the state as an employer would make an amortization contribution to Tier 1. However, the actuary doesn't believe there are a sufficient number of impacted positions that the reduction in contribution dollars to Tier 1 would result in a change in the calculated contribution rates.

The change would also result in more new employees in the Tier 2 PS/FF system which will provide additional contributions towards that system's unfunded liabilities.

Administrative Cost Analysis

This bill does not alter benefit design or make substantive benefit modifications.

Implementation of this bill will likely result in some administrative costs, but these will be handled within existing budgets and will not result in direct, measurable costs for URS nor will it increase actuarially determined contribution rates.