



March 19, 2019

TO: Members of the Capital Construction Subcommittee
FROM: Kevin Olineck, Director
SUBJECT: Responses to Committee Discussion – March 1, 2019

A variety of questions were raised during the March 1, 2019 meeting. The following responds to discussion around projected payroll increases and how different IAP contribution sources are treated as salary for Tier One, Tier Two and OPSRP.

Payroll Increase Attribution

There was a question raised around the \$1.450 billion increase in payroll between the 2017-19 valuation and the 2019-21 valuation and the relative split of that increase between the different sectors.

The 2019-21 increase is split between the different sectors as follows:

State	\$ 430,000,000
Local Government	\$ 550,000,000
School Districts	<u>\$ 470,000,000</u>
Total	\$1,450,000,000

IAP Contribution Impact on Salary

There was a question raised around whether contributions to the IAP were treated differently if they were made by the member or if they were made on the member's behalf by the employer, specifically, the impact to how the member's salary is viewed.

For all three member groups, when an employer reports payroll, the employer specifies at the individual member level whether IAP contributions are "EPPT" (employer-paid pre-tax), "MPPT" (member-paid pre-tax) or MPAT (member-paid after-tax).

For Tier One and Tier Two members, IAP contributions are included in salary calculations whether employer or member paid. For OPSRP members, only member paid contributions are included in salary.