

Long-term Funding Plan for NCPA's Employee Pension Program

Finance Committee Meeting
April 5, 2017

Recap

- Staff presented stats on and recommendations for a Funding Plan for NCPA's Employee Pension Program growing unfunded liability
- Committee recommended approval of 15 year accelerated funding term subject to final budget review
 - Include additional \$1.5 million in the FY 2018 budget with no incremental costs
- Commission approved funding plan subject to Committee final recommendation for approval

Comparison of 2018 Operating Costs and Labor Budgets and 2018 Commission Approved Targets

Program	Operating Costs Excluding Labor/Variable Costs				Budget Changes in Labor Only			
	Approved 2017	Proposed 2018	Increase (Decrease)	% Change	Approved 2017	Proposed 2018	Increase (Decrease)	% Change
L & R	1,712,275	1,691,968	(20,307)	-1.19%	1,624,087	1,753,556	129,469	7.97%
PM	1,151,025	970,123	(180,902)	-15.72%	6,978,266	7,402,588	424,322	6.08%
A & G	3,835,892	3,848,308	12,416	0.32%	6,980,519	7,455,613	475,094	6.81%
Risk Management	128,761	97,410	(31,351)	-24.35%	127,889	128,994	1,105	0.86%
Settlements	7,040	5,280	(1,760)	0.00%	643,988	575,395	(68,593)	-10.65%
Hydro	3,977,135	3,814,100	(163,035)	-4.10%	4,391,625	4,651,237	259,612	5.91%
Geo	6,777,295	6,883,417	106,122	1.57%	9,441,475	9,769,062	327,587	3.47%
CT1	655,243	669,658	14,415	2.20%	793,990	840,018	46,028	5.80%
CT2	580,838	593,466	12,628	2.17%	745,364	788,793	43,429	5.83%
Gen Svc Shared	186,450	154,000	(32,450)	-17.40%	1,186,560	1,279,048	92,488	7.79%
LEC	4,168,616	3,859,485	(309,131)	-7.42%	4,765,279	5,051,714	286,435	6.01%
Totals	23,180,569	22,587,214	(593,355)	-2.56%	37,679,042	39,696,018	2,016,976	5.35%
Target Baseline Increase					2.20%			
Target Labor Increases					2.50%			
Below 2018 target baseline change					-4.76%			
Above 2018 target labor change					2.85%			

Comparison of 2018 Operating Costs and Labor Budgets and 2018 Commission Approved Targets

Program	Total Baseline and Labor Changes			
	Approved 2017	Proposed 2018	Increase (Decrease)	% Change
L & R	3,336,362	3,445,524	109,162	3.27%
PM	8,129,291	8,372,711	243,420	2.99%
A & G	10,816,411	11,303,921	487,510	4.51%
Risk Management	256,650	226,404	(30,246)	-11.78%
Settlements	651,028	580,675	(70,353)	-10.81%
Hydro	8,368,760	8,465,337	96,577	1.15%
Geo	16,218,770	16,652,479	433,709	2.67%
CT1	1,449,233	1,509,676	60,443	4.17%
CT2	1,326,202	1,382,259	56,057	4.23%
Gen Svc Shared	1,373,010	1,433,048	60,038	4.37%
LEC	8,933,895	8,911,199	(22,696)	-0.25%
Totals	60,859,611	62,283,232	1,423,621	2.34%
Target Baseline Increase	Target Baseline and Labor Increases			2.39%
Below 2018 target baseline change	Above 2018 target baseline and labor changes			-0.05%

Long-Term Funding Plan Tenets

- Establish plan to reduce pension liability including:
 - Establish goal to obtain minimum 80% funding level and confirm 100% funding of required employer contribution
 - Shorten amortization of unfunded liability from 30 years to 15 years beginning FY18
 - Research further ways to limit pension liability
- Using new Actuarial Valuation each year, adjust plan as necessary
 - Finance Committee Chair update Commission on funding status annually and propose ways to limit liability

Questions? Comments?