

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**LRB # - 2979/2**

**INTRODUCTION # AB 388**

Admin. Rule #

**Subject**

Reducing normal retirement date under the WRS for individuals employed by certain school districts.

**Fiscal Effect**

State:  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

- Increase Existing Appropriation                       Increase Existing Revenues  
 Decrease Existing Appropriation                       Decrease Existing Revenues  
 Create New Appropriation

Decrease Costs

Local:  No local government costs

1.  Increase Costs  
      Permissive       Mandatory  
 2.  Decrease Costs  
      Permissive       Mandatory

3.  Increase Revenues  
      Permissive       Mandatory  
 4.  Decrease Revenues  
      Permissive       Mandatory

5. Types of Local Governmental Units Affected:  
 Towns                       Villages                       Cities  
 Counties                       Others \_\_\_\_\_  
 School Districts                       WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

s. 20.515 (1)(w)

**Assumptions Used in Arriving at Fiscal Estimate:**

AB 388 provides that normal retirement age would be lowered to 55, rather than the current 65, for participants who are employed by a school district and a referendum held in the current or previous year failed to pass and the school board determines that in the past two years one of the following also occurred: (a) school board closed a school; (b) average class size of school district increased; (c) school board reduced size/extent of programs; and (d) school board deferred scheduled building maintenance.

The Department based its fiscal estimate on the following assumptions:

- 50% of the 14,947 teachers (7,474) work for a school district which meets the criteria for full benefits at age 55
- 90% of the 7,474 eligible teachers (6,727) will request a retirement estimate
- 50% of the 7,474 eligible teachers (3,737) will actually retire
- Participants go back and forth between eligibility and non-eligibility based upon passage/failure of referendums
- Employers must report eligible school district participants to "flag" the participant account for lower retirement age
- Employers must report future changes to school district participants' eligibility or non-eligibility

The Division of Employer Services (DES) will have on-going costs relating to transaction reporting by employers (review, audit and error processing), employer inquiries on the new law; and participant requests for WRS creditable service review and Departmental determinations on service granted. These on-going costs will require 1.0 FTE trust funds assistant 2 position (\$35,200 SEG salary, fringe benefits and supplies and \$8,500 SEG one-time for computer and furniture). DES will also incur \$300 SEG in one-time costs for WRS employer manual revisions, employer reporting forms and worker instruction revisions.

The Member Services Bureau will have one-time costs of \$2,700 SEG associated with forms and brochure development and revisions, changing telephone system messages, revising operating procedures and staff training. On-going costs for increased workload demands based on the above assumptions for retirement estimates, written, telephone and e-mail inquiries, and counseling appointments and walk-ins. The increased demand will require 4.0 FTE trust funds specialist 2 positions with on-going annual salary, fringe benefits and supplies costs at \$149,000 SEG. One-time costs for computers and furniture are \$38,000 SEG.

The Benefits Services Bureau will incur one-time costs of \$1,000 SEG to develop and test revisions to the automated retirement processes for calculating retirement benefits.

One-time estimated costs for system changes to our estimate processing and benefit calculation programs for contract development time, user testing, and central processing unit (CPU) time are \$180,600 SEG.

On-going costs associated with processing mail for estimates and inquiries, preparing and mailing retirement packets, and prepping, scanning and indexing documents to image will require .50 FTE clerical assistant 2 position (\$13,700 SEG salary, fringe benefits and supplies). On-going postage costs are estimated at \$33,700 SEG. One-time costs for designing and printing forms, manuals and brochures are \$29,900 SEG.

This fiscal estimate addresses only the administrative costs of AB 388. The Joint Survey Committee on Retirement Systems will estimate the fiscal effect on the trust fund.

**Long-Range Fiscal Implications:**

On-going.

Prepared By: / Phone # / Agency Name	Authorized Signature / Telephone No.	Date
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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

1999 Session

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- I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**  
 \$ 261,000 SEG one-time

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations – Salaries and Fringes	\$ 190,700	\$ -
(FTE Position Changes)	(5.5 FTE)	(- FTE)
State Operations - Other Costs	\$ 40,900	-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$ 231,600</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>		
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S	231,600	-
<b>State Revenues</b> Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 231,600	\$
NET CHANGE IN REVENUES	\$	\$

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