

Fiscal Estimate Narratives

ETF 4/12/2005

LRB Number 05-1103/1	Introduction Number AB-276	Estimate Type Original
Subject		
The variable annuity division under the Wisconsin Retirement System		

Assumptions Used in Arriving at Fiscal Estimate

AB-276 would require elections to participate in the variable annuity division be effective the day the election is received by the Department of Employee Trust Funds. Current law provides that such elections are effective on January 1 of the year following receipt of the election.

The estimate assumes that current annual volume of approximately 2,500 such elections would remain unchanged. Employers would be responsible for providing earnings data in a manner that would allow the Department to determine earnings before the effective date of the election and earnings after the date of the election for the year when such election is made. Under the current process, the 1400 state and local employers only are required to provide annual earnings for each employee at the end of each calendar year. Payroll systems utilized by employers range from fully automated to entirely manual.

Consequently, earnings reporting requirement may increase the costs of state and local government employers. Due to the variety of payroll systems, it is not possible to estimate the fiscal effect on state and local government employers at this time.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject		
The variable annuity division under the Wisconsin Retirement System		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
Employee Trust Funds implementation costs would be \$881,200 SEG. The majority of these costs (\$860,000) relate to contractor costs associated with various information technology system changes that would be required. The remaining costs are due to tasks such as training, form and manual revisions, and postage. The Department would require a .33 FTE to implement these changes. It is not possible to estimate the fiscal impact on state and local government employers at this time (see narrative).		
II. Annualized Costs:		Annualized Fiscal Impact on funds from:
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$7,200	
(FTE Position Changes)	(0.2 FTE)	
State Operations - Other Costs	3,300	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$10,500	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	10,500	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$10,500	\$see
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date

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