

Fiscal Estimate - 2011 Session

Original Updated Corrected Supplemental

LRB Number 11-2243/1		Introduction Number AB-0219	
Description Funding postretirement health care benefits of local government employees.			
Fiscal Effect			
State:			
<input checked="" type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Decrease Costs			
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input checked="" type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input checked="" type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
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Fiscal Estimate Narratives

WTCS 8/29/2011

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Assumptions Used in Arriving at Fiscal Estimate

AB 219 would require local units of government that provide post-employment health insurance benefits in accordance with employee contracts to fully fund on an actuarial basis the cost of these benefits for all new employees. Under state statutes, technical college districts are classified as local units of government.

Historically, technical college districts have funded the cost of post-employment health insurance and other benefits on a pay-as-you-go basis, paying the current costs of health insurance premiums for covered retirees each year.

AB 219 would require that technical college districts set aside funds sufficient to cover the future costs of post-employment health insurance premiums for individuals hired by the districts after the effective date of the bill. Projecting these costs will require complex actuarial analyses that include assumptions about the probability of occurrence of events far into the future, including employment status, mortality, and health care cost trends.

The bill would increase technical college districts' costs by requiring the districts to annually set aside the projected cost of future post-employment health insurance premiums. In addition, meeting the requirements of AB 219 would also increase technical college districts' costs because it would likely result in districts contracting for actuary services to estimate the annual cost of post-employment health insurance premiums for projected retirees, and establishing trust funds for maintenance and preservation of these funds.

Long-Range Fiscal Implications

Current public accounting standards do not require technical college districts to separately project the costs to the district for new employees' other post-employment benefits (OPEB), which exclude pensions, but could include other benefits such as health, dental, and life insurance. As a result, such projections would require additional actuarial analyses and are not currently available from the districts.