

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**LRB #4748/1**

**INTRODUCTION # A.B. 260**

**Admin. Rule #**

**Subject** Makes an accelerated distribution from the Transaction Amortization Account and increases the retirement formula for past service by 0.2%

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

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

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

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

Assembly Bill 260 would for all WRS members increase the pension formula multiplier by 0.2% for all credited service prior to 1/1/2000. On that date, a special distribution of \$2.1 billion would be made also from the Transaction Amortization Account to the fixed fund.

For this estimate, I have used information from a study prepared by the WRS actuaries in July 1999 for the Senate Committee on Organization, and the 12/31/98 WRS valuation report.

Even after the accelerated recognition of \$2.1 billion from the T.A.A., this bill would increase the year 2001 contributions of WRS employers by an estimated....

- .61% of payroll = \$51.4 million ... for General employees
- .91% of payroll = \$ 0.8 million ... for Executive and Elected employees
- .54% of payroll = \$ 3.8 million ... for Protective employees with Social Security
- .58% of payroll = \$ 0.8 million ... for Protective employees without Social Security

Half of these cost increases would be borne by the employees as increased Benefit Adjustment Contributions (for General employees) or regular member contributions (for the other groups). The state would bear about 29% of the employers' share of cost.

**Long-Range Fiscal Implications:**

These cost increases would phase out over the next 30 to 35 years.

Prepared By: / Phone # / Agency Name  
 Joint Survey Committee  
 on Retirement Systems

Authorized Signature / Telephone No.  
  
 Scott L. Dennison, Director 266-5251

Date  
 8/13/99

**FISCAL ESTIMATE WORKSHEET**  
Session

Detailed Estimate of Annual Fiscal Effect

1999

- ORIGINAL  
 CORRECTED  
 UPDATED  
 SUPPLEMENTAL

**LRB # -1748/1**

Admin. Rule #

**INTRODUCTION # A.B. 260**

**Subject**

Makes an accelerated distribution from the Transaction Amortization Account and increases the retirement formula for past service by 0.2%

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

**II. Annualized Costs:**

| A. State Costs by Category   | Annualized Fiscal impact on State funds from: |                 |
|--|---|-----------------|
|  | Increased Costs                               | Decreased Costs |
| State Operations - Salaries and Fringes  | \$ 8.2 million                                | \$ - 0          |
|  | ( n/a FTE)                                    | (- n/a FTE)     |
| State Operations - Other Costs   | 0   | - 0             |
| Local Assistance   | 0   | - 0             |
| Aids to Individuals or Organizations   | 0   | - 0             |
| <b>TOTAL State Costs by Category</b>   | <b>\$ 8.2 million</b>                         | <b>\$ - 0</b>   |
| B. State Costs by Source of Funds  | Annualized Fiscal impact on State funds from: |                 |
|  | Increased Costs                               | Decreased Costs |
| GPR  | \$ 8.2 million                                | \$ - 0          |
| FED  | 0   | - 0             |
| PRO/PRS  | 0   | - 0             |
| SEG/SEG-S  | 0   | - 0             |
| State Revenues   | Increased Rev.                                | Decreased Rev.  |
| <small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small> |   |                 |
| GPR Taxes  | \$ 0  | \$ - 0          |
| GPR Earned   | 0   | - 0             |
| FED  | 0   | - 0             |
| PRO/PRS  | 0   | - 0             |
| SEG/SEG-S  | 0   | - 0             |
| <b>TOTAL State Revenues</b>  | <b>\$ 0</b>                                   | <b>\$ - 0</b>   |

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS

\$ 8.2 million

\$ 20.2 million

NET CHANGE IN REVENUES

\$ 0

\$ 0

|   |  |         |
|---|--|---------|
| Prepared By: / Phone # / Agency Name<br>Joint Survey Committee<br>on Retirement Systems | Authorized Signature/Telephone No.                               | Date    |
|   | <i>Scott L. Dennison</i><br>Scott L. Dennison, Director 266-5251 | 8/13/99 |