

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 1713/1

INTRODUCTION # A.B. 309

Admin. Rule #

Subject

Excludes part-time, seasonal, and temporary state employees from mandatory Social Security coverage and requires the Dept. of Employee Trust Funds to establish an alternative retirement plan for those employees

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

Assumptions Used in Arriving at Fiscal Estimate:

Assembly Bill 309 excludes from Social Security coverage for services performed by part-time, temporary and seasonal employees who are not otherwise required under Federal law to be covered under Social Security. The bill requires that the Department of Employees Trust Funds (DETF) establish a retirement plan that meets the definition of an alternate plan under Section 3121 of the U.S. Code in place of Social Security coverage. This alternative plan will be mandatory for all State agency employees that are defined (under U.S. Code provisions) as temporary, seasonal or part-time unless they elect Social Security coverage within 30 days of hire date or during January of odd numbered years.

The bill requires the DETF to contract with an individual or company in the private sector to provide administrative and investment services for this plan. The contractor must reimburse DETF for any and all costs relating to the administration of this program. DETF is required to submit rules creating the alternate plan to the Legislative Council no later than September 1, 2000. If enacted, the bill becomes effective on January 1, 2001.

Benefit costs of this alternative retirement plan would be fully supported by employee contributions. No employer contributions would be required. Therefore, there would be no actuarial costs of benefits under this bill. For such employees who did not exercise their right to elect Social Security coverage, there would be a savings to the State equal to the employer's share of their FICA contributions--presently 7.65% of payroll for all such employees.

Data is not available to estimate the amount of this payroll or the savings it would generate for the State.

Long-Range Fiscal Implications:

Same as short-term costs.

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

Authorized Signature / Telephone No.

 Scott L. Dennison, Director 266-5251

Date
 11-12-99
 11/12/99

Session

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

LRB # -1713/1

Admin. Rule #

INTRODUCTION # A.B. 309

Subject

Excludes part-time, seasonal, and temporary employees from mandatory Social Security coverage and requires the Dept. of Employee Trust funds to establish an alternative retirement plan for those employees

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

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ 0	\$ - (unknown)
(FTE Position Changes)	(n/a FTE)	(- n/a FTE)
State Operations - Other Costs	0	- 0
Local Assistance	0	- 0
Aids to Individuals or Organizations	0	- 0
TOTAL State Costs by Category	\$ 0	\$ - (unknown)
B. State Costs by Source of Funds		
GPR	\$ 0	\$ - (unknown)
FED	0	- 0
PRO/PRS	0	- 0
SEG/SEG-S	0	- 0
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	\$ 0	\$ - 0
GPR Earned	0	- 0
FED	0	- 0
PRO/PRS	0	- 0
SEG/SEG-S	0	- 0
TOTAL State Revenues	\$ 0	\$ 0

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$(a reduction of unknown amount) \$ 0

NET CHANGE IN REVENUES \$ 0 \$ 0

Prepared By: / Phone # / Agency Name Joint Survey Committee on Retirement Systems	Authorized Signature/Telephone No. <i>Scott L. Dennison</i> Scott L. Dennison, Director 266-5251	Date 11/12/99 11/12/99
---	--	------------------------------