

1999 Session		LRB Number 99-2979/2
FISCAL ESTIMATE DOA-2048 N(R06/99)	<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> UPDATED <input type="checkbox"/> CORRECTED <input type="checkbox"/> SUPPLEMENTAL	Bill Number A. B. 388
Subject The normal retirement date under the Wisconsin retirement system for individuals employed by certain school districts.		Amendment No. if Applicable Administrative Rule Number
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.		
<input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation		<input checked="" 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		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others _____ <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S		Affected Chapter 20 Appropriations
Assumptions Used in Arriving at Fiscal Estimate The other conditions, one of which must be satisfied under AB 388 for the reduced retirement age to apply are: 1. Closing of a school. 2. Increase in the school district's average class size. 3. Reduction in school programs. 4. School board defers scheduled building maintainance.		
Analysis of Cost: For an average school employee retiring at age 55 under this bill, the cost of providing a WRS pension would increase by about 60%. The Department of Public Instruction lists (in a spreadsheet "ref4web.xls" downloadable from DPI's website) about 290 such referenda in recent years, of which 44% failed. Data on the occurrence of conditions 1. - 4. above is not readily available, but they are undoubtedly very common. Therefore, the cost of this bill, while not readily estimatable with any precision, could be very substantial -- especially in the event of an economic downturn when many more such referendums could be expected to fail. Such costs would be shared by all WRS employers, due to the pooling of the retirement system. 29% of such costs would be the state's share.		
Long-Range Fiscal Implications		
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FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R06/99)

LRB Number 99-2979/2	Amendment No. if Applicable
Bill Number A. B. 388	Administrative Rule Number

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject

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

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		\$ Unknown*	\$ -0
(FTE Position Changes)		(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		\$ Unknown*	\$ -0
B. State Costs by Source of Funds			
GPR		\$ 0	\$ -0
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	*Costs could be quite substantial, but are not determinable within a meaningful range without an extensive study.	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	\$ Unknown*	\$ Unknown*
NET CHANGE IN REVENUES	\$ 0	\$ 0

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