

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -3274/4

INTRODUCTION # A.B. 495

Admin. Rule #

Subject

Make several benefit improvements to the WRS and fund them partially by recognizing \$4 billion from the Transaction Amortization Account

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:

Assumptions were generally those used for the 1998 valuation by the WRS actuaries. For projecting the future rate of return for money purchase accounts, the TAA on 1/1/2000 was assumed to be \$4.8 billion, with future investment income 4% from fixed income plus 4% from capital gains, or 8% total. Amount of TAA transfer on 12/31/99 (following the regular 20% transfer) assumed to be \$4 billion, as in the bill.

Cost Implications: Costs for all WRS employers generated by this bill are estimated as follows:

Year 2001	-0.22% of payroll =	-\$21.0 million (a reduction)
Year 2002	-0.07% of payroll =	-\$ 7.1 million (a reduction)
Year 2003	+0.04% of payroll =	+\$ 4.4 million (an increase)
Year 2004	+0.13% of payroll =	+\$14.0 million (an increase)
Year 2005	+0.20% of payroll =	+\$22.6 million (an increase)
Year 2010	+0.39% of payroll =	+\$53 million (an increase)
Year 2020	+0.46% of payroll =	+\$97 million (an increase)
Year 2030	+0.47% of payroll =	+\$152 million (an increase)

Without a study by the WRS actuaries, the amount of Unfunded Accrued Liability to be generated by A.B. 495 cannot be estimated.

The State's share of costs in the table above is 29%. For example, in year 2010 the State's increased costs is estimated at 29% of \$53 million, or \$15.4 million. The other employers would have about 71% of any costs listed.

Long-Range Fiscal Implications:

Employer costs will ultimately increase by an estimated 0.5% of payroll.

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

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Date
 10/6/99
 10/6/99

FISCAL ESTIMATE WORKSHEET
Session

Detailed Estimate of Annual Fiscal Effect

1999

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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	*Average cost for the 12-year period 2001-2012		
State Operations - Salaries and Fringes the		\$ 8.3 million*	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations - Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$ 8.3 million*	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
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

	STATE	LOCAL
NET CHANGE IN COSTS	\$ 8.3 million*	\$ 20.2 million*
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 10/6/99 10/6/99
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