

### Fiscal Estimate - 2001 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>01-0912/1</b>	<b>Introduction Number</b> <b>SB-136</b>
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**Subject**

Purchase of long-term care insurance with accumulated sick leave conversion credits for state employees

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes
  - No
- Decrease Costs

**Local:**

- No Local Government Costs
  - Indeterminate
    - 1.  Increase Costs
    - 2.  Decrease Costs
    - 3.  Increase Revenue
    - 4.  Decrease Revenue
  - Permissive  Mandatory
  - Permissive  Mandatory
  - Permissive  Mandatory
  - Permissive  Mandatory
- 5. Types of Local Government Units Affected**
- Towns       Village       Cities
  - Counties       Others
  - School Districts       WTCS Districts

**Fund Sources Affected**

**Affected Ch. 20 Appropriations**

GPR   
  FED   
  PRO   
  PRS   
  SEG   
  SEGS

<b>Agency/Prepared By</b> ETF/ Pam Henning (608) 267-2929	<b>Authorized Signature</b> Dave Hinrichs (608) 266-3763	<b>Date</b> 4/26/01
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## Fiscal Estimate Narratives

ETF 4/27/01

LRB Number	01-0912/1	Introduction Number	SB-136	Estimate Type	Original
<b>Subject</b>					
Purchase of long-term care insurance with accumulated sick leave conversion credits for state employees					

### Assumptions Used in Arriving at Fiscal Estimate

SB 136 allows state employees who are eligible to use accumulated sick leave conversion credits (ASLCC) and supplemental health insurance conversion credits (SHICC) to pay for state group health insurance to also use their sick leave credits to pay for long-term care insurance premiums under Chapter 40. Current law does not provide for the use of sick leave credits for this purpose.

SB 136 is estimated to have start-up programming costs of \$204,200, one-time costs of \$22,000 and on-going administrative costs of \$8,500 annually (testing system, processing, forms development, mailings, inquiries, image/scan documents, etc.). The sick leave conversion programs may not provide cash benefits directly to employees if it is to maintain its tax-free status. Administrative costs will be incurred in order to reprogram the Department's sick leave credit computer system and to administer monthly premium remittance to long-term care insurers for participants who elect to use their sick leave balance to pay their long-term care premiums.

At retirement, the total amount of sick leave available is set for each eligible annuitant. While the total amount of available sick leave is not affected, this bill will result in the accelerated depletion of individual accounts. The sick leave program is pre-funded through a charge of 2.7% of active employee payroll and through investment earnings on the fund balance. The longer the monies are held by the fund, the greater the investment earnings and conversely the shorter the time the funds are held, the lower the investment earnings. The accelerated depletion of accounts will result in lower investment earnings and the difference will need to be made up through an increase in the percentage of payroll charged to fund the program.

The ETF Board's actuary estimates 0.1 percent to 0.4 percent (\$2.52 million to \$10.08 million all funds annually) of state payroll (1999). (\$1.13-4.54 million GPR/\$1.39-5.54 million all other funds). The actual amount will depend upon the amount of premium and the number of individuals who choose to pay for long-term care insurance premiums.

### Long-Range Fiscal Implications

On-going.

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Subject</b>		
Purchase of long-term care insurance with accumulated sick leave conversion credits for state employees		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
\$22,000 SEG administrative and \$204,200 SEG programming costs		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$See Narrative	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
ETF/ Pam Henning (608) 267-2929		4/26/01
Dave Hinrichs (608) 266-3763		