

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1368/1	Introduction Number AB-267
------------------------------------	--

Subject Payment of required employee contributions under the Wisconsin Retirement System
--

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 3. Increase Revenue
 - Permissive Mandatory Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others instrumentality of the above
 - School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By RET/ William Ford (608) 266-0680	Authorized Signature William Ford (608) 266-0680	Date 4/6/2005
---	--	-------------------------

Fiscal Estimate Narratives
RET 4/6/2005

LRB Number 05-1368/1	Introduction Number AB-267	Estimate Type Original
Subject Payment of required employee contributions under the Wisconsin Retirement System		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, employees are required to make contributions to the Wisconsin Retirement System (WRS), although the employer may agree to pay, or "pick up" any or all of the required employee contribution. Currently, over 99% of required contributions to the WRS are paid by employers. Under this bill, local government employees who are participants in the WRS would be required to pay the first 3% of required employee contributions to the WRS. For 2005, this amount would be 3% for general employees and protective occupation participants and 2.8% for elected officials. The bill would only affect employees hired after the effective date of the bill.

In 2003, 17,767 employees began employment for WRS employers. 73%, or 12,970 of these were local government employees. If it is assumed that the average salary of these new employees is \$24,900 the annual savings to local government employers would be approximately \$9,700,000. This amount would increase in future years as more employees are hired after the effective date of the bill. However, some or all of this cost savings to local government employers may be reduced, if, in the future, employees bargain for increased wages or other fringe benefits in lieu of the prohibited pick up of retirement contributions.

Long-Range Fiscal Implications