

Fiscal Estimate Narratives

ETF 4/6/2010

LRB Number	09-3078/1	Introduction Number	AB-0916	Estimate Type	Original
Description Deduction of voluntary payments from retirement annuities under the Wisconsin Retirement System					

Assumptions Used in Arriving at Fiscal Estimate

This bill would permit annuitants in the Wisconsin Retirement System (WRS) to have the Department of Employee Trust Fund (ETF) deduct from their monthly annuity voluntary payments to retiree organizations that are affiliated with employee organizations. It would require the Secretary of ETF to establish a procedure for the deductions and for designating organizations eligible to receive the voluntary payments. The bill also requires that the Department, at the request of an eligible organization, mail membership and other printed materials provided by the organization to all annuitants.

To implement the provisions of this bill requires various information technology (IT) and process modifications. Depending on the target implementation date, the Department could utilize external IT resources for the required information technology changes or internal Department staff. Using internal Department staff for the implementation tasks would not require a significant additional resources but would take much longer to implement due to current projects, staffing, and technical constraints. As such, this estimate assumes the utilization of external IT resources to implement the IT system modifications required by this bill.

Other assumptions include the following:

- * Individual annuitants would be limited to having voluntary payments go to no more than three different organizations. Additional one-time costs would be incurred in the absence of this limitation.
- * A maximum of three file formats for electronic transmission of payments would be supported. Additional one-time costs would be incurred in the absence of this limitation.
- * A maximum of five retiree organizations will utilize this service.
- * Approximately 3% of the annuitant population would request that ETF start or stop a deduction.
- * Monthly deductions amounts would change on an annual basis.
- * All funds would be transmitted electronically.
- * All costs associated with mailing membership and other printed materials as requested by the retiree organizations would be recovered by a fee charged to the retiree organization. As such, there is no fiscal impact for this provision although it is not clear if the recovered funding could be used for administrative purposes due to statutory provisions regarding the refund of expenditures.

Implementation costs are estimated to be up to \$350,000 - \$400,000 for the required information technology system changes.

Depending on the actual use of the services required by the bill, on-going costs to the Department are estimated to be up to 1.3 FTE and \$65,000 SEG annually. The on-going costs are related to staff costs for processing deductions, reconciling amounts with payees, and responding to annuitant inquiries.

Long-Range Fiscal Implications