

Fiscal Estimate Narratives

ETF 10/16/2015

LRB Number	15-2269/1	Introduction Number	SB-328	Estimate Type	Original
Description Determination of final average earnings for the purpose of calculating Wisconsin Retirement System annuities					

Assumptions Used in Arriving at Fiscal Estimate

SB 328 changes the formula method for calculating a Wisconsin Retirement System (WRS) retirement benefit.

- Under current law, a formula benefit is based on the employee's final average earnings over the three highest years of earnings.

- Under the bill, a formula benefit would be based on the five highest years.

- This change would take effect five years after the effective date of the bill.

ETF anticipates that there will be one-time administrative costs associated with this bill. ETF systems will need to be modified so that the subset of employees affected by this bill is identifiable and that the proper retirement and disability processes are developed and applied to them. It is estimated that staff training, publication and forms revisions, compliance, and other administrative functions will cost approximately \$142,353. The information technology systems changes are estimated to cost \$126,788.

ETF will be able to absorb on-going costs.

However, this fiscal estimate is based on current systems and staffing levels. The Department is in the process of replacing information technology systems. This may impact future costs of these changes.

Only administrative costs associated with this bill are included in this estimate. An estimate of the financial effect on the WRS Public Employee Trust Fund and its benefits needs to be provided by the Joint Survey Committee on Retirement Systems.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Determination of final average earnings for the purpose of calculating Wisconsin Retirement System annuities		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$269,141		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. 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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By Authorized Signature Date		
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