

FISCAL NOTE

Requested by Legislative Council
03/13/2007

Amendment to: SB 2046

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$90,998	\$5,000	\$94,513	\$0
Appropriations	\$0	\$0	\$90,998	\$5,000	\$94,513	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$11,829	\$0	\$8,996,994	\$12,287	\$0	\$9,344,532

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB2046 increases TFFR employer contributions by 1%, requires employer contributions on reemployed retirees, and reduces benefits for new TFFR members employed after 7/1/07. Fiscal impact to state, counties, and schools is estimated to be \$9.1 million (\$9,099,821) for 2007-09 biennium.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Sec 3 increases TFFR employer contributions from 7.75% to 8.75% on all active members' salaries (estimate \$420 million annual salaries X 1% = \$4.2 million for 2007-08). Sec 10 and 11 require employer contributions of 8.75% on all reemployed retirees' salaries (estimate 175 retirees X 8.75% X \$21,800 average retiree salary = \$0.3 million for 2007-08). Total approximately \$4.5 million in increased employer retirement contributions for 2007-08. Total \$9.1 million (\$9,099,821) for 2007-09 biennium. Estimates are based on assumptions and calculations from TFFR's actuarial consultant.

Section 15 provides \$5,000 special funds appropriation for TFFR to implement this bill.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

None.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Total expenditures by state, counties, and school districts resulting from increased employer contribution rates to TFFR are estimated at \$9.1 million (\$9,099,821) for 2007-09 biennium.

5 state agencies or institutions currently employ 100 TFFR participating members (1%) and would be required to pay the increased employer contributions. They are Career and Tech Ed, Div. of Independent Study, School for Blind, School for Deaf, and Youth Correctional Center. \$9,099,821 X 1% state entities = \$90,998 for 2007-09 biennium.

13 counties currently employ 13 county superintendents who are TFFR participating members (0.13%) and would be required to pay the increased employer contributions. \$9,099,821 X 0.13% counties = \$11,830 for the 2007-09

biennium.

226 school districts, special education units, vocational centers, and other public education entities employ the majority of TFFR participating members (98.87%) and would be required to pay the increased employer contributions. \$9,099,821 X 98.87% school districts = \$8,996,994 for the 2007-09 biennium.

Estimates are based on assumptions and calculations from TFFR's actuarial consultant.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 15 provides a \$5,000 special funds appropriation for TFFR for system programming and other administrative costs to implement provisions of the bill (2007-09 only).

A general fund appropriation increase would also be required for the five state agencies and institutions affected by this bill. Estimated amount of appropriations is \$90,998 for 2007-09 biennium (see above Expenditures). However, HB 1078, which allows CTE employees to elect to transfer from TFFR to PERS has been approved, therefore increased appropriations to CTE for SB2046 may not be needed.

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