

FISCAL NOTE

Requested by Legislative Council
03/30/2011

Amendment to: Engrossed
HB 1134

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.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | \$75,260 | | \$235,720 | |
| Appropriations | | | \$75,260 | | \$235,720 | |

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

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | \$8,480 | | \$10,516,260 | \$26,560 | | \$32,937,720 |

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).*

HB1134 provides for increased employee and employer contributions to improve funding of TFFR plan. Estimated fiscal impact of employer contribution rate increase is \$10.6 million for 2011-13 and \$33.2 million increase for 2013-15. Amendment 11.0302.02001 has no identifiable additional fiscal impact.

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.*

Section 2 increases TFFR employer contributions from 8.75% to 10.75% beginning 7/1/12 and from 10.75% to 12.75% beginning 7/1/14 (additional \$10.6 million for 2011-13 biennium and \$33.2 million for 2013-15 biennium). Total of \$43.8 million increase in employer contributions each biennium after increases are totally phased in until TFFR reaches 90% funded level. Estimates are based on assumptions and calculations from TFFR's actuarial consultant (Attached letter dated 10/22/10.) Fiscal impact may be more or less depending on actual salary paid to active members.

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.*

NA

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 additional expenditures by state, counties, and school districts resulting from increased employer contribution rates are estimated at \$10.6 million for 2011-13 biennium and \$33.2 million for 2013-15 biennium.) Estimates are based on 10,505 TFFR participating members employed by 221 school districts, counties, and state entities as of 12/2010.

208 school districts, special education units, vocational centers, and other public education entities employ the majority of TFFR participating members (99.21%) and would be required to pay the increased employer contributions of \$10,516,260 for 2011-13 biennium and \$32,937,720 for the 2013-15 biennium totaling \$43,453,980 for both

bienniums after increases are phased in.

9 counties currently employ 9 county superintendents (0.08%) who are TFFR participating members and would be required to pay the increased employer contributions of approximately \$8,480 for the 2011-13 biennium and \$26,560 for the 2013-15 biennium totaling \$35,040 for both bienniums after increases are phased in.

4 state entities currently employ about 74 TFFR participating members (0.71%) and would be required to pay the increased employer contributions of approximately \$75,260 for the 2011-13 biennium and \$235,720 for the 2013-15 biennium totaling \$310,980 for both bienniums after increases are phased in:

| Bienniums | 2011-13 | 2013-15 |
|----------------------------------|-----------|----------|
| ND Center for Distance Education | \$22,578, | \$70,716 |
| ND Youth Correctional Center | \$22,578, | \$70,716 |
| ND School for the Deaf | \$15,052, | \$47,144 |
| ND School for the Blind | \$15,052, | \$47,144 |

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.*

A general fund appropriation increase would also be required for the state entities affected by this bill. See 3B estimated Expenditures.

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| Name: | Fay Kopp | Agency: | ND Retirement & Investment Office |
| Phone Number: | 328-9895 | Date Prepared: | 03/30/2011 |