

(prepare in triplicate)

FISCAL NOTE

prepared in regard to:

HB 1290

(List bill or resolution and number, if available, or subject)

Amendment to: _____
(List bill or resolution and number)

Requested by: John D. Olsrud Date of receipt: January 18, 1973

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed, attach a supplementary sheet. (Please type)

APPROXIMATE COST OF BENEFITS - 1971 LAW	-	\$ 625,000.00
APPROXIMATE COST OF BENEFITS UNDER SECTION 2, HB1290	-	<u>600,000.00</u>
APPROXIMATE GRAND TOTAL		\$1,225,000.00
APPROXIMATE PAY-BACK FIRST YEAR		\$ 500,000.00

Date of preparation: January 23, 1973

Signed Margaret L. Gillen

Typed Name- MARGARET L. GILLEN
Executive Secretary

Department ND TEACHERS' FUND FOR

RETIREMENT

Margaret L. Gillen
Executive Secretary



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North Dakota
Teachers Fund for Retirement

200 3rd Ave. N.W.
Mandan, North Dakota
58554

January 23, 1973

John D. Olsrud
Code Revisor
Legislative Council
State Capitol
Bismarck, North Dakota 58501

Dear Mr. Olsrud:

In compliance with your Request For Fiscal Note, dated January 17, 1973, and with reference to HB 1290, I am submitting the following figures as to the possible and approximate cost should HB 1290 be enacted into law. May I explain that the figures which I am quoting were determined by random sampling of the calculation of benefits as taken from the files of retired teachers. May I explain that the only method by which we could arrive at accurate figures as to the cost of benefits to teachers who would be eligible for benefits under the 1971 Law and formula and the only method by which we could arrive at accurate figures as to the cost of benefits to retired teachers who would gain in benefits under Section 2 of HB 1290 would be to pull twenty-four hundred actual files from our general files and calculate twenty-four hundred actual cases to determine the cost in benefits and also to determine how many would gain under the 1971 Law and how many would gain by using the alternative option under Section 2. May I also explain that under our present computerized records we do not segregate the college instructors or those teachers who were referred to as persons under Section 15-39.1-25 from the retired public school teachers and other retired teachers who were not under the control of the Board of Higher Education. There would be no other possible way of determining these costs.

Therefore, I have determined again from random sampling calculations of individual files that the cost of paying benefits under the 1971 Law and formula could be approximately \$625,000.00. I have determined that from random sampling calculations of individual files that the cost of paying benefits under Section 2, HB 1290, could be approximately \$600,000.00 or a grand approximate possible total of \$1,225,000.00. May I further point out and explain that based upon the approximate and possible payback (please see lines 22, 23 and 24, page one, Section 1 of HB 1290) could be approximately \$500,000.00 the first year. However, we have no assurance whatsoever that this could be a definite payback. May I point out that this possible and approximate payback would come into the Fund only for the first year, if said bill were enacted into law; that there would be no payback in the second year after passage of the law (HB 1290).

Date of preparation: January 23, 1973

Signed Margaret L. Gillen
MARGARET L. GILLEN
Title Executive Secretary



North Dakota
Teachers Fund for Retirement

200 3rd Ave. N.W.
Mandan, North Dakota
58554

TO WHOM IT MAY CONCERN

FROM NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

May I submit more detailed explanations as to various factors involved in attempting to exactly and accurately calculate the cost in benefits should HB 1290 be enacted into law.

1. This office calculates and retires approximately two hundred fifty to three hundred teachers per fiscal year. This is a normal workload for one fiscal year. This is executed in addition to the workload of four other areas of work in this office. Were this office to attempt to calculate twenty-four hundred individual calculations it would require "years" of work.
2. At the present time this office has no way of knowing just what number of retired persons would decide to elect coverage under the 1971 Law nor does this office have any way of knowing what teachers would elect to take the optional increase under Section 2 of HB 1290. Therefore, it appears rather impossible to calculate the cost in benefits and also to determine the exact payback to the Fund.
3. This office is primarily concerned with the calculation of teachers benefits and the retirement of teachers. Much of the data concerning individual teachers (of the teachers in the field) is never "programmed" into the computerized records of our office once the teacher is retired. Once a teacher is retired we consider the teacher retired and have not felt the need of again picking up the individual categories of data on the ledger of each and every retired teacher. May I explain that there are at least twenty-four various possible categories of data as punched by the computer on the teacher's ledger. Not all teachers would necessarily have complete information in each and every one of the twenty-four categories as printed on the teacher's ledger. A possible median of categories for a teacher would be twelve or thirteen. The total number of categories shown on our computerized records of the monthly "Pension Ledger" is twelve. The categories shown on our computerized records are as follows: Social Security Number, Retirement Number, Name, Date of Birth, Type of Plan, Date Admitted, Total Contribution, Total Payment Received to Date, Yearly Annuity, Total This Year, Current Payment and Warrant Number. Therefore, in the past we have not programmed into the computer any such data as the last salary of the individual teacher nor the total number of years credited in the Fund for each teacher, as we have had no need for such data in issuing our annuity checks each and every month. Were we to program in even two extra categories and carry these would no doubt require many dollars in expense to our Fund each month and each year. Therefore, for the above reasons, specific data required to calculate the cost in benefits of Section 1 and Section 2 under HB 1290 can not be figured from the computerized records of our Fund since this material was never programmed into the computerized records. Consequently, compilation would have to be done manually in our office. We have a limited number of employees, we have a limited budget, we have a high mailing influx daily and a high daily workload.

DATED January 23, 1973

"Buy North Dakota Products"

SIGNED Margaret L. Gillen
TITLE Executive Secretary