

FISCAL NOTE
Requested by Legislative Council
01/14/2013

Bill/Resolution No.: HB 1203

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts		\$(624,000)	\$(802,000)
Townships			

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

HB1203 eliminates the requirement that TFFR member contributions be paid on behalf of re-employed retirees .

- 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.*

Sections 1 and 2 relate to eliminating the requirement that TFFR member contributions be paid on behalf of re-employed retirees who stay under the general rule annual hour limit, or return full time in critical shortage areas. Using estimated salary of \$8,000,000 for FY13 and \$8,528,000 for FY15 for approximately 310 re-employed retirees that fall under the GR and CSA, the impact of eliminating member contributions would be an annual reduction of approximately \$780,000 in member contributions to TFFR (based on current 9.75% member rate) or annual reduction of approximately \$1,002,000 in member contributions (based on 11.75% member rate that will be in effect on 7/1/14). Negative impact on TFFR for each year will depend on the number of re-employed retirees that fall under the GR and CSA and their salaries. Currently, about 40% of TFFR employers/school districts who employ retirees have agreed through the negotiations process to pay all or a portion of member contributions. Therefore \$312,000 (780,000 X 40%) is expected to be paid annually by employers for TFFR re-employed retirees. IF HB 1203 is approved, effective 7/1/13, TFFR employers/school districts will save about \$624,000 in the 2013-15 biennium (312,000 X 2), and about \$802,000 (401,000 X 2) in the 2015-17 biennium.

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.*

- 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.*

If any state educational institution (School for Blind, School for Deaf, Center for Distance Education, Youth Correctional Center) employs TFFR retirees in the future, a reduction in expenditures would be realized, since the State pays 4% of the employee/reemployed retiree TFFR contribution. The amount would be based on number of re-employed retirees that fall under the GR and CSA and their salaries.

- 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.*

If any state educational institution (School for Blind, School for Deaf, Center for Distance Education, Youth Correctional Center) employs TFFR retirees in the future, a reduction in expenditures would be realized, since the State pays 4% of the employee/reemployed retiree TFFR contribution. The amount would be based on number of re-employed retirees that fall under the GR and CSA and their salaries.

Name: Fay Kopp

Agency: ND Retirement & Investment Office

Telephone: 328-9895

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