FISCAL NOTE

Requested by Legislative Council
01/11/2011

Bill/Resolution No.: HB 1228

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			$41,971,310	$37,556,460	$39,527,207	$35,369,445
Appropriations						

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

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).*

Contributions for state employees in the DB plan will need to increase by 7.79% of payroll according to an actuarial analysis done for the Employee Benefits Committee. This cost is in addition to the cost in SB 2108. This fiscal note does not include any costs associated with the transfer provision.

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.*

This increase is due to having fewer members in the PERS defined benefit plan to pay off the unfunded liability. This bill would place all new state employees in the PERS defined contribution plan. This would result in fewer members in the PERS defined benefit plan. The existing unfunded liability in the plan would remain about the same however this bill would mean there would be less members to pay off the unfunded liability therefore the contribution amount required from the remaining members is higher in order to generate approximately the same amount of funds to make the necessary payments to retire the unfunded liability. The contribution amount is lower when there are more members to help with the payment

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.*

The implementation date of the bill is 8/1/2011. From this date forward new state employees will go to the defined contribution plan. The number of members in the existing PERS retirement plan will start to decline. The actuary has determined that this declining membership will mean the remaining members will need a higher contribution to raise approximately the same amount of funds to pay off the unfunded liability. These actuarial effects will start to take place with implementation of the bill. If contributions are not increased and funds are not appropriated to pay the additional contribution for the remaining members and the actuarial assumptions are met this cost will continue to accrue and roll over into future bienniums for payment

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.*

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