

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-3202/1	Introduction Number AB-0539
Description Authorizing the Board of Regents of the University of Wisconsin System to establish an optional retirement system for its employees	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Agency/Prepared By RET/ Dan Schmidt (608) 267-7251	Authorized Signature Dan Schmidt (608) 267-7251
Date 2/14/2012	

Fiscal Estimate Narratives

RET 2/14/2012

LRB Number	11-3202/1	Introduction Number	AB-0539	Estimate Type	Original
Description Authorizing the Board of Regents of the University of Wisconsin System to establish an optional retirement system for its employees					

Assumptions Used in Arriving at Fiscal Estimate

2011 Assembly Bill 539 authorizes the Board of Regents of the University of Wisconsin (UW) System (board) to establish an optional retirement system for UW employees initially hired on or after January 1, 2012, who elect to participate in the optional retirement system. The optional retirement system must be established as a governmental plan and as a qualified plan for federal income tax purposes and must be so maintained and administered. The bill specifically provides that any employer contributions paid by the board during any year on behalf of a UW employee may not exceed the employer contributions paid by a participating employer under the Wisconsin Retirement System (WRS) in that year for a similarly situated employee.

Under the bill, the board must establish a process for employees to elect to participate in the optional retirement system and must determine all benefits for employees who elect to participate in the optional retirement system. The bill also provides that the board may delegate any powers and duties that the board considers necessary or desirable for the purpose of administering the optional retirement system.

The bill further provides that UW employees who elect to participate in the optional retirement system may not, at the same time, also be participating employees in the WRS. Moreover, an employee who participates in the optional retirement system may not subsequently become a participating employee in the WRS during the period of his or her employment with the UW System. Finally, it should be noted, the bill does not affect any current law insurance benefit or coverage for employees in either the WRS or the optional retirement system.

In order to determine the cost to the core trust fund, an actuarial study would be necessary to determine the cost of potential future departures from the current system. As the legislature does not employ an actuary for such studies, the Legislative Council Staff would need to contract with the actuarial firm contracted by the Department of Employee Trust Funds. An approximate cost for the study was not available at the time this fiscal estimate was prepared. The Legislative Council Staff currently has \$15,000 in its budget for actuarial studies. An actuarial study may be requested by the cochairpersons of the Joint Survey Committee on Retirement Systems (JSCRS) for bills referred to the JSCRS or by the presiding officer of either house of the Wisconsin Legislature for a bill that is pending in that house.

Long-Range Fiscal Implications

Long-range implications remain indeterminate until an actuarial study is performed.

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

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Description Authorizing the Board of Regents of the University of Wisconsin System to establish an optional retirement system for its employees			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): An actuarial study at an undetermined cost. Legislative Council Staff currently has \$15,000 budgeted for actuarial studies of the Joint Survey Committee on Retirement Systems.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	
RET/ Dan Schmidt (608) 267-7251		Dan Schmidt (608) 267-7251	
		Date	
		2/14/2012	