

FISCAL NOTE

Bill #: HB0565

Title: State contribution for university participation in TRS

Primary Sponsor: Ron Erickson

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	3,452,132	3,935,430
Net Impact on General Fund Balance:	(\$3,452,132)	(\$3,935,430)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The supplemental contributions (general fund) paid to amortize the past service liabilities for Teachers' Retirement System (TRS) university system members will increase at a rate greater than the rate of increase in the wage base until the majority of the university system employees are participating in the Optional Retirement Plan. Thereafter, increases in the supplemental contributions paid to TRS will be proportionate to increases in wages.
2. The contribution rate of 4.04 percent of the total compensation of all university system employees participating in the optional retirement program will be sufficient to amortize the past service liabilities for the university system members by July 1, 2033.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Benefits	\$3,452,132	\$3,935,430
<u>Funding:</u>		
General Fund (01)	\$3,452,132	\$3,935,430
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$3,452,132)	(\$3,935,430)

LONG-RANGE IMPACTS:

The supplemental contribution paid to amortize the past service liabilities for the university system members will increase in each year until the majority of university employees are participating in the Optional Retirement Plan. After 2007, supplemental contributions to the Teacher's Retirement System will increase at the same rate that salaries increase. Supplemental contributions through 2007 are estimated as follows:

FY 2004	\$4,368,327
FY 2005	\$4,717,794
FY 2006	\$4,953,683
FY 2007	\$5,201,368