FISCAL NOTE

Bill #: SB197 **Title:** Revise pension benefits for volunteer firefighters

Primary Sponsor: Kelly Gebhardt **Status:** Second Reading-Revised

Sponsor signature Date David Ewer, Budget Director Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Other	$19,000	$19,000
Revenue:		
Other	$0	$0
Net Impact on General Fund Balance:	$0	$0

- ☐ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☐ Technical Concerns
- ☒ Significant Long-Term Impacts
- ☐ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. The actuary has assumed this is the only benefit provision being considered. If other provisions are enacted, the cost associated with this provision may be different.
2. This fiscal note uses all the actuarial assumptions adopted by the Public Employees' Retirement Board for future experience of the Volunteer Firefighters Compensation Act (VFCA).
3. The actuary has not made any adjustment for actuarial gains or losses that may have emerged since the last valuation date, June 30, 2004.
4. There are 119 members of the VCFA with at least 20 years of service who are age 55 or greater. If one half of these members were to retire under this bill, PERS estimates the increase in benefits would be approximately $19,000 per year.

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Benefits (VFCA)	$19,000	$19,000

Funding of Expenditures:		
Other (Pension Trust Fund)	$19,000	$19,000
Revenues:		
Other	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
Other (Pension Trust Fund)	($19,000)	($19,000)

LONG-RANGE IMPACTS:
This ad hoc benefit increases the unfunded liability of the VFCA by $1.1 million.

Currently the VFCA has losses from the early part of this decade that have not been included in the actuarial calculations of unfunded liability. These losses will be phased in over the next two years' actuarial studies. When these losses are included in the amortization of the plan benefits, it is anticipated that the plan will be out of compliance with the constitutional obligation of the state to maintain these funds in an actuarially sound position.

The actuary for the VFCA recommends that all new legislative proposals include a provision for funding the entire cost of the proposal. This bill provides no funding to cover the cost of the additional benefits.