



**Fiscal Note Request SB 439, As Introduced**

(continued)

7. It is estimated that this provision will affect 94 employees. The average years of service per employee is 5.61. Some people will not transfer to the FURS because it will not be an advantage for them. However, the majority of the people will transfer because the FURS will provide a larger retirement benefit and better disability and death benefits. For purposes of this fiscal note, we have assumed that 75 percent of the current employees will transfer, or 71 members.
8. The total payroll for the rural fire districts in FY 2004 is estimated at \$4,055,444. 75 percent of \$4,055,444 is \$3,041,583.
9. Covered payroll increases at 4.25 percent (general wage growth per the Actuarial Valuation as of July 1, 2004). Covered payroll for FY 2006 and FY 2007 are as follows:
  - a. FY 2006:  $\$3,041,583 \times 1.0425^2 = \$3,305,611$
  - b. FY 2007:  $\$3,305,611 \times 1.0425 = \$3,446,100$
10. Additional state contributions required under this bill are as follows:
  - a. FY 2006:  $\$3,305,611 \times .3261 = \$1,077,960$
  - b. FY 2007:  $\$3,446,100 \times .3261 = \$1,123,773$
11. The state contribution to the firefighters retirement system in FY 2004 was \$6,532,410. Assuming 4.25 percent annual growth, the required state contribution for members currently in the FURS system will be:
  - a. FY 2006:  $\$6,532,410 \times 1.0425^2 = \$7,099,464$
  - b. FY 2007:  $\$7,099,464 \times 1.0425 = \$7,401,191$
12. With the addition of \$1,077,960 for FY 2006 and \$1,123,773 for FY 2007 attributed to the transfer of rural fire districts to the FURS, the amount previously deposited in the general fund will now be deposited into the state special revenue account. This total required state contribution is estimated as:
  - a. FY 2006:  $\$1,077,960 + \$7,099,464 = \$8,177,424$
  - b. FY 2007:  $\$1,123,773 + \$7,401,191 = \$8,524,964$
13. Additional employer and employee contributions are outlined in the table below.

<b>Increased Contributions under SB 439</b>	<b>FY 2006 Difference</b>	<b>FY 2007 Difference</b>
State Contributions	\$1,077,960	\$1,123,773
Employer Contributions (Fire Districts)	249,904	260,525
Employee Contributions	125,613	130,952
<b>Total Contributions</b>	<b>\$1,453,477</b>	<b>\$1,515,250</b>

14. Eventually all members of rural fire districts will be members of the FURS because members will retire and terminate. This will cause the state, employer and employee contributions to increase for several years

**FISCAL IMPACT:**

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
FTE	0.00	0.00
<u>Expenditures:</u>		
Transfers (Statutory Approp)	\$1,077,960	\$1,123,773

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Funding of Expenditures:

General Fund (01)	(\$7,099,464)	(\$7,401,191)
State Special Revenue (02)	8,177,424	8,524,964
TOTAL	\$1,077,960	\$1,123,773

Revenues:

General Fund (01)	(\$8,177,424)	(\$8,524,964)
State Special Revenue (02)	8,177,424	8,524,964
Other (Firefighters' Unified Retirement System)	\$1,453,477	\$1,515,250

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$1,077,960)	(\$1,123,773)
State Special Revenue (02)	0	0
Other (Firefighters' Unified Retirement System)	\$1,453,477	\$1,515,250

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This legislation will affect rural volunteer fire districts. Currently there are six rural fire districts that are known to PERS.

<b>Effect of Increased Employer/Employee Contributions</b>		
	<b>FY 2006 Difference</b>	<b>FY 2007 Difference</b>
Employer Contributions (Fire Districts)	\$249,904	\$260,525
Employee Contributions	125,613	130,952
Total Contributions	\$375,517	\$391,477

LONG-RANGE IMPACTS:

1. The cost of this bill will continue past the next biennium and will increase over time.
2. This bill will add 71 members to the FURS, which is an increase of 15.9 percent. This is a significant increase that may change the demographics of the FURS and may adversely affect the system. These effects may not be known for several years, so other adjustments may be needed in the future.