

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/27/2006

Bill/Resolution No.: HB 1078

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>			(\$9,221)	(\$952)	(\$9,221)	(\$3,952)
<b>Appropriations</b>				\$3,000		

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 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).*

HB 1078 would allow employees of Career & Tech Ed to transfer retirement plan membership from TFFR to PERS. It would reduce expenditures for CTE by about \$13,173 each biennium; increase appropriations for PERS by \$3,000 (one time); and produce an actuarial loss of about \$235,766 for TFFR.

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.*

Sections 1, 2 and 3 provide for new and current CTE employee transfer option, describes process, asset transfer method, and retirement contributions. Section 4 describes retiree health benefits fund contribution rates. Section 5 provides for \$3,000 appropriation to PERS.

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.*

No impact.

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.*

1) CTE Expenditures - HB 1078 would decrease total amount of retirement contributions that would be paid by CTE of about \$13,173 each biennium. (This estimate assumes no salary increases, and assumes SB 2046, the TFFR proposal to increase employer contribution rates, does not pass. However, CTE retirement contribution savings would be greater if salaries increase, and/or TFFR contribution rates increase.) \$13,173 decrease in salary expenditures is because of difference in retirement contribution rates. Net difference from current TFFR rates to PERS rates is .78% for CTE transferring employees. Based on total biennial salaries of \$1,688,904 X .78% = \$13,173. Of total, general funds 70% X \$13,173 = \$9,221, and other funds 30% X \$13,173 = \$3,952.

2) PERS Expenditures - HB1078 would increase PERS expenditures in the amount of \$3,000 (special funds 2007-09

only) for system programming modifications. There is no actuarial impact on PERS.

3) TFFR Impact - Based on actuarial estimate, HB1078 would require TFFR to transfer assets of about \$2.9 million to PERS for CTE employees who elect to transfer to PERS. While the asset transfer is actuarially neutral to PERS, this proposal increases TFFR's funded cost because TFFR would receive less employer and member contributions in the future since there would be a smaller number of members over which to spread the cost of amortizing TFFR's unfunded actuarial accrued liability (UAAL). Therefore, there is an actuarial loss of about \$235,766 which is not reflected in Section 1a of this fiscal note. If SB 2046, the TFFR proposal to increase contribution rates, is approved, the loss to TFFR would be approximately \$282,749.

**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.*

1) CTE Appropriations - HB 1078 could decrease appropriations to CTE by about \$13,173.

2) PERS Appropriations - HB1078 would increase PERS continuing appropriations in the amount of \$3,000 (special funds, 2007-09 only)for system programming modifications.

3) TFFR Appropriations - There is no impact on TFFR appropriations.

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