

State Impact

Passage of this bill will cause retirement contribution rates (as a percentage of salary) to rise 13 basis points (0.13%) for all current State employees covered under the Public Employees' Noncontributory Retirement System. The total cost to the State for this increase in rates is estimated at \$2.8 million. There will also be a 12 basis point increase in contribution rates for State employees who transfer from the Contributory System to the Noncontributory System. Total cost to the State for this increase will depend on the number of employees who opt to transfer and could be absorbed within existing budgetary levels.

The bill would also affect local governments, whose noncontributory retirement rates (as a percentage of salary) would increase by 34 basis points, funded from local revenues. There would be a 165 basis point decrease in contribution rates for those who opt to transfer from the Contributory System to the Noncontributory System.

| | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2007</u> | <u>FY 2008</u> |
|---------------------|---------------------------|---------------------------|-----------------------|-----------------------|
| | <u>Approp.</u> | <u>Approp.</u> | <u>Revenue</u> | <u>Revenue</u> |
| General Fund | \$450,800 | \$450,800 | \$0 | \$0 |
| Uniform School Fund | \$1,886,400 | \$1,886,400 | \$0 | \$0 |
| Transportation Fund | \$63,500 | \$63,500 | \$0 | \$0 |
| Federal Funds | \$189,500 | \$189,500 | \$0 | \$0 |
| Dedicated Credits | \$103,900 | \$103,900 | \$0 | \$0 |
| Other | \$114,600 | \$114,600 | \$0 | \$0 |
| TOTAL | <u>\$2,808,700</u> | <u>\$2,808,700</u> | <u>\$0</u> | <u>\$0</u> |

Individual and Business Impact

Individuals currently on the Contributory System may receive a higher retirement benefit if they transfer to the Noncontributory System.

Office of the Legislative Fiscal Analyst