

FISCAL NOTE

	FY 2019	FY 2020	FY 2021
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure (decrease)			
PUBLIC EMPLOYEE PLAN (Fund 592)	(\$1,165,000)	(\$2,330,000)	(\$3,500,000)
LAW ENFORCEMENT PLAN (Fund 547)	(\$588,000)	(\$1,175,000)	(\$1,763,000)
WARDEN, PATROL, DCI PLAN (FUND 548)	(\$58,000)	(\$116,000)	(\$174,000)
AIR GUARD FIRE PLAN (FUND 594)	(\$12,800)	(\$25,600)	(\$38,400)
PAID FIRE B PLAN (FUND 694)	(\$6,600)	(\$13,200)	(\$19,800)

Source of expenditure (decrease):

The bill would decrease the amount of lump-sum retirement contributions refunded to non-vested employee members when these members leave a job covered by a participating employer. The amounts refunded from a non-vested employee's account would include contributions paid by the employees through a deduction of their cash salary, plus 3% annual interest earnings. Any contributions paid on the employee's behalf ("picked-up") by an employer would remain in the respective pension plan to maintain or stabilize each pension plan's funding status.

Assumptions:

The amounts shown reflect the Wyoming Retirement System (WRS) estimate of refunds based on similar past experience with the number non-vested members that requested refunds upon separation with their participating employer. Other assumptions include:

- The bill applies to eligible employees hired on or after July 1, 2018
- The share of refunds between vested and non-vested members will remain constant and similar to 2017.
- Employers that currently "pick-up" or subsidize all or a portion of employees' required contributions will remain constant and similar to 2017.
- The Judicial Plan (Fund 593) has not experienced a member refund in recent years and the WRS does not expect the bill to impact the plan or its members.

All plans noted have four-year vesting requirements, except the Warden, Patrol, DCI Plan, which has a six-year vesting requirement. Once an employee becomes vested, they are eligible to receive a future retirement benefit from the system once they meet the appropriate criteria (e.g. age, years of service, etc.). Therefore, the full savings to the specified pension plans would be reached after the cohort of employees hired on or after July 1, 2018 have reached vesting. Vested members can also seek refunds from the WRS, but by receiving such a refund the vested member forfeits their right to seek a pension at a later date.

The WRS provides the following statistics related to each specified plan's number of participating employers, whether they "pick-up" all or a portion of employees' required contributions, current employee contribution rates, and comparable statistics on what level of contribution increase would accomplish the same funding impact to the pension plans. The WRS notes that each dollar retained from reduced refunds equates to a dollar of contributions added to the system.

Fund/Plan Name	Number of Employers	Of Which, Pick-up Some or All of Employee Contribution	Number of Employee Refunds in 2017 (vested and non-vested)	Employee Contribution Rate	Contribution Rate Increase Equivalent to Bill Impact
Fund 547 Law Enforcement	76	60	208	8.60%	1.45%
Fund 548 Warden, Patrol & DCI	3	3	11	14.56%	1.48%
Fund 592 Public Employee	488	413	1,680	8.25%	0.25%
Fund 595 Air Guard Fire	1	1	4	16.65%	1.89%
Fund 694 Paid Fire B	16	8	8	9.25%	0.09%

NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Retirement System

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