

FISCAL NOTE

SB 433 - HB 1301

February 28, 2005

SUMMARY OF BILL: Requires the Local Education Insurance Committee to establish a schedule of premium payments for retired teachers participating in the local education basic plan (LEBP) and a schedule of premium reimbursements for retired teachers who are ineligible for Medicare and participate in an equal or better local insurance plan (LIP).

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$22,000,000

Assumptions:

- Proposed LEBP schedules are as follows: (1) retired teachers with less than 20 years of service shall pay 75% of the total premium, (2) retired teachers with 20 years of service but less than 30 years of service shall pay 65% of the total premium and (3) retired teachers with 30 or more years of service shall pay 55% of the total premium.
- The schedule of reimbursements for any retired teacher participating in an equal or better LIP shall receive an amount equal to the state payment for teachers participating in the LEBP.
- Estimated FY06 teacher contribution participating in the LEBP is \$2,543.66.
- Estimated increase in state expenditures for retired teachers participating in the LEBP under the proposed schedule is approximately \$6.97 million.
- There are approximately 6,007 retired teachers participating in a LIP who are not eligible for the LEBP.
- Estimated increase in state expenditures for reimbursements of retired teachers participating in a LIP is approximately \$15.28 million (6007 retired teachers X \$2,543.66 = \$15.28 million).
- Total increase in state expenditures is estimated to exceed \$22.0 million (\$6.97 million for LEBP participants + \$15.28 million for LIP participants = \$22,250,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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