150th GENERAL ASSEMBLY
FISCAL NOTE
REVISED

BILL:	**SENATE BILL NO. 62**
SPONSOR:	**Senator Ennis**
DESCRIPTION:	**AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO THE STATE EMPLOYEES' PENSION PLAN AND COST OF LIVING ADJUSTMENT.**

Assumptions:

1. This Act becomes effective upon the signature of the Governor.

2. This Act provides an annual cost of living adjustment (COLA) to qualified state pensioners equal to the COLA used to calculate the annual adjustment for Social Security benefits which uses the Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

3. The COLA formula adjustment for Social Security benefits based on the CPI-W will be 1.6% effective January 1, 2020. Out year COLA assumptions are based on the Board of Pension Trustees' approved wage inflation rate of 2.5%.

4. The Office of State Pensions estimates that each 1.0% COLA increases General Fund pension costs by $9.9 million.

5. The Pension Fund's total unfunded liability increases by $2.6 billion under this Act.

Cost:

Fiscal Year 2020: $15.8 million ($9.9 million X 1.6)

Fiscal Year 2021: $40.6 million ($15.8 million + $9.9 million X 2.5)

Fiscal Year 2022: $65.4 million ($40.6 million + $9.9 million X 2.5)

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