

FISCAL IMPACT STATEMENT ON BILL NO. **S.1008**

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TO:	The Honorable Hugh K. Leatherman, Sr., Chairperson, Senate Finance Committee		
FROM:	State Budget Division, Budget and Control Board		
ANALYSTS:	K. Earle Powell		
DATE:	February 25, 2014	SBD:	2014054

AUTHOR:	Senator Setzler	PRIMARY CODE CITE:	9-8-10
SUBJECT:	SC Retirement System		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 1008 amends the Code of Laws of South Carolina, 1976, relating to definitions pertaining to the Retirement System for judges and solicitors, so as to include administrative law judges in the definition of judge. In addition, the Bill would allow administrative law judges serving on July 1, 2014, to elect to become a member.

EXPLANATION OF IMPACT:

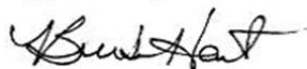
Public Employee Benefit Authority

PEBA indicates that Administrative Law Judges are currently members of SCRS. The State and these Judges annually contribute 11.06% and 8.16% of pay, respectively, to finance the benefits the Judges earn in the retirement system. If enacted, the Administrative Law Judges will earn benefits in JSRS and will be required to contribute the member contribution rates adopted by the Board of the Public Employee Benefit Authority. The contribution rates for the State will increase to 47.97% of pay. The contribution rates that the Judges will be required to pay increase to 10.00%.

The five Administrative Law Judges that are currently eligible to earn benefits in JSRS have a combined annual payroll of \$550,300. Therefore, the annual contributions from these five members to fund their retirement benefits will increase from \$44,900 to \$55,000 (\$10,100 increase). The annual cost of the State to provide retirement benefits to these five judges will increase from \$60,900 to \$264,000 (\$203,100 increase).

Also, if this proposed legislation is enacted, the unfunded actuarial accrued liability of JSRS would increase by \$3.2 million to \$112.5 million and the funded ratio for this plan would decrease from 57.5% to 56.9%. Since there would also be an additional \$319,000 in contributions to the system on the pay of these members, the funding period changes by less than 0.1 years and remains at 27.9 years. Also, there will be no change to the employer or member contribution rate for Judges and Solicitors if this proposed legislation is enacted.

Approved by:



Brenda Hart
Assistant Director, State Budget Division