

FISCAL IMPACT STATEMENT ON BILL NO. **S.1008 Amendment**
(Doc. No. 1008C001.BH.DG14)

TO:	The Honorable F. Gregory “Greg” Dellaney, Jr., Chairperson, House Judiciary Committee		
FROM:	State Budget Division, Budget and Control Board		
ANALYSTS:	K. Earle Powell		
DATE:	April 21, 2014	SBD:	2014218

AUTHOR:	House Amendment	PRIMARY CODE CITE:	9-8-10(16)
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:

This Amendment to Senate Bill 1008, includes Administrative Law Judges and Masters-In-Equities in the definition of judge for purposes of the Retirement System for Judges and Solicitors (JSRS). Administrative Law Judges and Masters-in-Equity are required to have at least 10 years of earned service in the JSRS to receive a benefit from this system. Under the proposed legislation, service earned as an Administrative Law Judge or Master-in-Equity prior to becoming a member in JSRS is deemed to have been earned in JSRS. In other words, prior service in either of these positions that is transferred to JSRS will be treated as earned service for the purposes of vesting and benefit calculation purposes.

EXPLANATION OF IMPACT:

Public Employee Benefit Authority

PEBA indicates that Administrative Law Judges and Masters-In-Equity 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, these members 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 5 Administrative Law Judges and The 17 Masters-in-Equity that are currently eligible to earn benefits in JSRS have a combined annual payroll of \$1,968,000. The annual contributions from these members to fund their retirement benefits will increase from \$160,600 to \$196,800 (\$36,200 increase). The State is required to increase its annual funding on these employees from \$60,900 to \$944,300 (\$883,400 increase).

Therefore, the total cost to the General fund of the State is \$883,400 increase in annual funding is comprised of \$203,100 for funding benefits provided to Administrative Law Judges and \$680,300 for JSRS benefits provided to Masters-in-Equity.

Also, if this proposed legislation is enacted, the unfunded actuarial accrued liability of JSRS would increase by \$7.1 million to \$116.4 million and the funded ratio for this plan would decrease 1.3% to 56.2%. Since there would also be an additional \$1,140,000 in contributions to the system on the pay of these members,

the funding period changes by less than 0.9 years and remains at 27.0 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:

A handwritten signature in black ink, appearing to read "Brenda Hart", written in a cursive style.

Brenda Hart
Assistant Director, State Budget Division