

# REPORT OF THE GENERAL GOVERNMENT, PERSONNEL & BENEFITS SUBCOMMITTEE

(Anthony, Herbkersman, Hayes, Pitts & Whitmire - Staff Contact: Kara Brurok)

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## HOUSE BILL 4828

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H. 4828 -- Rep. Pitts: A BILL TO AMEND SECTION 9-8-10, AS AMENDED, 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"; AND TO AMEND SECTION 9-8-40, AS AMENDED, RELATING TO MEMBERSHIP IN THE SYSTEM, SO AS TO ALLOW ADMINISTRATIVE LAW JUDGES SERVING ON JULY 1, 2014, TO ELECT TO BECOME A MEMBER.

**Summary of Bill:** This bill authorizes the inclusion of administrative law judges in the State's Retirement System for Judges by providing that all administrative law judges on July 1, 2014, who have not retired may elect to become a member of the system and transfer prior service into the system.

**Introduced:** 03/04/2014

**Received by Ways and Means:** 03/04/2014

**Estimated Fiscal Impact:** 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 annual contributions from the 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). 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. There will be no change to the employer or member contribution rate for Judges and Solicitors if this proposed legislation is enacted.

**Subcommittee Recommendation:** Adopted

**Full Committee Recommendation:** Pending

**Other Notes/Comments:** As long as the increased cost to the plan due to the increased benefits the ALJs will receive is paid, PEBA does not oppose this legislation.

FISCAL IMPACT STATEMENT ON BILL NO. **H.4828**  
(Doc. No. 26100dg14.docx)

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TO: The Honorable W. Brian White, Chairperson, House Ways and Means Committee  
FROM: State Budget Division, Budget and Control Board  
ANALYSTS: K. Earle Powell  
DATE: March 24, 2014 SBD: 2014159

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AUTHOR: Representative Pitts PRIMARY CODE CITE: 9-8-10  
SUBJECT: SC Retirement System

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

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

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**BILL SUMMARY:**

House Bill 4828 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

**South Carolina General Assembly**  
120th Session, 2013-2014

**H. 4828**

**STATUS INFORMATION**

General Bill

Sponsors: Rep. Pitts

Document Path: I:\council\bills\bh\26100dg14.docx

Companion/Similar bill(s): 1008

Introduced in the House on March 4, 2014

Currently residing in the House Committee on **Ways and Means**

Summary: Administrative Law Judges

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
3/4/2014	House	Introduced and read first time (House Journal-page 30)
3/4/2014	House	Committed to Committee on <b>Ways and Means</b> (House Journal-page 30)

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**VERSIONS OF THIS BILL**

[3/4/2014](#)

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**A BILL**

11 TO AMEND SECTION 9-8-10, AS AMENDED, CODE OF  
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO  
13 DEFINITIONS PERTAINING TO THE RETIREMENT  
14 SYSTEM FOR JUDGES AND SOLICITORS, SO AS TO  
15 INCLUDE ADMINISTRATIVE LAW JUDGES IN THE  
16 DEFINITION OF "JUDGE"; AND TO AMEND SECTION  
17 9-8-40, AS AMENDED, RELATING TO MEMBERSHIP IN  
18 THE SYSTEM, SO AS TO ALLOW ADMINISTRATIVE LAW  
19 JUDGES SERVING ON JULY 1, 2014, TO ELECT TO  
20 BECOME A MEMBER.

21  
22 Be it enacted by the General Assembly of the State of South  
23 Carolina:

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25 SECTION 1. Section 9-8-10(16) of the 1976 Code is amended to  
26 read:

27  
28 "(16) 'Judge' means a justice of the Supreme Court or a judge  
29 of the court of appeals, circuit or family court of the State of South  
30 Carolina. Subject to the provisions of Section 9-8-40, 'judge' also  
31 means an administrative law judge."

32  
33 SECTION 2. Section 9-8-40(1) of the 1976 Code, as last  
34 amended by Act 108 of 2007, is further amended to read:

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36 "(1) All persons who are judges or solicitors on July 1, 1979,  
37 and who have not attained age seventy-two shall become members  
38 of the system as of that date. All administrative law judges on July  
39 1, 2014, who have not retired may elect to become a member of  
40 the system. Administrative law judges making that election may  
41 transfer prior service into the system as provided in Section 9-8-50,  
42 and to the extent the service thus transferred occurred after the

1 member took office as an administrative law judge, that service is  
2 deemed earned service in the system. All other persons become  
3 members of the system on taking office as judge, solicitor, or  
4 circuit public defender before attaining age seventy-two.”

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6 SECTION 3. This act takes effect upon approval by the Governor.

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