REPORT OF THE
GENERAL GOVERNMENT,
PERSONNEL & BENEFITS SUBCOMMITTEE

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

SENATE BILL S.1008

S.1008-SENATORS SETZLER AND LOURIE: TO AMEND SECTION 9-18-10, 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: 02/06/2014

Received by Ways and Means: 04/01/2014

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 ($10,100increase). 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: Companion bill to H. 4828

FISCAL IMPACT STATEMENT ON BILL NO. **S.1008**
(Doc. No. 26076dg14.docx)

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

S. 1008

STATUS INFORMATION

General Bill
Sponsors: Senators Setzler and Lourie
Document Path: l:\council\bills\bh\26076dg14.docx
Companion/Similar bill(s): 4828

Introduced in the Senate on February 6, 2014
Introduced in the House on April 1, 2014
Currently residing in the House Committee on **Ways and Means**

Summary: SC Retirement system

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
2/6/2014	Senate	Introduced and read first time (Senate Journal-page 9)
2/6/2014	Senate	Referred to Committee on **Finance** (Senate Journal-page 9)
3/5/2014	Senate	Committee report: Favorable **Finance** (Senate Journal-page 21)
3/27/2014	Senate	Read second time (Senate Journal-page 22)
3/27/2014	Senate	Roll call Ayes-37 Nays-6 (Senate Journal-page 22)
4/1/2014	Senate	Read third time and sent to House (Senate Journal-page 13)
4/1/2014	House	Introduced and read first time (House Journal-page 35)
4/1/2014	House	Referred to Committee on **Ways and Means** (House Journal-page 35)

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VERSIONS OF THIS BILL

2/6/2014
3/5/2014

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4 COMMITTEE REPORT
5 March 5, 2014
6

S. 1008

8
9 Introduced by Senators Setzler and Lourie
10
11 S. Printed 3/5/14--S.
12 Read the first time February 6, 2014.
13 _____
14
15 **THE COMMITTEE ON FINANCE**
16 To whom was referred a Bill (S. 1008) to amend Section 9-8-10,
17 as amended, Code of Laws of South Carolina, 1976, relating to
18 definitions pertaining to the retirement system for judges and
19 solicitors, etc., respectfully
20 **REPORT:**
21 That they have duly and carefully considered the same and
22 recommend that the same do pass:
23
24 HUGH K. LEATHERMAN, SR. for Committee.
25 _____
26
27 **STATEMENT OF ESTIMATED FISCAL IMPACT**
28 ESTIMATED FISCAL IMPACT ON GENERAL FUND
29 EXPENDITURES:
30 See Below
31 ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER
32 FUND EXPENDITURES:
33 See Below
34 **EXPLANATION OF IMPACT:**
35 Public Employee Benefit Authority
36 PEBA indicates that Administrative Law Judges are currently
37 members of SCRS. The State and these judges annually contribute
38 11.06% and 8.16% of pay, respectively, to finance the benefits the
39 judges earn in the retirement system. If enacted, the Administrative
40 Law Judges will earn benefits in JSRS and will be required to
41 contribute the member contribution rates adopted by the Board of
42 the Public Employee Benefit Authority. The contribution rates for

[1008-1]

1 the State will increase to 47.97% of pay. The contribution rates
2 that the Judges will be required to pay increase to 10.00%.
3   The five Administrative Law Judges that are currently eligible to
4 earn benefits in JSRS have a combined annual payroll of $550,300.
5 Therefore, the annual contributions from these five members to
6 fund their retirement benefits will increase from $44,900 to
7 $55,000 ($10,100 increase). The annual cost of the State to provide
8 retirement benefits to these five judges will increase from $60,900
9 to $264,000 ($203,100 increase).
10   Also, if this proposed legislation is enacted, the unfunded
11 actuarial accrued liability of JSRS would increase by $3.2 million
12 to $112.5 million and the funded ratio for this plan would decrease
13 from 57.5% to 56.9%. Since there would also be an additional
14 $319,000 in contributions to the system on the pay of these
15 members, the funding period changes by less than 0.1 years and
16 remains at 27.9 years. Also, there will be no change to the
17 employer or member contribution rate for judges and solicitors if
18 this proposed legislation is enacted.
19
20   *Approved By:*
21   Brenda Hart
22   Office of State Budget
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9   **A BILL**
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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:
35
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.
7   ----XX----
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